

*Principles of Marketing, 14e (Kotler)*

**Chapter 2 Company and Marketing Strategy: Partnering to Build Customer Relationships**

1) Which of the following involves adapting a firm to take advantage of opportunities in its constantly changing environment?

- A) long-range planning
- B) short-range planning
- C) media planning
- D) strategic planning
- E) annual planning

Answer: D

Diff: 2 Page Ref: 38

Skill: Concept

Objective: 2-1

2) When a firm develops and maintains a strategic fit between its goals and capabilities, it is performing \_\_\_\_\_.

- A) mission planning
- B) values planning
- C) strategic planning
- D) business-portfolio planning
- E) operations planning

Answer: C

Diff: 1 Page Ref: 38

Skill: Concept

Objective: 2-1

3) Which of the following is the first step in strategic planning?

- A) set objectives and goals
- B) develop the business portfolio
- C) define the company mission
- D) plan marketing strategies
- E) identify threats and weaknesses

Answer: C

Diff: 1 Page Ref: 39

Skill: Concept

Objective: 2-1

4) Which of the following is NOT a step in the strategic planning process?

- A) defining the company mission
- B) setting company objectives and goals
- C) designing the business portfolio
- D) planning marketing and other functional strategies
- E) evaluating all members of the value chain

Answer: E

Diff: 2 Page Ref: 39

Skill: Concept

Objective: 2-1

5) Which of the following provides an answer to these questions: What is our business? Who are our customers? What do our customers value? What should our business be?

- A) objectives and goals
- B) a mission statement
- C) a business portfolio
- D) marketing and functional strategies
- E) operational strategies

Answer: B

Diff: 2 Page Ref: 39

AACSB: Communication Abilities

Skill: Concept

Objective: 2-1

6) \_\_\_\_\_ should be market oriented and defined in terms of \_\_\_\_\_.

- A) Annual plans; product needs
- B) Strategic plans; company needs
- C) Long-range plans; company needs
- D) Mission statements; customers' needs
- E) Objectives; competitors' threats

Answer: D

Diff: 2 Page Ref: 39

Skill: Concept

Objective: 2-1

7) A company's mission statement serves as a statement of \_\_\_\_\_.

- A) fact
- B) sustainability
- C) purpose
- D) financial goals
- E) employee commitment

Answer: C

Diff: 1 Page Ref: 39

AACSB: Communication Abilities

Skill: Concept

Objective: 2-1

8) Which of the following is NOT a market-oriented business definition?

- A) "to nourish lives by making them healthier, easier, and richer"
- B) "to sell tools and home repair and improvement items"
- C) "to deliver low prices every day"
- D) "to be the guardian of our customers' financial dreams"
- E) "to bring inspiration and innovation to every athlete in the world"

Answer: B

Diff: 2 Page Ref: 39

Skill: Concept

Objective: 2-1

9) All of the following are examples of product-oriented mission statements EXCEPT which one?

- A) "We are an online video service."
- B) "We run theme parks."
- C) "We sell shoes."
- D) "We sell lifestyle and self-expression; success and status; memories, hopes, and dreams."
- E) "We rent hotel rooms."

Answer: D

Diff: 2 Page Ref: 39

Skill: Concept

Objective: 2-1

10) Which of the following is the principle objective of a market-oriented mission statement?

- A) to satisfy basic customer needs
- B) to satisfy basic supplier needs
- C) to satisfy basic stockholder needs
- D) to satisfy basic owner needs
- E) to satisfy basic partnership needs

Answer: A

Diff: 2 Page Ref: 39

Skill: Concept

Objective: 2-1

11) All of the following are accurate guidelines for a company's mission statement EXCEPT which one?

- A) A mission statement should be realistic.
- B) A mission statement should be narrow.
- C) A mission statement should emphasize the company's strengths in the marketplace.
- D) A mission statement should be specific.
- E) A mission statement should motivate employees.

Answer: B

Diff: 3 Page Ref: 40

AACSB: Communication Abilities

Skill: Concept

Objective: 2-1

12) Revlon has clearly defined its "mission" of selling lifestyle and self-expression. In order for the firm to launch its strategic plan, the mission needs to next be turned into detailed \_\_\_\_\_ that guide each level of the company.

- A) sets of strategies
- B) sets of tactics
- C) product mixes
- D) supporting objectives
- E) sets of promotional tools

Answer: D

Diff: 3 Page Ref: 40

Skill: Concept

Objective: 2-1

13) The collection of businesses and products that make up a company is called its \_\_\_\_\_.

- A) strategic business unit
- B) mission statement
- C) strategic plan
- D) business portfolio
- E) operational factor

Answer: D

Diff: 1 Page Ref: 40

Skill: Concept

Objective: 2-2

14) Business portfolio planning involves two steps: \_\_\_\_\_ and \_\_\_\_\_.

- A) identifying SBUs; assessing the attractiveness of SBUs
- B) analyzing the current business portfolio; shaping the future business portfolio
- C) identifying internal strengths; identifying external opportunities
- D) conducting a SWOT analysis; establishing marketing controls
- E) identifying growth opportunities; evaluating growth opportunities

Answer: B

Diff: 2 Page Ref: 40

Skill: Concept

Objective: 2-2

15) Paul Pierce is busy working with other managers evaluating the products and businesses making up their company. Paul is engaged in \_\_\_\_\_.

- A) defining the company's mission statement
- B) preparing a business portfolio
- C) portfolio analysis
- D) marketing planning
- E) marketing control

Answer: C

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

16) Which of the following can be a company division, a product line within a division, or sometimes a single product or brand?

- A) a market
- B) the BCG
- C) an SBU
- D) a PLC
- E) a value delivery network

Answer: C

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

17) After management has identified the key businesses making up its company, what is the next step in portfolio analysis?

- A) identifying businesses in which to invest
- B) assessing the attractiveness of its SBUs
- C) deciding whether to harvest any businesses
- D) completing short-range planning
- E) identifying SBUs

Answer: B

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

18) The best-known product portfolio planning method was developed by \_\_\_\_\_.

- A) the Boston Consulting Group
- B) Philip Kotler
- C) the SWOT Consulting Group
- D) the SRI Consulting Firm
- E) James P. Hess

Answer: A

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

19) Most portfolio analysis methods evaluate SBUs on two dimensions, namely \_\_\_\_\_ and \_\_\_\_\_.

- A) market share; strength of the SBU's position
- B) market diversification; relative market share
- C) market or industry attractiveness; strength of the SBU's position
- D) market growth rates; profits
- E) market penetration; market development

Answer: C

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

20) In the Boston Consulting Group approach, \_\_\_\_\_ provides a measure of market attractiveness.

- A) relative market share
- B) market development
- C) market penetration
- D) market growth rate
- E) market segmentation

Answer: D

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

21) In the Boston Consulting Group approach, \_\_\_\_\_ serves as a measure of company strength in the market.

- A) relative market share
- B) market development
- C) market diversification
- D) market growth rate
- E) market segmentation

Answer: A

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

22) The BCG growth-share matrix classifies four types of SBUs. They are \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.

- A) product; price; promotion; placement
- B) sales; market share; price; promotion
- C) stars; cash cows; question marks; dogs
- D) planning; implementing; leading; controlling
- E) market penetration; market development; product development; diversification

Answer: C

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

23) In the BCG approach, \_\_\_\_\_ are high-share, high-growth businesses or products. They need heavy investment to finance rapid growth. When their growth slows down, they turn into \_\_\_\_\_.

- A) cash cows; stars
- B) question marks; dogs
- C) stars; question marks
- D) stars; cash cows
- E) dogs; cash cows

Answer: D

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

24) \_\_\_\_\_ are low-growth, high share businesses or products. They generate a lot of cash that the firm uses to pay its bills and support other SBUs that need investment.

- A) Stars
- B) Cash cows
- C) Question marks
- D) Dogs
- E) Cats

Answer: B

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

25) In the BCG matrix, income from \_\_\_\_\_ can be used to help finance the company's question marks and stars.

- A) dogs
- B) cash cows
- C) exclamation marks
- D) pruned SBUs
- E) holding SBUs

Answer: B

Diff: 2 Page Ref: 43

Skill: Concept

Objective: 2-2

26) When dealing with a(n) \_\_\_\_\_, managers must decide whether to invest in it in an attempt to build it into a star or cash cow or whether to phase it out.

- A) exclamation mark
- B) dog
- C) question mark
- D) cash cow
- E) cat

Answer: C

Diff: 2 Page Ref: 43

Skill: Concept

Objective: 2-2

27) The four possible strategies that can be pursued for each SBU are building, holding, \_\_\_\_\_, and \_\_\_\_\_.

- A) harvesting; divesting
- B) promoting; selling
- C) downsizing; expanding
- D) diversifying; penetrating
- E) developing; growing

Answer: A

Diff: 3 Page Ref: 43

Skill: Concept

Objective: 2-2

28) Which of the following does NOT accurately reflect a problem with the BCG matrix approach?

- A) It focuses on planning for the future.
- B) It can be costly to conduct.
- C) It can be time consuming to implement.
- D) It is difficult to define SBUs and measure market share and growth.
- E) It focuses on classifying current businesses.

Answer: A

Diff: 2 Page Ref: 43

Skill: Concept

Objective: 2-2

29) Unlike strategic-planning efforts of the past, which were conducted primarily by senior managers, today's strategic planning is \_\_\_\_\_.

- A) short-term oriented
- B) decentralized
- C) limitation-free
- D) product oriented
- E) centralized

Answer: B

Diff: 2 Page Ref: 43

Skill: Concept

Objective: 2-2

30) While a valuable planning tool, the BCG matrix is problematic in that it focuses on \_\_\_\_\_.

- A) the future instead of the present
- B) the present instead of the future
- C) financial issues instead of the customer
- D) the customer instead of suppliers
- E) the past instead of the present

Answer: B

Diff: 3 Page Ref: 43

Skill: Concept

Objective: 2-2

31) According to your text, which department in a company carries the primary responsibility for achieving profitable growth?

- A) accounting
- B) product development
- C) operations
- D) human resources
- E) marketing

Answer: E

Diff: 1 Page Ref: 44

Skill: Concept

Objective: 2-2

32) Which of the following is a useful tool for identifying growth opportunities?

- A) the BCG matrix
- B) the business portfolio
- C) the product/market expansion grid
- D) the value chain
- E) the value delivery network

Answer: C

Diff: 1 Page Ref: 44

Skill: Concept

Objective: 2-2

33) Mountain Home Farms is now using the product/market expansion grid to develop strategies. The owners of the company have most likely found the grid to be quite useful for identifying \_\_\_\_\_.

- A) target markets
- B) growth opportunities
- C) key customers
- D) new products
- E) suppliers

Answer: B

Diff: 1 Page Ref: 44

Skill: Concept

Objective: 2-2

34) Making more sales to current customers without changing a firm's products is \_\_\_\_\_.

- A) market attractiveness
- B) market penetration
- C) market development
- D) product development
- E) diversification

Answer: B

Diff: 1 Page Ref: 44

Skill: Concept

Objective: 2-2

35) A common practice among marketers is to identify and develop new markets for their existing products. This practice is called \_\_\_\_\_.

- A) market development
- B) product development
- C) market penetration
- D) market skimming
- E) dual adaptation

Answer: A

Diff: 1 Page Ref: 45

Skill: Concept

Objective: 2-2

36) If Under Armour, the successful maker of moisture-wicking shirts and shorts, considered introducing a line of Under Armour fitness equipment, the company would be considering \_\_\_\_\_.

- A) marketing controls
- B) market development
- C) diversification
- D) market penetration
- E) product adaptation

Answer: C

Diff: 2 Page Ref: 45

Skill: Concept

Objective: 2-2

37) Which of the following entails reducing the business portfolio by eliminating products that no longer fit the company's overall strategy?

- A) market segmentation
- B) the BCG approach
- C) product line extension
- D) downsizing
- E) market redesign

Answer: D

Diff: 1 Page Ref: 45

Skill: Concept

Objective: 2-2

38) Which of the following is NOT a reason that a firm might want to abandon products or markets?

- A) The market has changed, making some of the products less profitable.
- B) The firm has entered areas in which it does not have expertise.
- C) The economic environment is showing signs of recovery.
- D) The firm has grown too rapidly.
- E) The firm has not properly researched foreign markets which it has entered.

Answer: C

Diff: 2 Page Ref: 45

Skill: Concept

Objective: 2-2

39) Each department in a company that carries out value-creating activities can be thought of as a link in the company's \_\_\_\_\_.

- A) market development
- B) product development
- C) business portfolio
- D) value chain
- E) supplier chain

Answer: D

Diff: 1 Page Ref: 46

Skill: Concept

Objective: 2-3

40) Multinationals like Honda Motor Co. and Walmart stores have designed programs to work closely with their suppliers to help them reduce their costs and improve quality. This illustrates the importance of an efficient \_\_\_\_\_.

- A) business portfolio
- B) low-cost operator
- C) product mix
- D) value delivery network
- E) value chain

Answer: D

Diff: 2 Page Ref: 47

Skill: Concept

Objective: 2-3

41) Which of the following is the marketing logic by which a company hopes to achieve profitable customer relationships?

- A) price
- B) a consistent product mix
- C) the value delivery network
- D) marketing strategy
- E) differentiation

Answer: D

Diff: 1 Page Ref: 48

Skill: Concept

Objective: 2-4

42) Lucy Ortiz is preparing a PowerPoint presentation of the marketing process to show at a sales meeting. \_\_\_\_\_ should appear in the center of her diagram depicting marketing strategies and the marketing mix.

- A) Sales goals
- B) Customer value and relationships
- C) Company objectives
- D) Customer retention rates
- E) Competitors

Answer: B

Diff: 2 Page Ref: 48

Skill: Concept

Objective: 2-4

43) A sound marketing strategy begins with which of the following?

- A) customer analysis
- B) positioning
- C) differentiation
- D) promotion
- E) BCG analysis

Answer: A

Diff: 2 Page Ref: 48

Skill: Concept

Objective: 2-4

44) Your firm is attempting to divide up the total market to determine the best segments it can serve. Which is the correct order of doing so?

- A) market segmentation then market targeting
- B) differentiation then market targeting
- C) positioning then differentiation
- D) market segmentation then positioning
- E) market targeting then differentiation

Answer: A

Diff: 3 Page Ref: 48

Skill: Concept

Objective: 2-4

45) The process of customer-driven marketing involves which of the following?

- A) product; price; promotion; adaptation
- B) market segmentation; market targeting; differentiation; positioning
- C) marketing analysis; planning; implementation; feedback
- D) analysis; targeting; implementation; control
- E) problem identification; information search; decision; implementation

Answer: B

Diff: 2 Page Ref: 48

Skill: Concept

Objective: 2-4

46) Which of the following is the process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviors?

- A) market targeting
- B) market segmentation
- C) positioning
- D) marketing strategy
- E) differentiation

Answer: B

Diff: 1 Page Ref: 49

Skill: Concept

Objective: 2-4

47) Your new employer has asked you, as a new marketing graduate, to develop a group of potential customers who might respond in a similar way to a given set of marketing efforts. You have been asked to develop a(n) \_\_\_\_\_.

- A) target market
- B) market segment
- C) market
- D) market strategy
- E) undefined niche

Answer: B

Diff: 2 Page Ref: 49

Skill: Concept

Objective: 2-4

48) Which of the following involves evaluating each market segment's attractiveness and selecting one or more segments to enter?

- A) market segmentation
- B) differentiation
- C) market targeting
- D) servicing
- E) positioning

Answer: C

Diff: 1 Page Ref: 49

Skill: Concept

Objective: 2-4

49) Favorite Memories specializes in serving gift shoppers that major competitors overlook and ignore. Which of the following best describes Favorite Memories?

- A) market follower
- B) market challenger
- C) market seeker
- D) market nicher
- E) full market coverer

Answer: D

Diff: 2 Page Ref: 49

Skill: Concept

Objective: 2-4

50) Which of the following is the place a product occupies in the consumer's mind relative to competition?

- A) position
- B) placement
- C) market segmentation
- D) market targeting
- E) product promotion

Answer: A

Diff: 2 Page Ref: 49

Skill: Concept

Objective: 2-4

51) Effective positioning begins with \_\_\_\_\_ the company's marketing offer in order to give consumers more perceived value.

- A) pricing
- B) aligning
- C) differentiating
- D) promoting
- E) placing

Answer: C

Diff: 2 Page Ref: 51

Skill: Concept

Objective: 2-4

52) Which of the four Ps describes the goods-and-services combination the company offers to the target market?

- A) price
- B) promotion
- C) product
- D) place
- E) package

Answer: C

Diff: 1 Page Ref: 51

Skill: Concept

Objective: 2-5

53) In the four Ps of the marketing mix, design, packaging, services, and variety all fall under the category of \_\_\_\_\_.

- A) product
- B) price
- C) promotion
- D) place
- E) position

Answer: A

Diff: 2 Page Ref: 52

Skill: Concept

Objective: 2-4

54) Today the four Ps are compared to the four Cs. Product and place are called \_\_\_\_\_ and \_\_\_\_\_, respectively.

- A) convenience; customer solution
- B) customer cost; convenience
- C) communication; customer solution
- D) customer solution; convenience
- E) communication; convenience

Answer: D

Diff: 3 Page Ref: 53

Skill: Concept

Objective: 2-4

55) In the marketing management functions, a SWOT analysis should \_\_\_\_\_ a marketing plan.

- A) precede
- B) replace
- C) follow
- D) evaluate
- E) take priority over

Answer: A

Diff: 2 Page Ref: 53

Skill: Concept

Objective: 2-5

56) In a basic SWOT analysis the "T" stands for \_\_\_\_\_.

- A) timing
- B) trust
- C) threats
- D) trade
- E) tangible

Answer: C

Diff: 1 Page Ref: 53

Skill: Concept

Objective: 2-5

57) In a basic SWOT analysis, the "S" stands for \_\_\_\_\_.

- A) situation
- B) solutions
- C) satisfactions
- D) strengths
- E) strategies

Answer: D

Diff: 1 Page Ref: 53

Skill: Concept

Objective: 2-5

58) In SWOT analysis, which of the following would be considered a strength?

- A) internal limitations
- B) trends in the market
- C) favorable factors in the environment
- D) factors that challenge the company's performance
- E) internal resources

Answer: E

Diff: 2 Page Ref: 53

Skill: Concept

Objective: 2-5

59) In SWOT analysis, which of the following refers to factors in the external environment?

- A) strengths
- B) strategies
- C) weaknesses
- D) opportunities
- E) trends

Answer: D

Diff: 2 Page Ref: 53

Skill: Concept

Objective: 2-5

60) The main section of the marketing plan presents a detailed \_\_\_\_\_ analysis of the current marketing situation.

- A) who, when, where
- B) when, where, how
- C) SWOT
- D) competitor
- E) economic

Answer: C

Diff: 2 Page Ref: 54

Skill: Concept

Objective: 2-5

61) A marketing plan begins with a(n) \_\_\_\_\_, which quickly overviews goals and recommendations.

- A) ROI
- B) marketing dashboard
- C) SWOT analysis
- D) executive summary
- E) action program

Answer: D

Diff: 2 Page Ref: 54

AACSB: Communication Abilities

Skill: Concept

Objective: 2-5

62) According to the textbook, your boss is most likely referring to \_\_\_\_\_ when she mentions "doing things right."

- A) strategy
- B) planning
- C) objectives
- D) implementation
- E) efficiency

Answer: D

Diff: 3 Page Ref: 54

Skill: Concept

Objective: 2-5

63) IBM has its sales and marketing people assigned to markets in specific countries, regions, and districts. This is an example of which type of marketing organization?

- A) geographic
- B) product
- C) functional
- D) divisional
- E) psychographic

Answer: A

Diff: 2 Page Ref: 56

AACSB: Dynamics of the Global Economy

Skill: Concept

Objective: 2-5

64) Which of the following is the most common approach to marketing organization?

- A) geographic
- B) product management
- C) functional
- D) divisional
- E) combination

Answer: C

Diff: 3 Page Ref: 56

Skill: Concept

Objective: 2-5

65) Berman Electric, a chain of 18 appliance stores, has a marketing organization in which specialists head different marketing activities. What is this type of organization called?

- A) geographic
- B) product
- C) organic
- D) functional
- E) market

Answer: D

Diff: 2 Page Ref: 56

Skill: Concept

Objective: 2-5

66) Modern marketing departments are arranged in the following ways EXCEPT which one?

- A) functional organization
- B) geographic organization
- C) product management organization
- D) market management organization
- E) strategic management organization

Answer: E

Diff: 2 Page Ref: 56

Skill: Concept

Objective: 2-5

67) The \_\_\_\_\_ organizational system's main advantage is that the company is organized around the needs of specific market segments.

- A) market management
- B) geographic
- C) product management
- D) vertical
- E) functional

Answer: A

Diff: 2 Page Ref: 56

Skill: Concept

Objective: 2-5

68) An increasingly large number of firms are changing their organizational focus from \_\_\_\_\_ to \_\_\_\_\_.

- A) product management; functional management
- B) product management; geographic management
- C) brand management; customer management
- D) geographic management; functional management
- E) global management; regional management

Answer: C

Diff: 2 Page Ref: 56

Skill: Concept

Objective: 2-5

69) Evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained is called \_\_\_\_\_.

- A) marketing control
- B) strategic control
- C) operating control
- D) developmental control
- E) efficiency

Answer: A

Diff: 1 Page Ref: 56

Skill: Concept

Objective: 2-5

70) The marketing control process entails the following steps in order: setting goals, \_\_\_\_\_, evaluating performance, and \_\_\_\_\_.

- A) evaluating goals; measuring performance
- B) achieving goals; measuring performance
- C) taking corrective action; measuring performance
- D) measuring performance; taking corrective action
- E) taking corrective action; following up

Answer: D

Diff: 2 Page Ref: 56

Skill: Concept

Objective: 2-5

71) Which of the following is NOT a step in the marketing control process?

- A) setting goals
- B) measuring performance
- C) taking corrective action
- D) defining the mission
- E) evaluating the causes of gaps between expected and actual performance

Answer: D

Diff: 3 Page Ref: 56

Skill: Concept

Objective: 2-5

72) Ensuring that the company achieves the sales, profits, and other goals set out in its annual marketing plan is the purpose of \_\_\_\_\_.

- A) marketing control
- B) operating control
- C) strategic control
- D) ROMI
- E) a marketing audit

Answer: B

Diff: 2 Page Ref: 57

Skill: Concept

Objective: 2-5

73) Which of the following involves looking at whether a company's basic strategies are well matched to its opportunities?

- A) operating control
- B) marketing control
- C) strategic control
- D) ROMI
- E) portfolio analysis

Answer: C

Diff: 2 Page Ref: 57

Skill: Concept

Objective: 2-5

74) Which of the following measures the profits generated by investments in marketing activities?

- A) SWOT analysis
- B) a marketing audit
- C) an executive summary
- D) marketing ROI
- E) a budget

Answer: D

Diff: 1 Page Ref: 57

Skill: Concept

Objective: 2-5

75) Which of the following would NOT be useful in determining marketing ROI?

- A) a marketing dashboard
- B) brand awareness
- C) market share
- D) SWOT analysis
- E) customer equity

Answer: D

Diff: 2 Page Ref: 57-58

Skill: Concept

Objective: 2-5

76) Monsanto operates in many businesses, including pharmaceuticals and food products. The company defines its \_\_\_\_\_ as creating "abundant food and a healthy environment."

- A) strategy
- B) marketing development
- C) business portfolio
- D) value-delivery network
- E) mission

Answer: E

Diff: 2 Page Ref: 39

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

77) When the makers of a ballpoint pen state they are in the communication equipment business, they are defining their mission too \_\_\_\_\_.

- A) narrowly
- B) realistically
- C) specifically
- D) broadly
- E) futuristically

Answer: D

Diff: 2 Page Ref: 40

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-1

78) Kimball Gardens is a company that operates as two distinct businesses: one that sells lawn and garden products and one that markets booklets. Each business is called a \_\_\_\_\_.

- A) return on investment (ROI)
- B) strategic business unit (SBU)
- C) cash cow
- D) star
- E) business portfolio

Answer: B

Diff: 2 Page Ref: 42

AACSB: Communication Abilities

Skill: Application

Objective: 2-2

79) Starbucks has introduced a debit card that lets customers prepay for coffee and snacks. This effort by Starbucks management is an example of \_\_\_\_\_.

- A) market development
- B) product development
- C) diversification
- D) market penetration
- E) product adaptation

Answer: D

Diff: 3 Page Ref: 44

AACSB: Analytic Skills

Skill: Application

Objective: 2-2

80) Walmart, the world's largest retailer, has successfully launched its stores in Mexico, Canada, the U.K., Germany, and other nations. This is an example of how Walmart is pursuing \_\_\_\_\_ as a growth strategy.

- A) market penetration
- B) product development
- C) demographic market development
- D) geographic market development
- E) diversification

Answer: D

Diff: 2 Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-2

81) Acme, Inc. has slightly modified the production processes of its widgets and gadgets in order to tap into the Eastern European market. Acme is likely following a \_\_\_\_\_ strategy.

- A) market penetration
- B) market development
- C) diversification
- D) harvesting
- E) product development

Answer: B

Diff: 2 Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-2

82) Starbucks Coffee has recently begun selling and playing compilation CDs and is supporting its own XM satellite radio station. This represents which strategy for growth?

- A) product development
- B) market development
- C) market penetration
- D) diversification
- E) partner development

Answer: D

Diff: 3 Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-2

83) Walmart relies on sound relationships with its low-cost suppliers in order to pass low prices on to consumers. Thus, forming a \_\_\_\_\_ is crucial to Walmart's success.

- A) value delivery network
- B) growth-share matrix
- C) customer relationship management policy
- D) market concept philosophy
- E) diversification strategy

Answer: A

Diff: 2 Page Ref: 47

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-3

84) For Hyundai Corporation, customers who care about the price of a car and its operating economy make up one \_\_\_\_\_.

- A) market position
- B) value network
- C) market segment
- D) customer extension
- E) value chain

Answer: C

Diff: 2 Page Ref: 49

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-4

85) Paul Pendergraff has identified a group of potential customers who seem to respond in a similar way to a series of magazine and radio advertisements for his company's product. Paul has identified a(n) \_\_\_\_\_.

- A) target market
- B) market segment
- C) market
- D) market position
- E) undefined niche

Answer: B

Diff: 2 Page Ref: 49

AACSB: Analytic Skills

Skill: Application

Objective: 2-4

86) Saturn is "a different kind of company, different kind of a car"; the Hummer is "like nothing else." Statements such as these reflect a firm's \_\_\_\_\_.

- A) product portfolio
- B) target markets
- C) positioning
- D) marketing mix
- E) niche

Answer: C

Diff: 2 Page Ref: 51

AACSB: Analytic Skills

Skill: Application

Objective: 2-4

87) Harris, the marketing manager at a small sports retail chain, has conducted a marketing analysis. He has investigated the company's internal resources and situational factors, as well as factors and trends in the competitive sports retail chain market. Which of the following has Harris completed?

- A) a SWOT analysis
- B) a business portfolio analysis
- C) an executive summary
- D) a marketing plan
- E) a marketing mix

Answer: A

Diff: 2 Page Ref: 53

AACSB: Analytic Skills

Skill: Application

Objective: 2-5

88) Serengeti makes lightweight sunglasses with 100 percent UV protection for people who love to hunt, hike, and bike ride. Its long-term plans include the development of lenses that, in addition to protecting users from UV rays, will also have effective water-sheeting action to reduce lens spotting. This new feature will be valuable to people who fish. In terms of a SWOT analysis, the company believes it can use the \_\_\_\_\_ of its reputation as a sunglass manufacturer for a specialized market in combination with its current manufacturing facilities and labor force to enter this new market.

- A) weights
- B) strengths
- C) threats
- D) opportunities
- E) trends

Answer: B

Diff: 2 Page Ref: 53

AACSB: Analytic Skills

Skill: Application

Objective: 2-5

89) Serengeti makes lightweight sunglasses with 100 percent UV protection for people who love to hunt, hike, and bike ride. Its long-term plans include the development of lenses that, in addition to protecting users from UV rays, will also have effective water-sheeting action to reduce lens spotting. This new feature will be valuable to people who fish. Serengeti has determined that fishing is one of the fastest growing sports in the United States. In terms of a SWOT analysis, Serengeti has recognized a market \_\_\_\_\_.

- A) weakness
- B) strength
- C) threat
- D) opportunity
- E) trend

Answer: D

Diff: 2 Page Ref: 53

AACSB: Analytic Skills

Skill: Application

Objective: 2-5

90) Emerson Studios, a chain of 25 portrait stores in five states, has organized its marketing organization into groups headed by a sales manager, an advertising manager, and a customer-service manager. What type of organization is this?

- A) geographic
- B) product
- C) functional
- D) customer
- E) market

Answer: C

Diff: 2 Page Ref: 56

AACSB: Analytic Skills

Skill: Application

Objective: 2-5

91) The current mission statement of the Girl Scouts of America is to build "girls of courage, confidence, and character, who make the world a better place." The organization's former mission statement had read "to prepare young girls for motherhood and wifely duties." This change reflects the guideline that mission statements should be \_\_\_\_\_.

- A) realistic
- B) broad
- C) narrow
- D) market-oriented
- E) specific

Answer: D

Diff: 3 Page Ref: 39

AACSB: Analytic Skills

Skill: Critical Thinking

Objective: 2-1

92) The pharmaceuticals division of Omni Healthcare holds low market share in a high-growth market. In order to increase market share, managers would be most likely to decide which of the following?

- A) hold the pharmaceuticals division's share
- B) implement a harvest strategy
- C) use money from a cash cow to promote the pharmaceuticals division
- D) divest the SBU
- E) diversify the pharmaceutical division

Answer: C

Diff: 3 Page Ref: 43

AACSB: Reflective Thinking Skills

Skill: Critical Thinking

Objective: 2-2

93) Fence Patrol has developed an entirely new mounting system for chain link fences. Although it is a local company, through the acquisition of a distributor it now has the ability to market its products nationwide. Fence Patrol is most likely following a \_\_\_\_\_ strategy.

- A) market penetration
- B) market development
- C) downsizing
- D) divesting
- E) product development

Answer: B

Diff: 3 Page Ref: 46

AACSB: Reflective Thinking Skills

Skill: Critical Thinking

Objective: 2-2

94) Of the following, it is most important for marketers to develop \_\_\_\_\_ for their products.

- A) customer management organizations
- B) unique market positions
- C) market management organizations
- D) marketing ROI data
- E) marketing dashboards

Answer: B

Diff: 2 Page Ref: 49

AACSB: Reflective Thinking Skills

Skill: Synthesis

Objective: 2-4

95) Which of the following most accurately identifies a difference between a weakness and a threat in SWOT analysis?

- A) A company is more able to change a threat than a weakness.
- B) A company is more able to change a weakness than a threat.
- C) A company can be more negatively affected by a weakness than by a threat.
- D) A company can be more negatively affected by a threat than by a weakness.
- E) A company can more easily identify threats than weaknesses.

Answer: B

Diff: 3 Page Ref: 53-54

AACSB: Reflective Thinking Skills

Skill: Critical Thinking

Objective: 2-5

**Refer to the scenario below to answer the following questions.**

Fun-Spot Fun Park began as a small amusement park in 1985. With nothing more than a merry-go-round, a slide, pony rides, and an ice cream stand, Fun-Spot grew into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theater.

"My wife, Gail, and I didn't know what we were getting into," commented Ron Hart, the owner. "We just knew that weekenders coming to the lakes in our rural area represented an untapped market."

Today, thousands of visitors flock to Fun-Spot: families, children of all ages, and even senior citizens who enjoy strolling through the gardens and arbor.

"There's something here for everyone," Gail Hart said with a smile. "Dozens of companies hold annual company picnics here. We have welcomed class field trips. And we even had one wedding here at the park!"

"Here's the funny thing," Ron chimed in. "We really don't know why we've been so successful. There is nothing else like Fun-Spot Fun Park in the area. We were just lucky."

"I think it's the ambience of the park that has brought so many visitors," Gail added. "We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time for variety"

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "Like it says on the entrance to the park, 'We're here to make you happy!' And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

96) Fun-Spot's mission is \_\_\_\_\_.

- A) product-oriented
- B) technology-oriented
- C) market-oriented
- D) too specific
- E) too focused on profits

Answer: C

Diff: 2 Page Ref: 39

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

97) Into which quadrant of the BCG matrix does Fun-Spot fall?

- A) star
- B) question mark
- C) profit center
- D) diversification
- E) dog

Answer: A

Diff: 2 Page Ref: 42

AACSB: Analytic Skills

Skill: Application

Objective: 2-2

98) Ron and Gail plan to lower prices in an effort to encourage customers to stay longer, visit more often, and spend more money during each visit. What type of strategy are Ron and Gail planning?

- A) market penetration
- B) market development
- C) product development
- D) customer development
- E) diversification

Answer: A

Diff: 2 Page Ref: 44

AACSB: Analytic Skills

Skill: Application

Objective: 2-2

99) Gail and Ron strive to provide new offerings and entertainment options for their visitors. What type of strategy is this?

- A) market penetration
- B) market development
- C) product development
- D) customer development
- E) diversification

Answer: C

Diff: 2 Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-2

100) Which of the following would be classified as an opportunity in a SWOT analysis of Fun-Spot?

- A) A rival amusement park announces plans to open three new rides next season.
- B) A new luxury hotel is being constructed in the area, with the aim of luring more high-spending families on vacation.
- C) Gail and Ron have paid off the mortgage on Fun-Spot, significantly reducing their monthly expenses.
- D) Fun-Spot employees tend to be enthusiastic and young, projecting an image of fun and vitality at Fun-Spot.
- E) Fun-Spot plans to further diversify its offerings by beginning a two-week summer camp for elementary school students.

Answer: B

Diff: 2 Page Ref: 54

AACSB: Reflective Thinking Skills

Skill: Critical Thinking

Objective: 2-5

101) Mission statements should be realistic and general in nature.

Answer: FALSE

Diff: 2 Page Ref: 40

Skill: Concept

Objective: 2-1

102) ABC Fortunes has just developed a formal statement of its purpose. This firm has put together a mission statement.

Answer: TRUE

Diff: 1 Page Ref: 39

Skill: Concept

Objective: 2-1

103) Mission statements should both emphasize the company's strengths in the marketplace and be motivating.

Answer: TRUE

Diff: 2 Page Ref: 40

AACSB: Communication Abilities

Skill: Concept

Objective: 2-1

104) A firm's mission statement should be the basis for both its business and marketing objectives.

Answer: FALSE

Diff: 2 Page Ref: 40

Skill: Concept

Objective: 2-1

105) The major activity in strategic planning is strategic business unit planning, whereby management evaluates the products and businesses making up the company.

Answer: FALSE

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

106) When designing business portfolios, most companies are well advised to add a broad range of products and businesses to their organization.

Answer: FALSE

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

107) The purpose of strategic planning is to find ways in which your company can best use its strengths to take advantage of attractive opportunities in the environment.

Answer: TRUE

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

108) In the BCG matrix, "dogs" are low-growth businesses and products that do not generate enough cash to maintain themselves.

Answer: FALSE

Diff: 3 Page Ref: 43

Skill: Concept

Objective: 2-2

109) The growth strategy of diversification involves offering modified or new products to current markets.

Answer: FALSE

Diff: 2 Page Ref: 45

Skill: Concept

Objective: 2-2

110) When an organization identifies and develops new markets for its current products and services, it is engaged in market development.

Answer: TRUE

Diff: 1 Page Ref: 45

Skill: Concept

Objective: 2-2

111) When a firm finds products or businesses that no longer fit its overall strategy, it should carefully milk, harvest, or better develop them.

Answer: FALSE

Diff: 2 Page Ref: 45

Skill: Concept

Objective: 2-2

112) In today's marketplace, competition increasingly takes place between entire value delivery networks rather than between individual competitors.

Answer: TRUE

Diff: 1 Page Ref: 47

Skill: Concept

Objective: 2-3

113) The image of a product in the minds of consumers is called market segmentation.

Answer: FALSE

Diff: 1 Page Ref: 49

Skill: Concept

Objective: 2-4

114) A market segment consists of consumers who respond in different ways to a given set of marketing efforts.

Answer: FALSE

Diff: 1 Page Ref: 49

Skill: Concept

Objective: 2-4

115) When a company positions its product, it should first identify possible customer value differences within a market segment that could be the basis of a competitive advantage for the product.

Answer: TRUE

Diff: 3 Page Ref: 50

Skill: Concept

Objective: 2-4

116) The marketing mix consists of product, price, place, positioning, and promotion.

Answer: FALSE

Diff: 2 Page Ref: 51

Skill: Concept

Objective: 2-4

117) Guided by marketing strategy, the company designs a marketing mix made up of factors under its control: product, price, place, and promotion.

Answer: TRUE

Diff: 2 Page Ref: 51

Skill: Concept

Objective: 2-4

118) One valid criticism of the four Ps concept is that services are not considered.

Answer: FALSE

Diff: 3 Page Ref: 52

Skill: Concept

Objective: 2-4

119) The four Cs concept takes the buyer's view of the market.

Answer: TRUE

Diff: 2 Page Ref: 53

Skill: Concept

Objective: 2-4

120) Four marketing management functions are analysis, planning, implementation, and control.

Answer: TRUE

Diff: 1 Page Ref: 53

Skill: Concept

Objective: 2-5

121) "At Joe's Diner, we serve great burgers" is a product-oriented business definition.

Answer: TRUE

Diff: 2 Page Ref: 39

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

122) At Trader Joe's, "our mission is to bring all our customers the best food and beverage values to be found anywhere, and the information to make informed buying decisions." This is a product-oriented business definition.

Answer: FALSE

Diff: 3 Page Ref: 39

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

123) To improve its value delivery network, a company needs to examine the value chains of its suppliers and distributors.

Answer: TRUE

Diff: 2 Page Ref: 47

AACSB: Reflective Thinking Skills

Skill: Synthesis

Objective: 2-3

124) Mandros International Foods evaluates each market segment's attractiveness and selects one or more segments to enter when considering adding new lines of imported foods. Mandros is engaged in positioned marketing.

Answer: FALSE

Diff: 2 Page Ref: 49

AACSB: Analytic Skills

Skill: Application

Objective: 2-4

125) Holiday Inn has divided the total customer market into smaller segments and selected the most promising segments. Deciding what position it wants to occupy in these segments is called targeting.

Answer: FALSE

Diff: 2 Page Ref: 49

AACSB: Analytic Skills

Skill: Application

Objective: 2-4

126) Define strategic planning. Discuss the steps involved.

Answer: The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its marketing opportunities is called strategic planning. At the outset, beginning at the corporate level, each company must define its overall purpose and mission. What is our business? Who is the customer? What do our customers value? Answers to these questions are crucial in writing a clear mission statement. Mission statements need to be carefully defined in terms of customer needs. Missions should be realistic, motivating, and fit the market environment. Missions then lead to setting business and marketing objectives/goals in the planning process. This is followed by decisions regarding what portfolio of businesses and products is best for the company and how much support to give each one. Next, each business and product develops detailed marketing and other functional strategies. In this step, plans are drawn at the business unit, product, and market levels in support of companywide plans.

Diff: 3 Page Ref: 38-40

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-1

127) What is business portfolio planning? Discuss how a company might use the Boston Consulting Group's product portfolio analysis method.

Answer: A business portfolio is the collection of businesses and products that make up a company. Business portfolio planning entails two steps. First, there is an analysis of the company's current business portfolio, followed by decisions about what businesses should receive more, less, or no investment. Second, planners must shape the future portfolio by developing strategies for growth and/or downsizing. The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in that market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks, and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU.

Diff: 3 Page Ref: 42-43

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-2

128) Describe some of the problems with matrix approaches.

Answer: The BCG and other portfolio planning approaches can be difficult to execute, time consuming, and also costly to implement. Defining SBUs and the measurement of relative market share and growth can be a difficult task as well. A serious flaw with these approaches is that, while they are helpful for classifying current businesses, they offer little or no advice for future planning.

Diff: 2 Page Ref: 43

AACSB: Reflective Thinking Skills

Skill: Critical Thinking

Objective: 2-2

129) The BCG is a useful approach to evaluate *current* businesses. Describe a method that a firm could use to identify future growth opportunities.

Answer: The product/market expansion grid is a useful device for identifying growth opportunities in the future. There are four strategies available to companies: market penetration, market development, product development, and diversification. Market penetration entails making more sales to current customers without changing products. Market development involves identifying and developing new markets for a company's products. New markets include demographic groups and geographic regions, among others. Companies can also consider product development, offering modified or new products to current markets. Diversifying companies might consider acquiring or starting new businesses unrelated to their core competencies. However, diversifying too broadly can be detrimental in the long run.

Diff: 2 Page Ref: 44-45

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-2

130) What does the term *value delivery network* mean? Explain.

Answer: For decades, marketers have traditionally created value to satisfy customer needs and wants. Today, the manufacturer or retailer needs to look beyond its own value chain and into the value chains of suppliers and distributors to create value throughout the entire supply chain. More companies are partnering with other members of the supply chain to improve the performance of the customer value delivery network. In fact, today competition takes place between entire value delivery networks instead of between individual competitors.

Diff: 2 Page Ref: 47

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-3

131) Define marketing strategy. Discuss the steps in formulating marketing strategy.

Answer: The marketing logic by which a company hopes to achieve profitable relationships is called its marketing strategy. Marketing strategy formulation entails four specific steps: market segmentation, market targeting, differentiation, and positioning. The process of dividing a market into distinct groups of buyers with different needs, characteristics, or behavior is called market segmentation. Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain that value over time. Effective positioning begins with actually differentiating the company's marketing offer so that it gives consumers greater value. Positioning is defined as creating a distinct image of a product in the eyes of target consumers. A product's positioning should take advantage of a competitive advantage within the market target.

Diff: 3 Page Ref: 48-49

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-4

132) Explain why, according to the authors of your text, the four Ps concept of the marketing mix takes a seller's view of the market, not the buyer's view. How should marketers consider the buyer's view?

Answer: In today's day and age of customer relationship marketing, the four Ps can be described as the four Cs from the customer's point of view. In lieu of product, there is customer solution; that is, customers buy solutions to their problems or look for value in products. Customers are more interested in the total costs of obtaining, using, and disposing of a product. That is, customer cost replaces price in customer relationships. The place element of the marketing mix focuses on convenience. Convenience in availability is the central focus of customers. Finally, customers and marketers want two-way communication. Marketers should use the four Cs as a base for the four Ps of their marketing mix.

Diff: 3 Page Ref: 52-53

AACSB: Reflective Thinking Skills

Skill: Critical Thinking

Objective: 2-4

133) Define marketing planning. Briefly outline the major components in a marketing plan.

Answer: Marketing planning involves deciding on marketing strategies that will help the company achieve its overall strategic objectives. A detailed marketing plan is needed at the business, product, or brand level. An executive summary is the first step in the plan. It contains a brief summary of the main goals and recommendations of the plan for management review. The main section of the plan presents a detailed SWOT analysis of the current marketing situation, along with potential threats and opportunities. The plan then states major objectives for the brand and outlines the specifics of a marketing strategy for achieving them. In addition, action programs for implementing the marketing strategy along with the details of a supporting marketing budget are presented. The final section outlines the controls used to monitor progress and take corrective action.

Diff: 3 Page Ref: 54-55

AACSB: Analytic Skills

Skill: Application

Objective: 2-5

134) Marketing departments are organized in several ways. Compare the most common forms of marketing organizations.

Answer: Some common forms of marketing department organization include functional organization, geographical organization, product management organization, and market management organization. Under a functional department organization, a functional specialist, such as a sales manager, advertising manager, or market research manager, is responsible for each different marketing activity. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. Under the product management approach, a product manager develops and implements a complete strategy and marketing program for a specific product or brand. Under a market or customer management organization, the company is organized around the needs of specific customer segments. In firms that use this organization, one product line is sold to many different types of markets and customers that have different needs and preferences. Finally, large companies that produce many products sold in many geographic areas typically use some combination of these organizational forms.

Diff: 2 Page Ref: 56

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-5

135) Briefly discuss how marketers measure return on marketing investment, explaining why this figure can be difficult to assess.

Answer: Marketing ROI (return on investment) is the net return from a marketing investment divided by the costs of the marketing investment. In other words, ROI is a measure of the profits generated by investments in a marketing activity. Marketing ROI can be difficult to assess because the benefits of marketing are not always easily translated in dollar amounts. However, marketing ROI can be assessed in terms of brand awareness, sales, or market share. Some companies are now using marketing dashboards, which are single displays showing several sets of marketing performance measures. And beyond standard performance measures, many marketers are using customer-centered measures such as customer acquisition, retention, and lifetime value.

Diff: 3 Page Ref: 57-58

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-5

136) Why should a mission statement be market oriented instead of product or technology oriented?

Answer: A market-oriented mission statement defines the business in terms of customer needs; products and technologies become outdated, but basic market needs may last forever.

Diff: 2 Page Ref: 39

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-1

137) Why should a mission statement be "motivating" instead of stated in terms of sales or profits?

Answer: Sales and profits are only a reward for undertaking a useful activity; a company's employees will be more dedicated to the company's mission if they feel that their work is significant.

Diff: 2 Page Ref: 40

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-1

138) What is a strategic business unit (SBU) and how is it involved in a business portfolio analysis?

Answer: An SBU is a key part of a company whether a product, product line, department, or an entire division. Identifying and analyzing a company's SBUs are the first two steps in business portfolio analysis.

Diff: 2 Page Ref: 42

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-2

139) Into what BCG quadrant does a high-share, high-growth SBU fall?

Answer: It falls into the "star" category.

Diff: 2 Page Ref: 42

AACSB: Analytic Skills

Skill: Application

Objective: 2-2

140) What type of strategy should a company use to manage its cash cows?

Answer: Because a cash cow generates cash without much investment, a company should use the profits to support other SBUs.

Diff: 2 Page Ref: 42-43

AACSB: Reflective Thinking Skills

Skill: Critical Thinking

Objective: 2-2

141) How might the BCG matrix represent a life cycle?

Answer: Many SBUs start out as question marks, then move into the star category if they succeed; stars eventually become cash cows, and then perhaps, dogs.

Diff: 3 Page Ref: 43

AACSB: Reflective Thinking Skills

Skill: Synthesis

Objective: 2-2

142) How might Party Planning Paradise, a company that sells a wide range of party supplies for all occasions, implement a market development strategy?

Answer: Party Planning Paradise might attempt to identify and develop new markets for its current products, looking for different demographic markets and geographical markets that might have a need its products would satisfy.

Diff: 2 Page Ref: 45

AACSB: Reflective Thinking Skills

Skill: Synthesis

Objective: 2-2

143) According to the product/market expansion grid, what strategy would a fast-food hamburger restaurant follow if it offered a salad bar option during lunch hours?

Answer: In this scenario, the restaurant would be following a product development strategy.

Diff: 2 Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-2

144) Into what quadrant of the product/market expansion grid would a "new and improved" product fall?

Answer: The "new and improved" product would fall into the product development quadrant.

Diff: 2 Page Ref: 45

AACSB: Reflective Thinking Skills

Skill: Synthesis

Objective: 2-2

145) How are partner relationship management and the value chain related?

Answer: Marketers must work closely and coordinate activities with partners in other company departments to form an effective value chain, with each department executing value-creating activities to design, produce, market, deliver, and support the company's products.

Diff: 2 Page Ref: 46

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-3

146) Explain how a marketer of baking soda may attempt to attract more than one market segment.

Answer: Some consumers buy baking soda as a baking ingredient and some consumers buy baking soda to use as a deodorizer, for example. The marketer will focus on both distinct uses in the marketing mix, such as how the product is promoted.

Diff: 3 Page Ref: 49

AACSB: Reflective Thinking Skills

Skill: Synthesis

Objective: 2-4

147) How might a marketer of pens alter the "product" portion of the marketing mix when targeting female college students versus male college students?

Answer: The marketer may use feminine colors and a spiral-flower stripe, for example, when marketing its pens to the females; when targeting males, more neutral colors might be used.

Diff: 3 Page Ref: 51

AACSB: Reflective Thinking Skills

Skill: Synthesis

Objective: 2-4

148) What role does the marketing mix play in positioning?

Answer: The marketing mix components of product, price, place, and promotion are the tools that a company can use to differentiate its products from competitors' products and to achieve strong positioning in a target market.

Diff: 2 Page Ref: 51

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-4

149) Why is marketing analysis such an important part of marketing management?

Answer: This function allows the marketer to analyze internal strengths and weaknesses as well as environmental opportunities and threats, which, in turn, allows the marketer to match the company's strengths to opportunities to pursue. From this starting point, the market can continue with planning, implementation, and control.

Diff: 2 Page Ref: 53-54

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-5

150) Why are many marketers today using customer-centered measures of marketing ROI?

Answer: Companies are looking at marketing expenditures as investments in profitable customer relationships, with the goal of increasing individual customer lifetime values and overall customer equity.

Diff: 2 Page Ref: 58

AACSB: Reflective Thinking Skills

Skill: Application

Objective: 2-5