

## Chapter 2 - Strategic Planning in Contemporary Marketing

1. What is the process of anticipating future events and conditions and determining the best way to achieve organizational objectives called?

- a. researching
- b. planning
- c. controlling
- d. managing

ANSWER: b

2. What do product lines, pricing decisions, selection of appropriate distribution channels, and decisions relating to promotional campaigns all depend on?

- a. technology available to the firm
- b. decisions made within the accounting department
- c. plans formulated within the marketing department
- d. industry-wide planning programs

ANSWER: c

3. What does marketing planning establish?

- a. the resource base provided by the firm's strategy
- b. the economic impact of additional sales
- c. the tactical plans that must be implemented by the entire organization
- d. the basis for attaining marketing objectives

ANSWER: d

4. How can relationship marketing help a company?

- a. by creating long-term links with individual customers for mutual benefit
- b. by reducing its strategic planning effort because the need for such planning is greatly diminished
- c. by finding more effective media for use in advertising and mass marketing
- d. by cutting through the planning process and moving into tactical plans

ANSWER: a

5. What is effective relationship marketing partly built upon the use of?

- a. inside information about competitors
- b. databases to track customer preferences
- c. larger advertising budgets
- d. knowledge about changes in economic conditions

ANSWER: b

6. Best Buy wanted to open a new store in Fredericton, New Brunswick, but instead of building a new store a decision was made to renovate a grocery superstore that had closed. What type of planning was this decision the result of?

- a. tactical
- b. marketing
- c. strategic
- d. economic

ANSWER: a

## Chapter 2 - Strategic Planning in Contemporary Marketing

7. ADA Inc. stopped its production of oral care goods after determining apparel production to be its new primary objective. What planning process at ADA Inc. is this a direct result of?

- a. tactical
- b. research
- c. strategic
- d. economic

ANSWER: c

8. Strategic planning has a critical impact on a firm's destiny. What does it provide to its decision makers?

- a. customer input
- b. individual goals
- c. departmental goals
- d. long-term direction

ANSWER: d

9. Suppose Toyota was planning to introduce a sports car powered by a hydrogen-oxygen fuel cell when the price of gasoline in Canada reached \$1.50 per litre. What type of plan does this best describe?

- a. economic
- b. strategic
- c. technological
- d. tactical

ANSWER: b

10. Sport Canada is determining where it should build its permanent training facility. The organization wants it near a populated centre but in a rural location enough to provide ample room. What type of planning is the organization engaged in?

- a. strategic
- b. travel
- c. marketing
- d. economic

ANSWER: a

11. What type of plan does a company have when it focuses largely on current and near-future activities?

- a. strategic
- b. marketing
- c. economic
- d. tactical

ANSWER: d

## Chapter 2 - Strategic Planning in Contemporary Marketing

12. Which statement best describes operational planning?

- a. It should be used to establish the fundamental strategies of the organization.
- b. It is used to determine departmental rules and procedures.
- c. It is the primary responsibility of top management.
- d. It should be completed at the same time that the total budget is prepared.

ANSWER: b

13. Which statement best describes tactical planning?

- a. It is conducted exclusively by supervisory personnel.
- b. It is used to generate weekly plans, unit budgets, departmental rules and procedures.
- c. It is designed to determine annual budgets and long-range strategic goals.
- d. It is performed to substitute the strategic planning process in smaller organizations.

ANSWER: c

14. What type of plans in the planning hierarchy would deal with organization-wide objectives, long-term plans, and the total budget?

- a. annual
- b. tactical
- c. operational
- d. strategic

ANSWER: d

15. What is a result of tactical planning?

- a. total budget
- b. long-term plans
- c. divisional budgets
- d. departmental rules

ANSWER: c

16. What are an organization's basic objectives or goals derived from?

- a. its strategic plan
- b. its tactical plan
- c. its corporate strategy
- d. its mission statement

ANSWER: d

17. Compared with other organization personnel, who devotes more time to long-range strategic planning?

- a. middle management
- b. manufacturing labour
- c. top management
- d. supervisory management

ANSWER: c

## Chapter 2 - Strategic Planning in Contemporary Marketing

18. FreshFarm Market, a small grocery store chain, is working on its tactical plans. Which personnel would be most involved in this operational planning process?

- a. top management, such as the owner
- b. middle management, such as the merchandiser and advertising manager
- c. store managers
- d. supervisory management, such as shift managers and night auditors

ANSWER: b

19. Who should complete operational planning?

- a. top management
- b. mid-level managers
- c. supervisory management
- d. lower management

ANSWER: b

20. Loblaw Companies acquired Shoppers Drug Mart and the highest executive who approved this acquisition was most likely the company's CEO. What planning process within Loblaw Companies was this decision the direct result of?

- a. tactical
- b. strategic
- c. operational
- d. technological

ANSWER: b

21. Which of the following is NOT a company objective?

- a. to increase sales by 10 percent per year
- b. to be the quality and market leader of the global hotel industry
- c. to reduce product errors to less than one percent
- d. to add five new properties to the company portfolio

ANSWER: b

22. What is the first step in the corporate-level marketing planning process?

- a. writing the mission statement
- b. formulating a marketing plan
- c. assessing strengths, weaknesses, and opportunities
- d. establishing organizational objectives

ANSWER: a

23. What is the third step in the corporate-level marketing planning process?

- a. determining the necessary financing objectives and support
- b. writing a marketing plan
- c. assessing strengths, weaknesses, and opportunities
- d. establishing organizational objectives

ANSWER: c

## Chapter 2 - Strategic Planning in Contemporary Marketing

24. Which of the following best represents a mission statement?

- a. Sobeys: Better food for all.
- b. Kellogg's: Breakfast cereals at a price everyone can afford.
- c. Bass Pro Shop: To be the leading merchant of outdoor recreational products, inspiring people to love, enjoy, and conserve the great outdoors.
- d. Walmart: Stores big enough to make shopping interesting for every family member.

ANSWER: c

25. Which of the following defines an organization's mission?

- a. process of anticipating future events and conditions
- b. companywide program for scaling down the product-lines that are low on profitability
- c. essential purpose that differentiates one company from others
- d. collection of limited periods during which key requirements of a market and a firm's particular competencies best fit together

ANSWER: c

26. What part of the organization should be most involved in formulating strategy for success of the good or service in the marketplace?

- a. corporate executive team
- b. potential customer
- c. vendors and channel members
- d. firm's marketing personnel

ANSWER: d

27. How can a company modify a strategy when its actual performance is not in line with expected results?

- a. by redefining the firm's mission
- b. by focusing exclusively on long-range strategic issues
- c. by putting the marketing strategy into action and monitoring performance
- d. by interpreting the mission, vision, and values of the company differently

ANSWER: d

28. What goal do all planning strategies have?

- a. creating sustainable competitive advantage
- b. creating short-term competitive advantage
- c. creating a strategic window
- d. creating leverage

ANSWER: a

## Chapter 2 - Strategic Planning in Contemporary Marketing

29. Which of the following is a dimension of Porter's Five Forces model?

- a. bargaining power of buyers
- b. existence of second movers
- c. existing firms in the business environment
- d. rivalry among strategic business units

ANSWER: a

30. What characteristic would a less competitive market have?

- a. high barriers to entry
- b. increased number of potential substitutes
- c. strong bargaining power among buyers
- d. strong bargaining power among suppliers

ANSWER: a

31. Business strategies are impacted by the widespread use of the Internet. Which statement best describes the Internet's impact?

- a. The Internet has eliminated all forms of substitution threats.
- b. The Internet has reduced barriers to market entry.
- c. The Internet has reduced the bargaining power of end-users.
- d. The Internet has reduced consumer awareness about the differences among competitors.

ANSWER: b

32. An automobile manufacturer is dependent on a single supplier for tires. Based on this information, which statement best describes the situation faced by the manufacturer?

- a. The barriers to market entry are low.
- b. The buyer has greater bargaining power.
- c. The threat of new entrants is high.
- d. The supplier has significant bargaining power.

ANSWER: d

33. A shoe manufacturer has multiple suppliers for leather. Based on this information, which statement best describes the situation faced by the manufacturer?

- a. The suppliers have lesser bargaining than the buyer.
- b. The barriers to market entry are high.
- c. The rivalry among competitors is low.
- d. The buyer has lesser bargaining power than the suppliers.

ANSWER: a

## Chapter 2 - Strategic Planning in Contemporary Marketing

34. Which condition would lead a company's marketers to find a new market, change prices, or compete in other ways to maintain an advantage?

- a. the bargaining power of suppliers is low
- b. the bargaining power of buyers is low
- c. the threat of substitute products is high
- d. the threat of new entrants is low

ANSWER: c

35. Which company has followed a second mover strategy?

- a. Apple
- b. Facebook
- c. IBM
- d. Ford Motor Company

ANSWER: b

36. Which statement describes a first mover strategy in comparison to a second mover strategy?

- a. The first mover strategy is more risky but offers higher reward.
- b. The first mover strategy is more risky and offers lower reward.
- c. The first mover strategy is less risky and offers higher reward.
- d. The first mover strategy is less risky but offers lower reward.

ANSWER: a

37. Which of the following is indicative of a second mover strategy?

- a. entering new markets with existing products
- b. making significant innovations that turn old products into new ones
- c. observing closely the innovations of first movers and then improving on them
- d. entering new markets with new products before any other entrants

ANSWER: c

38. What is SWOT an acronym for?

- a. strategy, work, opinions, tactics
- b. strengths, weaknesses, opportunities, threats
- c. strategy, work, openness, toughness
- d. strategy, weakness, opinions, tactics

ANSWER: b

39. In SWOT analysis, what are situations in which organizations are unable to capitalize on opportunities because of internal limitations referred to as?

- a. strategic windows
- b. strategic leverage
- c. constraints
- d. vulnerability

ANSWER: c

## Chapter 2 - Strategic Planning in Contemporary Marketing

40. General Motors has difficulty competing with other car makers because of its lack of responsiveness to changing consumer preferences. In SWOT terms, what does this constitute?

- a. strategic window
- b. leveraged situation
- c. productivity challenge
- d. constraint on its activity

ANSWER: d

41. Assume a firm would like to expand its product line. A complete expansion would cost \$100 million, but the firm can raise only \$75 million in financing. What is this best classified as?

- a. a constraint
- b. an opportunity
- c. a threat
- d. a vulnerability

ANSWER: a

42. In a SWOT analysis, when is a constraint present?

- a. when internal organizational weaknesses prevent taking advantage of an opportunity
- b. when environmental threats attack organizational weaknesses
- c. when organizational weaknesses are effectively addressed
- d. when environmental threats are stronger than organizational strengths

ANSWER: a

43. In SWOT analysis, when does vulnerability occur?

- a. when internal organizational weaknesses prevent taking advantage of an opportunity
- b. when environmental threats attack organizational weaknesses
- c. when weaknesses are effectively addressed
- d. when environmental threats are stronger than organizational strengths

ANSWER: d

44. In a SWOT analysis, when does a problem exist?

- a. when internal organizational weaknesses prevent taking advantage of an opportunity
- b. when environmental threats attack organizational weaknesses
- c. when weaknesses are effectively addressed
- d. when environmental threats are stronger than organizational strengths

ANSWER: b

45. Which of the following is an example of a firm's weakness discovered by a SWOT analysis?

- a. changing buyer tastes in the marketplace
- b. the presence of modern production facilities
- c. inadequate financing capabilities
- d. likely entry of new competitors

ANSWER: c

## Chapter 2 - Strategic Planning in Contemporary Marketing

46. Which of the following is an example of a firm's strength discovered by a SWOT analysis?
- a. ownership of valuable patents
  - b. a narrow current product line
  - c. changing buyer tastes in the marketplace
  - d. existing government policies adverse to the industry

ANSWER: a

47. Which of the following is an example of a firm's weakness discovered by a SWOT analysis?
- a. a bill passed by the government regarding the work timings of all organizations
  - b. a competitor planning to open a new branch close to the firm's place of operations
  - c. the firm's failure to pay its taxes on time leading to a poor reputation in the market
  - d. a ban imposed on the use of animals for testing cosmetics

ANSWER: c

48. What term refers to a SWOT analysis that is designed to reveal, among other things, a firm's core competencies?
- a. financial resources
  - b. strengths
  - c. leverage
  - d. vulnerabilities

ANSWER: b

49. WestJet Airlines has one of the lowest levels of operating expenses in the airline industry. In a SWOT analysis, what is this classified as?
- a. opportunity
  - b. constraint
  - c. strength
  - d. threat

ANSWER: c

50. Which of the following is an example of a threat to a firm discovered by a SWOT analysis?
- a. inadequate financing capabilities
  - b. the chance to acquire firms with needed technology
  - c. likely entry of new competitors in the industry
  - d. too narrow a product line for the firm

ANSWER: c

51. What is one of the major problems with strategic windows?
- a. They are presented when the market stays relatively stable for long periods.
  - b. Acquiring competencies for the firm is usually a major flaw.
  - c. They are not affected by a firm's competencies, constraints, or vulnerabilities.
  - d. They exist for only a limited time.

ANSWER: d

## Chapter 2 - Strategic Planning in Contemporary Marketing

52. Which of the following best describes limited occasions when the key requirements of a market and the particular competencies of a firm best fit?

- a. marketing planning
- b. strategic window
- c. strategic planning
- d. tactical door

ANSWER: b

53. At a time when computer users were having trouble storing, sending, and displaying photos, Apple introduced the iMac computer, which was equipped with a digital camera interface and photo-handling software. What did Apple recognize, which resulted in this product?

- a. product innovations
- b. competitive constraints
- c. strategic window
- d. financial opportunities

ANSWER: c

54. Jonathan is part of a team analyzing current demographic trends. The team will make a recommendation concerning the groups of consumers toward whom the firm should direct its marketing effort. What element of the firm's marketing strategy is Jonathan's team involved in?

- a. target market
- b. distribution
- c. product
- d. promotion

ANSWER: a

55. What type of market is the group of people to whom a firm directs its marketing efforts?

- a. captive
- b. consumer
- c. home
- d. target

ANSWER: d

56. Which of the following is NOT a marketing mix variable?

- a. distribution
- b. product
- c. target market
- d. pricing

ANSWER: c

## Chapter 2 - Strategic Planning in Contemporary Marketing

57. Which of the following describes the term marketing mix?

- a. a composite analysis of all environmental factors inside and outside the firm
- b. a series of business decisions that aid in selling a product
- c. the relationship between a firm's marketing strengths and its business weaknesses
- d. a blending of four strategic elements to satisfy specific target markets

ANSWER: d

58. How is the term "product" best described?

- a. It refers only to tangible items that can be seen, tasted, or touched.
- b. It is a broad concept encompassing the satisfaction of consumer needs.
- c. It is limited to include goods, services, and ideas only.
- d. It never refers to such things as package design, brand name, or warranty.

ANSWER: b

59. Jenny has been appointed marketing manager for Sparkling Cleaning Products. Her job focuses on decisions involving customer service, package design, brand names, and warranties. What area of the marketing strategy does Jenny most likely work in?

- a. product strategy
- b. resource valuation and pricing
- c. retailing and distribution strategy
- d. target market development

ANSWER: a

60. What strategy do decisions involving transportation, warehousing, inventory control, and order processing relate to?

- a. pricing
- b. competitive
- c. product
- d. distribution

ANSWER: d

61. Miranda has been named to an upper-level management position at social media company TextUS Services. She will be working with transportation media, order processing, and development of marketing channels. What strategies would Miranda be involved in developing?

- a. product
- b. distribution
- c. promotional
- d. marketing

ANSWER: b

## Chapter 2 - Strategic Planning in Contemporary Marketing

62. Which of the following best fits the activity of promotion?
- a. making products available
  - b. finding a convenient location
  - c. maintaining a high level of regulation
  - d. communicating between buyers and sellers

ANSWER: d

63. What marketing mix activity are newsletters, catalogues, and invitations to company-sponsored events most closely associated with?
- a. pricing
  - b. distribution
  - c. product development
  - d. promotion

ANSWER: d

64. What type of strategy do the marketing mix decisions that are most closely regulated and subject to public scrutiny usually relate to?
- a. product
  - b. promotional
  - c. distribution
  - d. pricing

ANSWER: d

65. According to the rule of three, what percentage of the market will the three leading firms in an industry have?
- a. less than 25 percent
  - b. between 30 and 50 percent
  - c. between 70 and 90 percent
  - d. nearly 100 percent

ANSWER: c

66. An international apparel manufacturer changed its pricing strategy as it entered a new market where recessionary trends are being observed. What factor of the marketing environment led the firm to change its pricing decisions?
- a. legal-political
  - b. social-cultural
  - c. technological
  - d. economic

ANSWER: d

## Chapter 2 - Strategic Planning in Contemporary Marketing

67. Ying is a marketer for a global consumer products company. She is designing a promotional campaign for a foreign market and wants to ensure that the promotional campaign is clearly understood by the target consumers. She is also taking special care to see that the campaign is free from controversies and does not inadvertently offend anyone. In this scenario, Ying is specifically trying to take into account variables in which of the country's environments?

- a. social-cultural
- b. political-legal
- c. economic
- d. competitive

ANSWER: a

68. As chief executive of Stalwart Shipfitting Company, a diversified producer of marine supplies and equipment, John needs a method for spotting promising product lines that warrant commitment of additional resources, as well as those that should be removed from the firm's product portfolio. What would be a good choice for this firm?

- a. computer models
- b. strategic business units
- c. marketing audit
- d. inventory audit

ANSWER: b

69. Which of the following best describes the strategic business unit (SBU) concept?

- a. a planning tool that separates tactical and operational issues for analysis
- b. a device used primarily to separate marketing costs from production expenses
- c. a marketing planning tool best suited to the needs of large, diversified organizations
- d. a way to create units of business activity based solely on sales potential

ANSWER: c

70. What does each strategic business unit (SBU) within a firm have?

- a. advertising consultant
- b. government "watch dog" agency
- c. board of directors
- d. competitors

ANSWER: d

71. Which of the following is a marketing planning tool?

- a. market share/market growth matrix
- b. consumer scanning model
- c. market vulnerability/business opportunity matrix
- d. market sheet analysis

ANSWER: a

## Chapter 2 - Strategic Planning in Contemporary Marketing

72. To evaluate an organization's SBUs, the Boston Consulting Group developed a portfolio performance framework. How did they characterize some of the SBUs?

- a. question marks
- b. quick winners
- c. charging bulls
- d. cash-outs

ANSWER: a

73. What does the quadrant of the market share/market growth matrix that represents both a high market share and a high rate of market growth include?

- a. cash cows
- b. achievers
- c. stars
- d. strivers

ANSWER: c

74. Microsoft Windows generates considerable income for the parent company but is also expensive to support. However, the expense is acceptable because Windows is the world's dominant operating system. How would Windows be classed under the market share/market growth matrix?

- a. as a star
- b. as a cash cow
- c. as a question mark
- d. as a dog

ANSWER: a

75. According to the BCG market share/market growth matrix, what type of firms should the revenues earned from cash cows be used to finance?

- a. stars and dogs
- b. dogs and question marks
- c. stars and question marks
- d. question marks and other cash cows

ANSWER: a

76. According to the market share/market growth matrix, what is the SBU that produces strong cash flows that can be used to finance the growth of other SBUs?

- a. dog
- b. question mark
- c. cash cow
- d. star

ANSWER: c

## Chapter 2 - Strategic Planning in Contemporary Marketing

77. According to the market share/market growth matrix, how does a successful product typically begin?
- as a question mark, then a star, and eventually moves to the status of cash cow
  - as a star, fades to a question mark, and finally becomes a dog and is dropped
  - as a cash cow, moves to a question mark, and finally becomes a star
  - as a cash cow and fades to a dog when it's dropped

ANSWER: a

78. How does the market share/market growth matrix classify products with a low relative share of a high-growth rate market?
- stars
  - question marks
  - cash cows
  - dogs

ANSWER: b

79. The product manager for a new mousetrap informs the board of directors at its annual meeting that the product has been classified as a dog. What does this mean about the product?
- It requires a "go/no go" decision within the next several years.
  - It has low market share of a high-growth rate market.
  - It should be withdrawn from the market.
  - It needs heavy investment to make it a star.

ANSWER: c

80. A food chain has a promotion where each purchaser of a large, rather than a medium-sized beverage, gets a chance to win a prize. Which of the following best describes the strategic growth opportunity that is being used?
- product development
  - diversification
  - market penetration
  - market development

ANSWER: c

81. A company notices that its customers enjoy the chicken burger with meals but often only purchase fries at mid-day for a snack. A decision is taken to provide a mini-chicken burger for the purpose of snacking to these customers. Which of the following best describes the strategic growth opportunity that is being used?

- product development
- diversification
- market penetration
- market development

ANSWER: a

## Chapter 2 - Strategic Planning in Contemporary Marketing

82. What is the most risky growth strategy for a company to pursue?

- a. product development
- b. diversification
- c. market penetration
- d. market development

ANSWER: b

83. Initially, cellphones had no limiters as to the regions that could be dialed or the number of different phone numbers that could be dialed. Based on this, many parents would not purchase a phone for their younger children. Next, cellphone manufacturers created phones and plans that limited the number of phone numbers programmed into the phone and no other numbers could be dialed. Only local calling would be available. Which of the following best describes the strategic growth opportunity that is being used?

- a. product development
- b. diversification
- c. market penetration
- d. market development

ANSWER: d

84. The planning process identifies objectives and determines which actions are needed to attain those objectives.

- a. True
- b. False

ANSWER: False

85. The planning process creates a blueprint that everyone in the organization must follow in order to achieve the organizational objectives.

- a. True
- b. False

ANSWER: True

86. The planning process is an intermittent process held after substantial intervals.

- a. True
- b. False

ANSWER: False

87. Relationship-building goals and strategies are seldom included in the plans of business firms.

- a. True
- b. False

ANSWER: False

88. Good relationships with customers can equip a firm with vital strategic weapons.

- a. True
- b. False

ANSWER: True

## Chapter 2 - Strategic Planning in Contemporary Marketing

89. Strategic planning has a minimal impact on a firm's destiny because it provides only short-term direction for decision makers.

- a. True
- b. False

ANSWER: False

90. Marketing planning establishes the basis for a firms' overall strategic plan.

- a. True
- b. False

ANSWER: False

91. Planning often is classified on the basis of its scope or breadth.

- a. True
- b. False

ANSWER: True

92. The strategic planning process involves allocation of necessary resources.

- a. True
- b. False

ANSWER: True

93. Strategic plans focus on courses of action necessary to achieve the organization's secondary objectives.

- a. True
- b. False

ANSWER: False

94. An example of strategic planning would be a decision by McDonald's to introduce salads to its menu.

- a. True
- b. False

ANSWER: False

95. DaimlerChrysler incorporates strategic planning by deciding to strengthen its relationship with women through long-term campaigns designed to make their attitude toward the company more positive.

- a. True
- b. False

ANSWER: True

96. Sony's introduction of a new MP3 player available in green, yellow, and red would be considered a strategic decision.

- a. True
- b. False

ANSWER: False

## Chapter 2 - Strategic Planning in Contemporary Marketing

97. Relationship marketers frequently maintain databases to track customer preferences.

- a. True
- b. False

ANSWER: True

98. Tactical planning involves actions that focus on current and near-future activities that must be completed in order to implement larger strategies.

- a. True
- b. False

ANSWER: True

99. Tactical plans typically address shorter-term actions that focus on current and near-future activities.

- a. True
- b. False

ANSWER: True

100. Tactical planning usually involves the production of quarterly and semiannual plans, along with divisional budgets, policies, and procedures.

- a. True
- b. False

ANSWER: True

101. Tactical plans typically determine an organization's primary strategic objectives and exclude short-term actions from their purview.

- a. True
- b. False

ANSWER: False

102. As the senior vice president of marketing, Naomi will be closely involved in her firm's strategic planning.

- a. True
- b. False

ANSWER: True

103. Operational planning that involves the creation and implementation of tactical plans for the departments within an organization is primarily the responsibility of top-level management.

- a. True
- b. False

ANSWER: False

104. The advertising director, marketing research manager, and other middle-level managers have the primary responsibility of devising and implementing the strategic plan of the company.

- a. True
- b. False

ANSWER: False

## Chapter 2 - Strategic Planning in Contemporary Marketing

105. Middle management would be the logical group to handle the responsibility of revising the firm's strategic plan due to their proximity to the customer.

- a. True
- b. False

ANSWER: False

106. Middle and supervisory-level managers spend less time than CEOs on planning activities.

- a. True
- b. False

ANSWER: True

107. Employees at middle-management levels engage themselves in business unit budgets and divisional policies and procedures.

- a. True
- b. False

ANSWER: True

108. The chief executive officer (CEO) and vice president of marketing spend a greater proportion of their time on operational planning than do managers at other organizational levels.

- a. True
- b. False

ANSWER: False

109. To be most effective, the planning process should include input from a wide range of sources both internal and external to the organization.

- a. True
- b. False

ANSWER: True

110. The planning process begins at the corporate level with the development of strategic objectives.

- a. True
- b. False

ANSWER: False

111. A firm's mission statement specifies its overall goals and operational scope, as well as providing general guidelines for future management action.

- a. True
- b. False

ANSWER: True

112. Adjustments in the mission statement of an organization reflect changing business environments and management philosophies.

- a. True
- b. False

ANSWER: True

## Chapter 2 - Strategic Planning in Contemporary Marketing

113. In general, a mission statement can be described as a qualitative statement, whereas objectives are often quantitative statements.

- a. True
- b. False

ANSWER: True

114. The statement of Starbucks to “inspire and nurture the human spirit—one person, one cup and one neighborhood at a time” would be an example of a mission statement.

- a. True
- b. False

ANSWER: True

115. Organizations within the same industry usually have the same mission.

- a. True
- b. False

ANSWER: False

116. A firm normally describes its overall goals and operational scope in its standard operating procedures manual.

- a. True
- b. False

ANSWER: False

117. The second step in the planning process is corporate development of the organization’s objectives.

- a. True
- b. False

ANSWER: True

118. Statements such as “achieve a 25 percent market share by 2020” or “open 50 and 75 new stores for each of the next five years” are typically part of mission statements.

- a. True
- b. False

ANSWER: False

119. Detailed organizational objectives should state specific intentions, such as “Snapple Corporation seeks to increase its share of the non-carbonated soft drink market to 25 percent within the next two years.”

- a. True
- b. False

ANSWER: True

120. Well-phrased business objectives should specify time horizons for specific achievements, such as “It is anticipated we will achieve our \$77 million sales objective by March 31, 2019.”

- a. True
- b. False

ANSWER: True

## Chapter 2 - Strategic Planning in Contemporary Marketing

121. The third step of the planning process involves a back-and-forth assessment of the strengths, risks, and available opportunities facing the organization at the marketing department level.

- a. True
- b. False

ANSWER: False

122. During the final steps of the marketing planning process, marketers use operating plans to put the marketing strategy into action, and then wait until the annual planning process begins again the following year.

- a. True
- b. False

ANSWER: False

123. Marketers put the marketing strategy into action in order to monitor performance to ensure that objectives are being achieved.

- a. True
- b. False

ANSWER: True

124. All planning strategies have the goal of creating a sustainable competitive advantage for a firm which other companies cannot imitate.

- a. True
- b. False

ANSWER: True

125. The elements in Porter's Five Forces model include the possibility of new rivals, possible product substitutions, bargaining powers of buyer and of suppliers, and rivalry between competitors.

- a. True
- b. False

ANSWER: True

126. A drapery manufacturer has experienced difficulty attracting customers to its showroom. Competitors are advertising online with discounts and free installation, and the company's sole supplier of silks and tapestries has increased prices. Additionally, competitive draperies made overseas with cheaper silks are entering the marketplace. The drapery manufacturer is faced with a planning challenge addressed in Porter's Five Forces.

- a. True
- b. False

ANSWER: True

127. The Internet has impacted business by increasing the barriers to market entry faced by new firms.

- a. True
- b. False

ANSWER: False

## Chapter 2 - Strategic Planning in Contemporary Marketing

128. The number of suppliers available to a manufacturer or retailer affects the bargaining power of the manufacturer or retailer.

- a. True
- b. False

ANSWER: True

129. Consumers can now obtain detailed pricing information on the Internet, which has increased their bargaining power with car dealers.

- a. True
- b. False

ANSWER: True

130. With increased availability of information, rivalry heats up among competitors who try to differentiate themselves from the crowd.

- a. True
- b. False

ANSWER: True

131. Apple iTunes is an example of a successful first mover.

- a. True
- b. False

ANSWER: True

132. A first mover strategy is generally more risky than a second mover strategy, but the rewards are often greater.

- a. True
- b. False

ANSWER: True

133. SWOT analysis refers to examination of a firm's stability, work ethic, organizational structure, and technological expertise.

- a. True
- b. False

ANSWER: False

134. A SWOT analysis helps planners compare internal organizational strengths and weaknesses with external opportunities and threats.

- a. True
- b. False

ANSWER: True

135. The disadvantage of core competencies is that they can be easily duplicated by competitors.

- a. True
- b. False

ANSWER: False

## Chapter 2 - Strategic Planning in Contemporary Marketing

136. Matching an external opportunity with an internal weakness produces a situation known as leverage.

- a. True
- b. False

ANSWER: False

137. In SWOT analysis, managers face a problem when environmental threats attack their organization's weaknesses.

- a. True
- b. False

ANSWER: True

138. A strategic window represents an extended period of time during which the key requirements of a market and the particular competencies of a firm best fit together.

- a. True
- b. False

ANSWER: False

139. A customer-driven organization begins its marketing strategy with a detailed description of its target market.

- a. True
- b. False

ANSWER: True

140. A target market is a group of customers toward whom a firm directs its marketing efforts.

- a. True
- b. False

ANSWER: True

141. Targeting consumers in specific global markets still remains a challenge.

- a. True
- b. False

ANSWER: True

142. Marketing strategy is an overall company-wide program for selecting a particular target market and satisfying consumers through a careful balance of elements in the marketing mix.

- a. True
- b. False

ANSWER: True

143. Each element of the marketing mix—product, price, distribution, and promotion—is a subset of the overall marketing strategy.

- a. True
- b. False

ANSWER: True

## Chapter 2 - Strategic Planning in Contemporary Marketing

144. A marketing mix should be an ever-changing combination of variables to achieve success.

- a. True
- b. False

ANSWER: True

145. Diversity in the population plays an increasing role in targeting markets.

- a. True
- b. False

ANSWER: True

146. By 2017, it is expected that Chinese and South Asians will comprise 50 percent of the visible minorities in Canada.

- a. True
- b. False

ANSWER: True

147. Non-smoking rooms in a hotel are part of the hotel's promotion strategy.

- a. True
- b. False

ANSWER: False

148. The Chapters-Indigo website, which sells books, CDs, and DVDs online, is an example of a retailer responding to distribution opportunities afforded by new technologies.

- a. True
- b. False

ANSWER: True

149. The ability to download Microsoft and IBM software products directly from the Internet is part of each firm's pricing strategy.

- a. True
- b. False

ANSWER: False

150. As part of the communication link between buyers and sellers, organizations may communicate promotional messages directly through salespeople or indirectly using advertisements and sales promotions.

- a. True
- b. False

ANSWER: True

151. Fred's Wholesale Club sends emails and catalogues to all members. Additionally, in-store pamphlets promote the benefits of its products. All of these materials are part of the integrated marketing communications intended to send a consistent and unified promotional message.

- a. True
- b. False

ANSWER: True

## Chapter 2 - Strategic Planning in Contemporary Marketing

152. The pricing strategy is the area of marketing that receives the least amount of public scrutiny.

- a. True
- b. False

ANSWER: False

153. Competition seldom has a significant effect on a marketer's pricing strategy.

- a. True
- b. False

ANSWER: False

154. The five dimensions of the marketing environment exert a fairly constant and static influence on marketing strategies.

- a. True
- b. False

ANSWER: False

155. The five dimensions of the marketing environment are competitive, political-legal, economic, technological, and social-cultural.

- a. True
- b. False

ANSWER: True

156. Toyota's introduction of the hybrid-powered Prius is an example of how it has turned public concerns and legal issues about the natural environment into an opportunity.

- a. True
- b. False

ANSWER: True

157. As the technological environment moves at a fast pace, economic and political-legal environments remain static.

- a. True
- b. False

ANSWER: False

158. The rule of three states that the third company in an industry has little chance of survival.

- a. True
- b. False

ANSWER: False

159. One reason for organizing into SBUs is to help a company make decisions about which product lines warrant commitment of additional resources and which should be removed from the firm's portfolio.

- a. True
- b. False

ANSWER: True

## Chapter 2 - Strategic Planning in Contemporary Marketing

160. Each Strategic Business Unit (SBU) in a diversified firm shares managers, resources, objectives, and competitors with other SBUs of the same firm.

- a. True
- b. False

ANSWER: False

161. Each SBU in a firm prepares its plans in collaboration with other units in the organization.

- a. True
- b. False

ANSWER: False

162. Each SBU of a diversified company pursues its own distinct mission, and often develops its own plans independently.

- a. True
- b. False

ANSWER: True

163. Strategic business units (SBUs) focus the attention of company managers so they can respond effectively to changing consumer demand within limited markets.

- a. True
- b. False

ANSWER: True

164. The position of an SBU along the horizontal axis indicates the annual growth rate of the market.

- a. True
- b. False

ANSWER: False

165. According to the BCG matrix, stars require considerable inflows of cash to finance further growth.

- a. True
- b. False

ANSWER: True

166. According to the BCG matrix, cash cow businesses produce strong cash flows and invest heavily in the unit's own promotions and production capacity.

- a. True
- b. False

ANSWER: False

167. According to the BCG matrix, dog products can be sold to other firms, where they are a better fit.

- a. True
- b. False

ANSWER: True

## Chapter 2 - Strategic Planning in Contemporary Marketing

168. Marketers seek to rid themselves of their cash cows because those products require too much cash to be successful.

- a. True
- b. False

ANSWER: False

169. According to the BCG matrix, if a question mark cannot become a star, the firm should pull out of the market and target other markets with greater potential.

- a. True
- b. False

ANSWER: True

170. SBUs in the lower-right corner of the market attractiveness/business strength matrix should be strongly supported by management.

- a. True
- b. False

ANSWER: False

171. When Tim Hortons implements its “Roll Up the Rim to Win” promotion each year, it is focused on a market development growth strategy.

- a. True
- b. False

ANSWER: False

172. When Apple, manufacturer of the iPad, introduced the iPad Air, it was focused on a market penetration growth strategy.

- a. True
- b. False

ANSWER: False

173. Diversification is the riskiest of all strategic growth options.

- a. True
- b. False

ANSWER: True

174. Identify Porter’s Five Forces and explain how the model fits together.

ANS Porter’s Five Forces are threat of substitute products, potential new entrants, the bargaining power of buyers, the bargaining power of suppliers, and rivalry among competitors. The first four forces influence the fifth force.

## Chapter 2 - Strategic Planning in Contemporary Marketing

175. Describe the aspects of strategic and tactical planning.

- ANSW* a. Strategic planning is the process of determining the organization's primary objectives and adopting appropriate courses of action.  
*ER:*
- b. Strategic planning has a critical impact on the organization's destiny because it provides long-term direction for decision makers.
  - c. Tactical planning guides the implementation of activities specified in the strategic plan.
  - d. Tactical plans are usually shorter in duration than strategic plans, focusing on current and near-future activities that a firm must complete to implement the larger strategies.

176. How does planning differ at various levels of organizational management?

- ANSWE* a. Top managers spend more of their time engaged in strategic planning than managers at middle and  
*R:* supervisory levels.
- b. Middle-level managers tend to focus on operational planning involving creating and implementing tactical plans for their own departments.
  - c. Supervisory personnel engage in developing daily and weekly programs for meeting the goals in their areas of responsibility.

177. Distinguish between an organization's mission and its objectives. Provide an example of each.

*ANS* An organization's mission is its essential purpose that differentiates it from other organizations. An example of a *WER* mission statement is: "To be regarded as the quality and market leader of the hotel industry worldwide."

*:*

Objectives are organizational goals and guide development of supporting marketing objectives and plans. Well-conceived objectives should state relatively specific intentions. An example of an objective is: "To attain a 20 percent share of the market by 2010."

178. Explain the difference between a first mover and second mover strategy. Give examples of companies that have followed each strategy.

*AN* The first mover strategy is based on the notion that the company that is first to offer a product in the marketplace will  
*SW* be the long-term winner. An example of a successful first mover is eBay. The second mover strategy, on the other  
*ER* hand, is based on the notion that the best way to gain advantage in the marketplace is to closely observe the  
*:* innovations of first movers and then improve on them. Microsoft is famous for adopting a second mover strategy.

179. Define SWOT analysis. Why would an organization undertake a SWOT analysis of itself?

*ANSWE* SWOT analysis is an important strategic planning tool that assists planners in their planning task.

- R:*
- a. SWOT stands for strengths, weaknesses, opportunities, and threats. The analysis provides a critical view of an organization's internal and external environment.
  - b. The analysis allows planners to match the firm's internal strengths with external opportunities to secure organizational leverage in the marketplace.
  - c. It further assists the firm in recognizing internal weaknesses that might prevent capitalizing on opportunities, which would constrain its activities.
  - d. SWOT analysis aids in the identification of environmental threats to the firm's strengths that could lead to vulnerabilities.
  - e. Finally, SWOT analysis helps spot internal weaknesses that environmental threats might attack, which would present the firm with problems.

## Chapter 2 - Strategic Planning in Contemporary Marketing

180. What is a strategic window? Give an example of a strategic window that exists today.

*ANS* A strategic window is a limited period during which the key requirements of a market and the particular *WER* competencies of a firm best fit together.

:

The growth of China has increased the number of strategic windows as that country's demand for products increases. The auto industry, in particular, is facing a strategic window as the demand for automobiles rises in the Chinese market.

181. Define marketing strategy.

*ANSW* The marketing strategy is an overall, company-wide program for selecting a particular target market and then

*ER:* satisfying consumers in that market through the marketing mix.

182. Discuss the concept of the target market. What roles do diversity and demographics play in a target market?

*ANS* The target market is the group of people toward whom a firm decides to direct its marketing efforts. Diversity plays *WE* an ever-increasing role in targeting markets as marketers attempt to respond to population changes as they develop

*R:* goods and services to offer consumers.

183. What is a marketing mix? In order for a product to succeed, what can be said about the variables in the product mix?

*AN* The marketing mix variables—product, distribution, promotion, and price—combine to satisfy the needs of the target *SW* market. Product is a broad concept not only encompassing goods, services, and ideas, but also including the

*ER* satisfaction of all consumer needs with respect to the relevant goods, services, or ideas. Distribution refers to getting

: products to consumers in the right quantities, at the right place, and at the right times. Promotion is the communications link between buyers and sellers. Pricing deals with the means of setting justifiable and profitable prices.

Successful products have a marketing mix in which all variables are on target. Great pricing, product, and promotion mean nothing if the customer cannot find the product. Lack of promotion could leave a great product gathering dust on retail shelves.

184. What does a distribution strategy involve? Define two marketing channels.

*AN* Marketers develop distribution strategies to ensure that consumers find their products in the proper quantities at the *SW* right times and places. Distribution decisions involve modes of transportation, warehousing, inventory control, order

*ER* processing, and selection of marketing channels. Marketing channels are intermediaries that may be involved in a : product's movement from producer to final consumer. Two types of marketing channels are wholesalers and retailers.

185. How do elements of a marketing environment affect marketing decision making?

*ANSW* a. Marketers do not make decisions about target markets and marketing mix variables in a vacuum. They do these *ER:* things in a dynamic environment.

b. The competitive environment includes anyone or anything with which the firm competes for a potential customer's discretionary purchases.

c. The political-legal environment, including laws, regulations, and power balance within the firm, must maneuver successfully to protect its own and, to some extent, society's well-being.

d. The economic environment deals with the health and success of the relationship between supply and demand in a given economy, and of its components.

e. The technological environment refers to the uses of science and engineering in a society. The ability of a culture to adapt to new technology is crucial to its development.

f. Finally, the social and cultural components of the environment certainly affect its "survivability." How well people interact is a strong measure of cultural survivability.

## Chapter 2 - Strategic Planning in Contemporary Marketing

186. Describe the strategic business unit concept.

*ANSWER:* a. SBUs are key business units within diversified firms that have their own managers, resources, objectives, and competitors.  
b. SBUs focus the attention of managers so they can respond to changing customer demand within limited markets.

187. Describe the market share/market growth matrix.

*AN* The market share/market growth matrix places business units into a four-quadrant chart that plots market share—the *SW* percentage of the market the firm controls—against market growth potential. Stars are units with high market shares *ER* and high growth potential. The firm should invest more funds for future growth. Cash cows are units with high market shares but low growth potential. They generate strong cash flows that should be used to finance the growth of stars. Question marks are units with low market shares but high growth potential. The firm needs to watch these units carefully, making prudent investment decisions. These units typically use more cash than they generate. Dogs are units with low market shares and low growth potential. These units are least attractive and the firm should consider withdrawing.

*Match each item to the statement or sentence listed below.*

- a. planning
- b. marketing planning
- c. strategic planning
- d. tactical planning
- e. mission
- f. first mover strategy
- g. SWOT analysis
- h. strategic window
- i. marketing mix
- j. product strategy
- k. strategic business units (SBUs)
- l. Porter's Five Forces
- m. marketing strategy
- n. dogs
- o. stars
- p. annual growth rate

188. is the process of anticipating future events and conditions and determining the best way to achieve organizational objectives.

*ANSWER:* a

189. The \_\_\_\_\_ process involves implementing planning activities devoted to achieving marketing objectives.

*ANSWER:* b

190. The process of determining an organization's primary objectives and adopting courses of action that will achieve these objectives is known as \_\_\_\_\_.

*ANSWER:* c

## Chapter 2 - Strategic Planning in Contemporary Marketing

191. Strategic planning is complemented by \_\_\_\_\_ which guides the implementation of activities specified in the strategic plan.

ANSWER: d

192. A \_\_\_\_\_ is the overall, companywide program for selecting a particular target market and then satisfying consumers in that market through the marketing mix.

ANSWER: m

193. The \_\_\_\_\_ is the blending of the four strategy elements to fit the needs and preferences of a specific target market.

ANSWER: i

194. identifies five competitive forces that influence planning strategies.

ANSWER: l

195. A firm that adopts a \_\_\_\_\_, attempts to capture the greatest market share and develop long-term relationships by being the pioneer to enter the market with a good or service.

ANSWER: f

196. is a review that helps planners compare internal organizational strengths and weaknesses with external opportunities and threats.

ANSWER: g

197. Limited periods during which the key requirements of a market and the resources and skills of an organization best fit together are called the \_\_\_\_\_.

ANSWER: h

198. primarily involves decisions concerning the goods and services to be offered by a firm.

ANSWER: j

199. are key business units within diversified firms.

ANSWER: k

200. represent units with high market shares in high-growth markets.

ANSWER: o

201. In the BCG matrix, the position of an SBU along the vertical axis indicates the \_\_\_\_\_ of the market.

ANSWER: p

202. command high market shares in low-growth markets.

ANSWER: e

203. SBUs in the category of \_\_\_\_\_ promise poor future prospects, and marketers should withdraw from these businesses or product lines as quickly as possible.

ANSWER: n