

Chapter 02

Developing successful marketing and organizational strategies

Multiple Choice Questions

1. Ben & Jerry's mission contains three interrelated parts. The primary focus of Ben & Jerry's social mission is to operate the Company in a way that actively recognizes the central role that business plays in society by

- A. promoting the quality concept through its commitment to making the finest ice cream made.
- B. giving its shareholders the greatest possible personal input into company marketing decisions.
- C. generating enough revenue to be able to one day become a completely non-profit organization.
- D. donating 10% of its net profits to local charitable causes and an additional 5% for research into sustainable farming.
- E. initiating innovative ways to improve the quality of life locally, nationally and internationally.

2. Ben & Jerry's mission contains three interrelated parts. The primary focus of Ben & Jerry's product mission is to make, distribute, and sell the finest quality all natural ice cream and euphoric concoctions with

- A. milk obtained exclusively from large nationally certified dairies.
- B. the intent of making the highest profits possible without sacrificing product standards.
- C. ingredients that are completely organic and are grown in the same region where the ice cream is produced.
- D. a continued commitment to incorporating wholesome, natural ingredients and promoting business practices that respect the earth and the environment.
- E. ingredients that come exclusively from democratic governments promoting fair labor practices.

3. Ben & Jerry's mission contains three interrelated parts. The primary focus of Ben & Jerry's economic mission is to operate the Company

- A. with the goal of generating enough revenue to be able to one day become a completely non-profit organization.
- B. on a sustainable financial basis of profitable growth, increasing value for our stakeholders and expanding opportunities for development and career growth for our employees.
- C. with the goal of continued growth both in domestic and international markets while simultaneously making profits for stakeholders and selected charitable organizations.
- D. with the goal of increasing market share not only in ice cream sales but in Ben & Jerry's retail clothing and accessories merchandise.
- E. maintaining market share in ice cream and related products while expanding into international markets as sustainable dairies for developing nations.

4. In keeping with its mission, Ben & Jerry's

- A. created a children's TV program with cartoon characters "Ben" and "Jerry" to teach about the importance of good nutrition.
- B. offered to buy out any failing family-owned ice cream parlor and turn it into a Ben & Jerry's franchise.
- C. invested in research to genetically engineer cows that will produce more hypoallergenic milk.
- D. committed to buying its milk and cream from one dairy cooperative whose members guarantee the supplies are bovine growth-hormone free.
- E. donated free scoop ice cream coupons to all children who get perfect check-ups at the dentist to show that the calcium in ice cream can be a fun way to keep teeth strong.

5. In keeping with its mission, Ben & Jerry's has

- A. opened new franchises exclusively in pre-existing structures in order to save natural resources.
- B. created career programs to help nonprofit organizations give jobs to at-risk youth.
- C. invested in research to genetically engineer cows that will produce more hypoallergenic milk.
- D. limited its advertising to non-print media.
- E. packaged its next line of bulk ice cream in glass containers that not only keep the ice cream colder, but are recyclable as well.

6. In keeping with its mission, Ben & Jerry's has

- A. created a children's TV program with cartoon characters "Ben" and "Jerry" to teach about the importance of good nutrition.
- B. offered to buy out any failing family-owned ice cream parlor and turn it into a Ben & Jerry's franchise.
- C. invested in research to genetically engineer cows that will produce more hypoallergenic milk.
- D. donated free scoop ice cream coupons to all children who get perfect check-ups at the dentist to show that the calcium in ice cream can be a fun way to keep teeth strong.
- E. created "Goodbye Yellow Brick Road" ice cream in partnership with Sir Elton John to help his worldwide AIDS Foundation.

7. In keeping with its mission, Ben & Jerry's not only supports sustainable and safe methods of food production, it has minimized its negative impact on the environment by

- A. opening new franchises exclusively in prebuilt structures in order to save natural resources.
- B. investing in research to genetically engineer cows that will produce more hypoallergenic milk.
- C. developing a "Cleaner Greener Freezer" that uses an eco-friendly refrigerant to save the ozone layer and reduce greenhouse gasses.
- D. limiting its advertising to non-print media and using only recycled materials.
- E. packaging its next line of bulk ice cream in glass containers that not only keep the ice cream colder, but are recyclable as well.

8. Which of the following statements regarding Ben & Jerry's is most accurate?

- A. Ben & Jerry's is a privately owned nationally directed ice cream producer.
- B. Ben & Jerry's pride itself on offering more flavors than any other company in the world.
- C. Ben and Jerry are not real people; the names were a clever reference to Tom and Jerry (cartoon characters) in order to capitalize on childhood nostalgia.
- D. Ben & Jerry's are now owned by Unilever, the market leader in the global ice cream industry.
- E. Ben & Jerry's have only been in business for ten years and is already the industry leader in premium ice cream.

9. A(n) _____ is a legal entity of people who share a common mission.

- A. business firm
- B. organization
- C. religious group
- D. industry
- E. competitor cluster

10. In marketing, an organization refers to

- A. a legal entity of people who share a common mission.
- B. a group of people or firms united through contractual or corporate ownership.
- C. a legal entity of people engaged in business activities solely with the intent of making a profit.
- D. a legal entity of people engaged in business activities solely with the intent of serving a population but without the intent of making a profit.
- E. a highly stylized protocol of productivity with a clear division of roles and responsibilities.

11. A(n) _____ is a product, service, or idea that creates value for both the organization and its customers by satisfying their needs and wants.

- A. organization
- B. business firm
- C. firm
- D. offering
- E. industry

12. In marketing, an offering refers to

- A. the formal designation of a publically traded stock, for a specific good or service.
- B. the full price paid including buildings, inventory, and personnel, when one firm is purchased by another.
- C. a product, service, or idea that creates value for both the organization and its customers by satisfying their needs and wants.
- D. the suggested retail price of a good or service to the general public or the wholesale price to distributors and retailers.
- E. the service provided by suppliers and distributors to help manufacturers bring a product to market.

13. A _____ is a privately owned organization that serves its customers in order to earn a profit so that it can survive.

- A. philanthropy
- B. business firm
- C. government agency
- D. public university
- E. nonprofit organization

14. Business firm refers to

- A. a highly stylized protocol of productivity with a clear division of roles and responsibilities.
- B. a legal entity of people engaged in business activities solely with the intent of serving a population but without the intent of making a profit.
- C. a privately owned organization that serves its customers to earn a profit so that it can survive.
- D. a group of people or firms united through contractual or corporate ownership.
- E. a publicly owned and operated organization that serves the general population by offering specialized goods or services.

15. The reward to a business firm for the risk it undertakes in marketing its offerings is referred to as

- A. shareholders' equity.
- B. profit.
- C. inventory turnover.
- D. contribution margin.
- E. asset leverage.

16. Profit refers to

- A. the point at which company assets equal company liabilities.
- B. the money left over after a business firm's total expenses are subtracted from its total revenues and is the reward for the risk it undertakes in marketing its offerings.
- C. the difference in initial and final selling price of a good or service, provided the figure is positive.
- D. the money earned when the economic order quantity is maintained.
- E. the total amount of revenue accrued through product sales or service distribution.

17. A _____ is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.

- A. business firm
- B. community action program
- C. nonprofit state agency
- D. nonprofit organization
- E. cooperative

18. A nongovernmental organization that serves its customers but does not have profit as an organizational goal is referred to as a

- A. business firm.
- B. nonprofit organization.
- C. community action program.
- D. revenue generating cooperative.
- E. social service association.

19. Which statement best describes the most significant difference between a business firm and a nonprofit organization?

- A. Business firms operate with larger budgets than nonprofits.
- B. Nonprofit organizations do not carry on economic activities, and business firms do.
- C. Nonprofit organizations are concerned with social issues, and business firms are not.
- D. Both serve customers, but business firms seek a profit while nonprofit organizations do not.
- E. Nonprofit organizations are publicly owned, and business firms are privately owned.

20. An example of a nonprofit organization is

- A. the Food and Drug Administration.
- B. CVS Pharmacies.
- C. the University of Kentucky School of Medicine.
- D. the manufacturer of Bayer Aspirin.
- E. the American Red Cross.

21. Organizations that develop similar offerings, when grouped together, create a(n)

- A. conglomerate.
- B. merger.
- C. industry.
- D. competitive landscape.
- E. monopoly.

22. Industry refers to

- A. organizations that create similar offerings.
- B. organizations bound by contract who manufacture similar goods to specific governmental standards.
- C. companies that are active in the production of materials for construction or maintenance of other finished goods.
- D. a group of people or firms united through contractual or corporate ownership.
- E. a publicly owned and operated organization that serves the general population by offering specialized goods or services.

23. The term used to identify an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals is referred to as (n)

- A. organizational manifest.
- B. company policy.
- C. strategy.
- D. corporate action plan.
- E. tactical plan.

24. Strategy refers to

- A. an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals.
- B. an organization's corporate action plan.
- C. statements of an accomplishment of a task to be achieved by a certain time.
- D. a statement of the organization's function in society, often identifying its customers, markets, product, and technologies.
- E. a road map for the entire organization for a specified future period of time, such as one or five years.

25. Large organizations are extremely complex. They usually consist of _____ organizational level(s) whose strategy is linked to marketing.
- A. three
 - B. five
 - C. ten
 - D. fifteen
 - E. twenty to thirty
26. Corporate executives and world leaders are increasingly asked to address the issue of _____, a term that refers to meeting present needs "without compromising the ability of future generations to meet their own needs."
- A. corporate culture
 - B. profit margins
 - C. strategic direction
 - D. acculturation
 - E. sustainable development
27. The United Nations report defines sustainable development as:
- A. a commitment by developed nations to honor trade agreements regardless of political ideology.
 - B. meeting present needs without compromising the ability of future generations to meet their own needs.
 - C. a commitment from all members to maintain a continuous contribution, no matter how small, to provide for the well-being of peoples displaced by war or famine.
 - D. the "forgiveness" of outstanding debts in countries in developing nations until they are economically stable.
 - E. the ability to produce or manufacture more than is required to satisfy the needs of its people.
28. The 3M Company developed an innovative program called _____.
- A. Prevent Pollution Proactively
 - B. Prepare to Prevent Pollution
 - C. Pollution Prevention Pays
 - D. People for the Prevention of Pollution
 - E. Pay to Prevent Pollution

29. The 3M Company developed an innovative program called Pollution Prevention Pays (3P) to reduce harmful environmental impacts _____.

- A. while making a profit doing so
- B. while complying with new governmental incentives
- C. by educating consumers on the benefits of recycling
- D. by publically challenging its major competitors to do the same
- E. by absorbing the costs through higher consumer prices

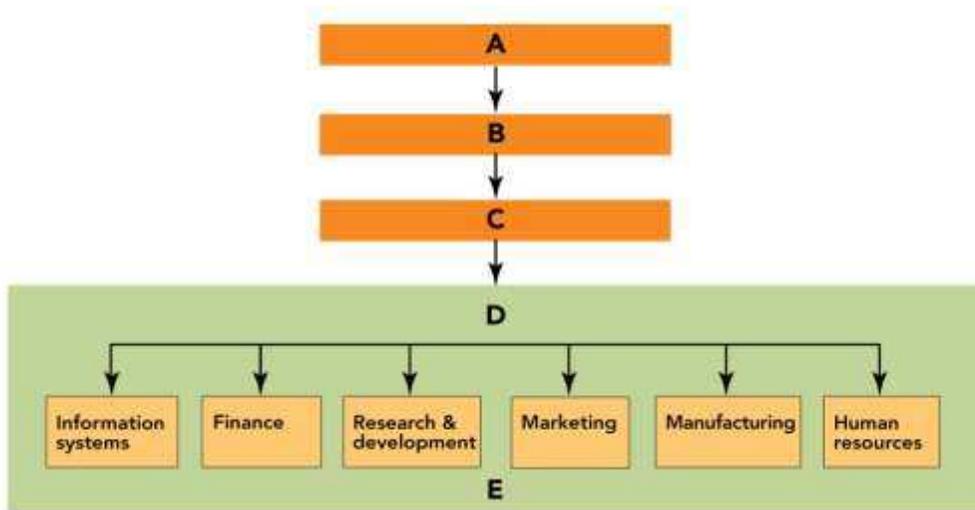


FIGURE 2-1

30. In Figure 2-1 above, "A" represents the

- A. functional-level strategy level.
- B. board of directors.
- C. corporate-level strategy level.
- D. chief executive officer.
- E. business-unit strategy level.

31. In Figure 2-1 above, "B" represents the

- A. functional-level strategy level.
- B. board of directors.
- C. corporate-level strategy level.
- D. departments.
- E. business-unit strategy level.

32. In Figure 2-1 above, "C" represents the

- A. business-unit strategy level.
- B. board of directors.
- C. corporate-level strategy level.
- D. functional-level strategy level.
- E. chief executive officer.

33. In Figure 2-1 above, "D" represents the

- A. business-unit strategy level.
- B. functional-level strategy level.
- C. corporate-level strategy level.
- D. board of directors.
- E. chief executive officer.

34. In Figure 2-1 above, "E" represents

- A. board of directors.
- B. corporate-level strategy level.
- C. departments.
- D. functional-level strategy level.
- E. business-unit strategy level.

35. The level in an organization where top management directs overall strategy for the entire organization is referred to as the

- A. corporate level.
- B. functional level.
- C. directors' level.
- D. strategic level.
- E. tactical level.

36. Corporate level refers to

- A. the level in an organization where top management directs overall strategy for the entire organization.
- B. the level in an organization where top management develops recruitment strategies and tactics for all departments.
- C. the level in an organization where top management directs all employees' training and orientation to ensure consistency of performance.
- D. the level in an organization where top management develops overall sales projections not only for the immediate future, but for a period of at least two to five years.
- E. the level in an organization where top management personally supervises the hiring, firing, and training of all marketing department personnel.

37. The highest-ranking person in an organization who oversees the organization's daily operations and spearheads strategy-planning efforts is often referred to as

- A. the corporate executive overseer.
- B. the chief executive officer.
- C. the corporate executive official.
- D. the chief petty officer.
- E. the coordinating executive officer.

38. Bill McDermott is President and CEO of SAP Americas and Asia Pacific Japan. SAP is a company that sells extremely expensive enterprise resource planning software to large and mid-sized companies. McDermott operates at the _____ level of his organization.

- A. business unit
- B. functional
- C. corporate
- D. strategic
- E. tactical

39. In recent years, many large firms have changed the title of the head of marketing from vice president of marketing to

- A. commercial executive officer.
- B. chief marketing officer.
- C. corporate marketing official.
- D. coordinating marketing officer.
- E. corporate marketing executive.

40. These senior managers have an increasingly important role in top management because of their ability to think strategically. Most bring multi-industry backgrounds, cross-functional management expertise, analytical skills, and intuitive marketing insights to their job. These individuals are referred to as

- A. chief financial officer.
- B. chief marketing officer.
- C. chief executive officer.
- D. chief human resource officer.
- E. chief manufacturing officer.

41. Strategic business unit refers to

- A. a subsidiary, division, or unit of an organization that directs overall strategy for the organization that markets a set of related products to a clearly defined group of customers.
- B. a small number of people from different departments in an organization who are mutually accountable to accomplish a task or common set of performance goals.
- C. a single product or service identification code used to identify items for inventory purposes.
- D. a single product or service identification code used to identify items for inventory bills of lading.
- E. a privately owned franchise under the auspices of a larger group or organization bearing the same name.

46. At the functional level, the organization's strategic direction becomes

- A. much more manageable since the product or service has been finalized.
- B. the most specific and most focused in terms of implementing the company's goals.
- C. focused on integrating forecasting data with actual sales figures.
- D. more general, in order to avoid "tunnel vision" that could result in missed opportunities.
- E. the sole responsibility of the CEO.

47. Each strategic business unit has marketing and other specialized activities (e.g., finance, manufacturing, or research and development) at the _____ level, where groups of specialists actually create value for the organization.

- A. strategic
- B. corporate
- C. functional
- D. business unit
- E. top management

48. Functional level refers to the

- A. level in an organization where groups of specialists actually create value for the organization.
- B. level in an organization where employees perform assigned tasks without actually having input into the decision making.
- C. level in an organization where all company financial outlay and liability decisions are made.
- D. level in an organization that is responsible for all company hiring and firing.
- E. level in the marketing department where decisions are made regarding which product benefits will be promoted during an advertising campaign.

49. People in the finance and the human resources departments traditionally operate at what overall organizational level?

- A. functional level
- B. corporate level
- C. top management level
- D. strategic business unit level
- E. day-to-day clerical level

50. Specialized functions such as marketing and finance are generally referred to as
- A. teams.
 - B. groups.
 - C. partnerships.
 - D. departments.
 - E. functional areas.
51. Which of the following statements would *most likely* be heard at the functional level of an organization?
- A. "We need to be aware of what our competitors are doing."
 - B. "How much money can we allot to the marketing department?"
 - C. "Make sure we buy 15 seconds of air time for this coming Super Bowl."
 - D. "We should hire the most culturally diverse team possible in order to get the best new ideas."
 - E. "What are the projected sales figures for the next five years?"
52. A key role of the marketing department is to provide leadership activities in
- A. soliciting talent from all levels of the organization for strategic planning sessions.
 - B. promoting the company's goals to not only to its employees but also to the community at large.
 - C. looking outward, keeping the organization focused on creating value both for it and for customers.
 - D. creating more autonomy for the marketing department within the corporate culture.
 - E. sustaining the means-end chain.
53. A key role of the marketing department is to "look outward." This is accomplished by
- A. allocating financial resources across business units.
 - B. vocalizing the vision of the marketing department forcefully enough to be incorporated into the overall mission of the company.
 - C. promoting the marketing SBU orientation to other departments in the organization.
 - D. assessing global political situations and identify future target markets in developing nations.
 - E. listening to customers, developing and producing offerings, and implementing marketing program activities.

54. When developing marketing programs for new offerings, marketing may provide staff to serve as part of a(n) _____ of specialists from all the functional units who are mutually accountable to a common set of performance goals.

- A. department
- B. systems group
- C. organization
- D. cross-functional team
- E. business consortium

55. A small number of people from different departments in an organization who are mutually accountable to accomplish a task or common set of performance goals are referred to as a

- A. designated team.
- B. strategic business unit.
- C. cross-functional team.
- D. business consortium.
- E. venture unit.

56. Cross-functional teams refer to

- A. members of an organization who have been trained in multiple disciplines so they can easily move from one job responsibility to another.
- B. situations where two departments within the same company have opposing views as to how a product should be managed.
- C. departments within an organization that carry out multiple functions due to financial limitations or constraints within the company.
- D. a small number of people from different departments in an organization who are mutually accountable to accomplish a task or a common set of performance goals.
- E. departments within an organization who manage the same product but in distinctly different ways to distinctly different target markets.

57. On the northern tip of Goose Island in the Chicago River sits the William Wrigley Jr. Company's Global Innovation Center. Here Wrigley can create new products—a joint effort by some 250 full-time food scientists, researchers, and marketers. The people who work in this center are most likely members of

- A. innovation teams.
- B. a business consortium.
- C. multiple strategic directional teams.
- D. strategic implementation teams.
- E. cross-functional teams.

58. Today's organizations must be visionary—that is, they must

- A. anchor their forecasts upon data of company strategies that were successful in the past.
- B. examine the past carefully so as to learn from mistakes.
- C. anticipate future events and respond quickly and effectively.
- D. hire the most culturally diverse team possible in order to generate the best new ideas.
- E. involve all levels of the organization (including custodians) in defining the organization's business mission.

59. In simple terms, the types of question that would be addressed through organizational foundation, organizational direction, and organizational strategies respectively, would be

- A. why, when, where.
- B. what, by whom, how.
- C. why, what, how.
- D. how, when, where.
- E. who, why, when.

60. Today's visionary organization uses key elements to (1) _____ and (2) set a direction using (3) its strategies that enable it to develop and market its offerings successfully.

- A. set financial goals
- B. establish a foundation
- C. establish detailed marketing tactics
- D. assign job responsibilities
- E. establish financial parameters

61. Today's visionary organization uses key elements to (1) establish a foundation and (2) _____ using (3) its strategies that enable it to develop and market its offerings successfully.

- A. set a direction
- B. establish detailed marketing tactics
- C. assign job responsibilities
- D. set financial goals
- E. establish financial parameters

62. Today's visionary organization uses key elements to (1) establish a foundation and (2) set a direction, using (3) _____

- A. its experience from previous strategic failures to prevent making the same mistakes twice.
- B. its strategies that enable it to develop and market its offerings successfully.
- C. knowledge based both on subjective input of cross-functional teams and forecasts based upon current company data.
- D. the combined knowledge of upper management, middle management, and employees who work directly with the firm's customers.
- E. marketing dashboards developed by an objective outside firm using internal company data collected solely for that purpose.



FIGURE 2-2

63. In Figure 2-2 above, section "A" represents the "why" element of visionary organization.

This is referred to as

- A. organizational tactics.
- B. organizational mission.
- C. organizational foundation.
- D. organizational direction.
- E. organizational strategies.

64. In Figure 2-2 above, section "B" represents the "what" element of visionary organization.

This is referred to as

- A. organizational tactics.
- B. organizational mission.
- C. organizational foundation.
- D. organizational direction.
- E. organizational strategies.

65. In Figure 2-2 above, section "C" represents the "how" element of visionary organization.

This is referred to as

- A. organizational tactics.
- B. organizational mission.
- C. organizational foundation.
- D. organizational direction.
- E. organizational strategies.

66. In marketing, the philosophical reason for a firm's existence is referred to as its organizational _____.

- A. strategy
- B. goal
- C. foundation
- D. underpinning
- E. vision

67. Which of the following statements regarding organizational foundation is most accurate?

- A. Organizational foundation is dynamic and fluid. It protects companies by ensuring that actions can be made quickly to respond to societal changes.
- B. An organizational foundation performs a mission similar to that of a union. It protects employee rights and provides legal, medical, or financial support for employees who are unable to provide for themselves.
- C. An organization's foundation evolves from the collective beliefs and goals of all its employees. Every employee has a voice in decision-making matters.
- D. An organization's foundation is its philosophical reason for being-why it exists-and rarely changes.
- E. An organization's foundation is the triad of the company, its product, and its customers. All three must be in sync in order for a company to succeed.

68. An organization's foundation can be broken into three key elements. They are

- A. organizational culture, production capabilities, market performance.
- B. mission statement, financial capabilities, product potential.
- C. corporate management, departmental teams, individual employees.
- D. corporate strategies, departmental goals, and functional tactics.
- E. core values, mission, and organizational culture.

69. An organization's _____ are the fundamental, passionate, and enduring principles that guide its conduct over time.

- A. goals
- B. culture
- C. strategies
- D. core values
- E. mission statements

70. An organization's _____ are the fundamental, passionate, and enduring principles that guide its conduct over time.

- A. goals
- B. core values
- C. corporate ideals
- D. proprietary values
- E. written mission statements

71. The fundamental, passionate, and enduring principles of an organization that guide its conduct over time are referred to as _____.

- A. core values
- B. strategic goals
- C. corporate missions
- D. corporate culture
- E. corporate ethos

72. Core values refer to

- A. the cultural ethos of an organization.
- B. proprietary values of a firm.
- C. written mission statements expressing a firm's goals and objectives.
- D. the fundamental, passionate, and enduring principles that guide its conduct over time.
- E. the personal moral and ethical codes of a firm's management.

73. The Ben & Jerry's website states "Central to the mission of Ben & Jerry's is the belief that all three parts (product mission, economic mission, social mission) must thrive equally in a manner that commands deep respect for individuals in and outside the company and supports the communities of which they are a part." This statement reflects Ben & Jerry's

- A. financial strategy.
- B. financial statements.
- C. core values.
- D. human resource strategy.
- E. global competitive strategy.

74. Which of the following statements regarding core values is most accurate?

- A. Core values are developed by cross-functional teams at all levels of an organization.
- B. Core values are the underpinnings of what ultimately motivates a firm's customers.
- C. Core values change as the product itself changes.
- D. Core values establish the norms of the firm's organizational culture.
- E. Core values cannot be separated for the financial realities of a firm's operating expenses.

75. The term that links the employees, shareholders, board of directors, suppliers, distributors, creditors, unions, government, local communities, and customers of an organization is

- A. stakeholders.
- B. stockholders.
- C. limited partnerships.
- D. reliance teams.
- E. organizational society.

76. The term used to identify the people who are affected by what a company does and how well it performs are an organization's _____.

- A. corporate citizens
- B. stakeholders
- C. shareholders
- D. potential customers base
- E. integrated resource base

77. Stakeholders include

- A. only those people who maintain financial ownership of the company.
- B. only those people who own shares of stock or who have financially invested in the firm in another way.
- C. any and all people who are affected by what a company does and how well it performs.
- D. all members of society whether they use or are affected by the product or not.
- E. any non-governmental consumers who purchase a good or service for their own use or for the use of their families.

78. Which of the following statements regarding stakeholders is most accurate?

- A. Employees are typically not classified as a stakeholder group.
- B. There are only three types of external stakeholders—customers, suppliers, and distributors.
- C. All stakeholders are internal to the organization.
- D. Stakeholders are in some way affected by how well a company performs.
- E. Stakeholders are impacted *by*, but have no real impact *on*, how well a company performs.

79. By understanding its core values, an organization can take steps to define its _____, a declaration of the organization's functions in society, often identifying its customers, markets, products, and technologies.

- A. benefit statement
- B. business portfolio
- C. functional philosophy
- D. mission statement
- E. corporate code

80. Mission refers to

- A. the target goal set by a company regarding future profits.
- B. the target goal set by a company regarding future market share.
- C. the functional philosophy of a corporation that dictates the behavior of all its employees.
- D. specific strategies and tactics that will be used to counteract any advantages of its competitors.
- E. a statement of the organization's functions in society, often identifying its customers, markets, products, and technologies.

81. The terms _____ and a mission statement are often used interchangeably.

- A. idea
- B. objective
- C. vision
- D. process
- E. protocol

82. Often used interchangeably with "vision" a(n) _____ statement frequently has an inspirational theme.

- A. point of difference
- B. mission
- C. business map
- D. internal situation analysis
- E. CEO's manual

83. "To contribute to human welfare by application of biomedical engineering in the research, design, manufacture, and sale of instruments or appliances that alleviate pain, restore health, and extend life" is Medtronic's

- A. core value.
- B. mission statement.
- C. corporate culture.
- D. functional goal.
- E. environmental strategy.

84. The _____ for Lucent Technologies is "To use our unique capabilities to ensure that our customers thrive, our business grows, and we enrich the personal communications experience for people around the world."

- A. benefit statement
- B. business portfolio
- C. functional philosophy
- D. mission
- E. corporate code

85. The _____ for American Red Cross is "The American Red Cross, a humanitarian organization led by volunteers and guided by its Congressional Charter and the Fundamental Principles of the International Red Cross Movement, will provide relief to victims of disasters and help people prevent, prepare for, and respond to emergencies."

- A. mission statement
- B. business portfolio
- C. functional philosophy
- D. business statement
- E. corporate code

86. Although companies have long used mission statements to guide them in business, in recent years many companies have altered their mission statements to include

- A. a formal commitment to their employees.
- B. an expanded definition of stakeholder.
- C. their position relative to their competitors.
- D. a social element to reflect moral or ethical ideals.
- E. their level of pricing and product quality.

87. A set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization is referred to as its

- A. competitive edge.
- B. corporate profile.
- C. corporate philosophy.
- D. benefits statement.
- E. organizational culture.

88. Organizational culture refers to

- A. the personal moral and ethical codes of a firm's management.
- B. written mission statements expressing a firm's goals and objectives.
- C. the fundamental, passionate, and enduring principles that guide its conduct over time.
- D. the cultural ethos of an organization including the proprietary values of its management.
- E. a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization.

89. George Zimmer the CEO of Men's Wearhouse is known to the public as the bearded company pitchman who sells suits and sport coats on TV declaring, "You'll like the way you look, I Guarantee it!" He also says that to be successful, "You've got to have a company that starts with trust and fairness." He aims to keep his employees happy and loyal. His philosophy sets the

- A. ethical tone.
- B. behavioral standards.
- C. organizational culture.
- D. corporate identity.
- E. behavioral protocol.

90. Which of the following statements regarding organizational culture is most accurate?

- A. Organizational culture exists only at the corporate level of an organization.
- B. When corporations merge organizational cultures can collide.
- C. Organizational culture is best used only at the functional level for the most effective results.
- D. Organizational culture cannot be learned or taught.
- E. Organizational culture is a statement of the organization's function in society.

91. The organizational _____ enables it to set a direction in terms of (1) "business it is in" and (2) its specific long and short term goals.

- A. foundation
- B. direction
- C. culture
- D. strategy
- E. mission

92. Business refers to

- A. the daily operations necessary for a firm or organization to remain viable.
- B. transactions required in order for a company to make a profit.
- C. the clear, broad, underlying industry or market sector of an organization's offerings.
- D. the collaborative efforts of a firm or organization to participate in commerce whether for profit or to serve society.
- E. the goals and objectives of a firm and the strategies and tactics that will allow them to achieve those goals.

93. The clear, broad, underlying industry or market sector of an organization's offerings is referred to as _____.

- A. commerce
- B. business
- C. marketing
- D. trade
- E. product line

94. In terms of an organization's business, railroads may have lost market share in the 20th century because they

- A. were too slow and cumbersome.
- B. defined their business too narrowly.
- C. defined their business too broadly.
- D. priced their services too high.
- E. were simply an outmoded form of transportation.

95. In the 20th century railroads may have let other forms of transportation take business away from them because their definition included only the railroad business, rather than the broader definition of _____.

- A. transportation
- B. mail delivery
- C. customer travel
- D. container shipping
- E. destination carrier

96. The strategies an organization develops to provide value to the customers it serves is called a(n)

- A. mission statement.
- B. innovative goal.
- C. objective statement.
- D. business model.
- E. social responsibility.

97. Procter and Gamble Co. manufactures consumer products such as Crest toothpaste and the Swiffer mop. But P & G does not see itself as a toothpaste or a mop company. Instead it sees itself as an innovative company with the goal of solving consumer problems. P & G most likely grew its market share in 70% of its businesses because

- A. it coincided with a consumer trend where people were becoming more home oriented.
- B. it invented new products to provide value to the customers it serves.
- C. it increased advertising for tried and true products.
- D. it capitalized on the fact that everyone liked Crest toothpaste.
- E. of the natural product life cycle when the cycle was at its peak.

98. Statements of an accomplishment of a task to be achieved, often by a specific time are referred to as _____.

- A. plans
- B. procedures
- C. strategies
- D. goals
- E. visions

99. Statements of an accomplishment of a task to be achieved, often by a specific time are referred to as

- A. visions.
- B. procedures.
- C. strategies.
- D. objectives.
- E. plans.

100. Objectives refer to

- A. the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.
- B. the long-term decisions made to implement the marketing program and the monitoring of those decisions.
- C. statements of an accomplishment of a task to be achieved, often by a specific time.
- D. a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
- E. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.

101. The terms "goal" and "objective" are often used interchangeably; however, in both cases, which of the following statements would be most accurate?

- A. All lower-level goals must contribute to achieving goals at the next, higher level.
- B. Goals and objectives are actually the detailed day to day activities necessary to get a job done.
- C. A company's goals and objectives are often laudable (worthy) in intent, but unrealistic in practice.
- D. Few companies or firms find it necessary to communicate upper level goals to lower level workers.
- E. The terms goal and objective are *not* used interchangeably. Goals are philosophical and objectives are performance based.

102. Classic economic theory assumes a firm seeks to maximize its long-run _____, achieving as high a financial return on its investments (ROI) as possible.

- A. profit goals
- B. quality
- C. market share
- D. employee welfare
- E. return on investment

103. Most firms seek to maximize _____-to get as high a financial return on their investments (ROI) as possible.

- A. profit
- B. sales
- C. quality
- D. market share
- E. employee welfare

104. A new company projects that its sales will be greater than its expenses within the first year of operation. This is an example of which type of goal?

- A. profit
- B. sales revenue
- C. market share
- D. unit sales
- E. quality

105. If profits are acceptable, a firm may elect to maintain or increase its _____ even though profits may not be maximized.

- A. green marketing
- B. sales force
- C. sales
- D. social responsibility
- E. customer satisfaction

106. If profits are acceptable, a firm that has set sales as its goal may elect to _____ even though profitability may not be maximized.

- A. abandon green marketing
- B. reduce the sales force
- C. maintain or increase its sales level
- D. decrease social responsibility
- E. decrease customer satisfaction

107. When sales revenue is chosen as an organizational goal, a firm whose profits are acceptable

- A. increases sales levels and strives for a constant level of profits.
- B. maintains sales levels and strives for maximum profitability.
- C. maintains or increases sales levels even though profitability may not be maximized.
- D. decreases sales levels but increases profit margins.
- E. decreases sales levels and reduces the profit margin.

108. A small businesswoman was preparing her staff for the upcoming holiday season. "We want to move as much inventory as possible. Not only can we highlight our holiday items, why not mark down some of our other seasonal items while people are in a shopping mood." From this statement, she is most concerned with _____ goals.

- A. profit
- B. sales revenue
- C. market share
- D. social responsibility
- E. survival

109. The ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself, is referred to as

- A. sales quality.
- B. market share.
- C. industry potential.
- D. contribution margin.
- E. marginal revenue.

110. Market share refers to

- A. the ratio of the profit of the firm to the total profits of all firms in the industry, not including the firm itself.
- B. the ratio of the profit of the firm to the total profits of all firms in the industry, including the firm itself.
- C. the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, not including the firm itself.
- D. the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself.
- E. the ratio of the profits of all firms in an industry to the profits of the firm.

111. Market share is the ratio of sales revenue of the firm to the total sales revenue of all _____, including the firm itself.

- A. firms in the industry
- B. firms in non-competitive industries
- C. firms surveyed by the U.S. Government
- D. firms sharing in marketing principles
- E. domestic firms

112. Xbox video game consoles were developed through a joint venture between Microsoft and the WWE (World Wrestling Entertainment, Inc.). Complaints about the video game began immediately after its introduction. These complaints ranged from missing parts to incorrect programming. It would seem obvious that the manufacturer of Xbox video game consoles should adopt _____ goals.

- A. profit
- B. sales revenue
- C. market share
- D. quality
- E. employee welfare

113. Motorola invented the Six Sigma program that sets as a goal no more than one defect in one million parts manufactured. This is an example of a _____ goal.

- A. profit
- B. sales revenue
- C. market share
- D. quality
- E. employee welfare

114. When Apple introduced the iPhone it did so to great fanfare. Many corporate users, however, found that it did not sync with their servers; many customers could not download from their company email accounts nor immediately activate their phones. Based on these examples, it would seem that Apple should have adopted more stringent _____ goals prior to the iPhone's release.

- A. technology
- B. innovation
- C. quality
- D. service
- E. satisfaction

115. Business firms pursue several different types of goals: profit, sales, market share, and offer the highest _____, as Medtronic does with its implantable medical devices.

- A. innovation
- B. quality
- C. service
- D. personal care
- E. warranty

116. Customers are the reason an organizations exists. Customer _____ can be measured with surveys or by the number of customer complaints it receives.

- A. satisfaction
- B. responsibility
- C. value
- D. beliefs
- E. welfare

117. A catalog retailer who set its qualitative goal to reduce merchandise returns by 20 percent would have set _____ goals.

- A. profit
- B. market share
- C. employee welfare
- D. customer satisfaction
- E. social responsibility

118. Lands' End ships each order within 48 hours and its guarantee is the best in the world—"Guaranteed. Period.®" These actions by Lands' End are most likely examples of _____ goals.

- A. profit
- B. market share
- C. employee welfare
- D. customer satisfaction
- E. social responsibility

119. The founder of Starbucks, Howard Schultz, provides healthcare for all employees who work over 20 hours per week. He says that "the companies that are doing the right thing by covering their employees (with health care coverage) are paying for the companies who don't do the right thing." This is an example of one of Starbucks' _____ goals.

- A. profit
- B. market share
- C. employee welfare
- D. customer satisfaction
- E. social responsibility

120. Many universities and other educational institutions provide retirement benefits by doubling the percentage the employee pays into the account up to a certain percentage of his or her pay. This provides a wonderful benefit to those who are full-time employees. This is an example of a _____ goal.

- A. satisfaction
- B. sales revenue
- C. market share
- D. quality
- E. employee welfare

121. Business firms pursue several different types of goals. When a firm recognizes the critical importance of its employees, the business goal is a _____ goal.

- A. satisfaction
- B. quality
- C. revenue
- D. societal
- E. employee welfare

122. Business firms pursue several different types of goals. A(n) _____ goal is when a firm seeks to balance the conflicting goals of stakeholders to promote their overall welfare, even at the expense of profits.

- A. customer satisfaction
- B. quality
- C. market share
- D. societal responsibility
- E. employee welfare

123. Hasbro is a \$3 billion toy company that prides itself on donating to organizations that help children, since children and their parents are the target market for the business. This is an example of how Hasbro participates in corporate

- A. unit sales.
- B. market share.
- C. sales revenue.
- D. return on investment.
- E. social responsibility.

124. The organizational foundation sets the " _____ " of organizations and organizational direction sets the " _____ ."

- A. why; what
- B. why; how
- C. what; how
- D. what; where
- E. how; where

125. Marketing dashboard refers to

- A. a corporate "report card" prepared by the U.S. government agencies regarding company performance in terms of environmental responsibility, social responsibility, and professional ethics.
- B. the visual computer display on a single computer screen of the essential information related to achieving a marketing objective.
- C. a cleverly designed industry website made to resemble cars in a race with the leader representing the highest level of market share and other cars tailing behind in appropriate order.
- D. a set of written plans indicating the specific direction in which a company wishes to grow.
- E. an interactive screensaver used by corporations to keep employees abreast of important company information that changes on a daily basis.

126. Which of the following statements regarding a marketing dashboard is most accurate?

- A. The more detail that is displayed the better it is for the manager.
- B. A simple marketing dashboard very often includes 20 or more marketing metrics on the same dashboard screen.
- C. For accuracy, the marketing dashboard should be updated weekly.
- D. Marketing dashboards often show key measures such as HR turnover, strategy success, and goals.
- E. Marketing dashboards provide graphic displays of a product category's performance, such as sales, cost of sales, and percent margin.

127. A measure of the quantitative value or trend of a marketing activity or result is referred to as a

- A. trend analysis.
- B. marketing measurement.
- C. marketing dashboard.
- D. marketing metric.
- E. value analysis.

128. Marketing metric refers to

- A. a measure of the quantitative value or trend of a marketing activity or result.
- B. a form of trend analysis used to predict potential profits in the future.
- C. one of a series of mathematical formulas used to calculate potential profits based upon different environmental factors.
- D. a qualitative measurement of a product's performance based upon input from members of a cross-functional team.
- E. the value of a product in terms of market share or growth rate relative to its closest competitors.

129. The primary purpose of a marketing metric is to

- A. assign qualitative value to quantitative data.
- B. allow the sharing of information across industry lines.
- C. measure the quantitative value of a marketing activity.
- D. forecast potential investment opportunities over a period of five years.
- E. provide a numerically precise measurement of industry growth.



FIGURE 2-3

130. According to Figure 2-3 above, the graphic shown is an example of Oracle's

- A. mission
- B. dashboard
- C. what-if analysis
- D. logistic costs
- E. yield management

131. Among the "buttons" in the left hand column of Figure 2-3 above, one is in a slightly different color (actually in orange), showing that it is the "product category for all the graphs on the dashboard. So to which product category does Figure 2-3 refer?

- A. electronics
- B. hardware
- C. software
- D. peripherals
- E. photo

132. According to Figure 2-3 above, during which year did cost of sales most closely approach sales?

- A. 1998
- B. 1999
- C. 2000
- D. 2001
- E. each year shown

133. According to Figure 2-3 above, in what time increments does the dashboard represent the % difference in sales and margins?

- A. every day
- B. every week
- C. every month
- D. every two months
- E. four times a year

134. According to Figure 2-3 above, in terms of sales and percent margin it can be inferred that in the year 2000

- A. profits hit an all time low.
- B. the gap between sales and percent margin was greatest.
- C. sales were five times higher than in 1999.
- D. September represented an all time low for the year.
- E. had the highest percent margin.

135. According to Figure 2-3 above, the largest margin occurred during which year?

- A. 1998
- B. 1999
- C. 2000
- D. 2001
- E. The margin was the same each year.

136. According to Figure 2-3 above, during which year was sales revenue the largest?

- A. 1998
- B. 1999
- C. 2000
- D. 2001
- E. The sales were flat.

137. Marketing plan refers to

- A. the long-term decisions made to implement the marketing program and the monitoring of those decisions.
- B. a technique that managers use to quantify performance measures and growth targets to analyze its clients' strategic business units (SBUs) as though they were a collection of separate investments.
- C. a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
- D. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.
- E. the refinement of the organization's mission based on the results obtained from a marketing audit.

138. A road map for the marketing activities of an organization for a specified future time period, such as one year or five years is referred to as a _____.

- A. marketing tactic
- B. marketing objective
- C. marketing plan
- D. marketing strategy
- E. marketing program

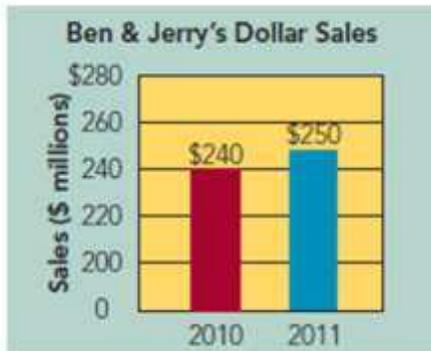


FIGURE 2-4

139. A marketing manager for Ben and Jerry's, has been provided with a dashboard display for business activity. In Figure 2-4 above, notice that dollar sales for 2010 were \$240 million and in 2011 they were \$250 million. What simple formula was used to calculate the dollar sales for each of these years?

- A. Dollar sales (\$) = average price multiplied by quantity sold.
- B. Dollar sales (\$) = average price multiplied by quantity manufactured.
- C. Dollar sales (\$) = average cost of goods sold minus fixed costs.
- D. Dollar sales (\$) = average cost of goods sold minus variable costs.
- E. Dollar sales (\$) = average price minus shrinkage rate.

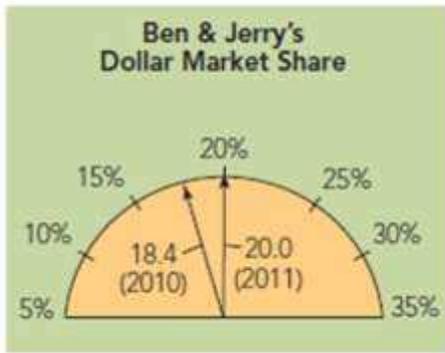


FIGURE 2-5

140. A marketing manager for Ben and Jerry's, has been provided with a dashboard display showing business activity. In Figure 2-5 above, notice that dollar market share for 2010 was 18.4 percent and in 2011 it is 20%. What simple formula was used to calculate the dollar market share percentages for each of these years?

- A. Dollar market share (%) = Ben and Jerry's sales (\$) divided by total industry sales (\$).
- B. Dollar market share (%) = Total industry sales (\$) divided by Ben and Jerry's sales (\$).
- C. Dollar market share (%) = Total industry sales (\$) divided by Ben and Jerry's gross profit (\$).
- D. Dollar market share (%) = Total industry sales (\$) divided by Ben and Jerry's net profit (\$).
- E. Dollar market share (%) = Ben and Jerry's sales (\$) divided by gross domestic product (\$).

141. An organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and that provide value to its customers are referred to as

- A. market edge.
- B. sustainable advantage.
- C. business aptitude.
- D. characteristics.
- E. core competencies.

142. Rhone-Poulenc is an international French company that produces and markets a variety of chemicals and pharmaceuticals. Due to the resources it makes available to its scientists and researchers, the company has a number of Nobel Prize winners working in its laboratories. This ability to attract some of the finest minds in the world to its workforce is an example of a(n):

- A. core competency.
- B. human resource strategy.
- C. sustainable advantage.
- D. product development strategy.
- E. synergistic capability.

143. Designing a car is expensive and time-consuming even with the use of computers because until recently there was no way for all the varied departments that are involved in new car development to work together. Daimler-Chrysler created a unique central Web-based system that cuts the design and production process by at least two years, thus providing value to the customer. This is an example of a(n)

- A. benchmarking project.
- B. innovation-oriented mission.
- C. action program.
- D. operational goal implementation.
- E. competency.

144. Evergreen Air Center is the world's biggest parking lot for unwanted aircraft. Airlines pay a monthly fee from \$750 to \$5,000 to mothball airplanes at this site. Its location is on 1,600 acres of Arizona desert. The Southwest climate serves as a cheap and effective airplane preservative. Evergreen's location is its

- A. sustainable advantage.
- B. competency.
- C. competitive identity.
- D. benchmark differentiation.
- E. innovative vision.

145. Mobile phone companies broke the age-old business rule of staying within their _____ by going beyond their expertise in running networks and billing subscribers to designing handsets. Nokia, on the other hand, boosted its success in handsets in large part by staying focused on what it does best: manufacturing handsets and watching carefully for the latest consumer trends.

- A. goals
- B. mission
- C. innovative vision
- D. competency
- E. action program

146. Competitive advantage refers to

- A. legal, yet not necessarily ethical relationships between manufacturers and retailers.
- B. preferential treatment by distributors and suppliers based on long-term relationships with a manufacturer.
- C. a unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.
- D. actions taken by a firm with the sole intent of putting a competitor out of business.
- E. benefits obtained through graft, nepotism, or collusion to gain an edge in the marketplace.

147. A unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation is referred to as

- A. creative advantage.
- B. marketing edge.
- C. distinct competency.
- D. competitive advantage.
- E. derived benefit.

148. VideoAdvantage.net is a small company that rents DVD movies by mail using the Web. It jumped into an industry where there were no firm leaders but many competitors. It established a loyal clientele by seizing the opportunity to provide a service that was not available through other companies that rented movies over the Internet—reliable overnight shipment. Its delivery system created its

- A. viable mission.
- B. competitive advantage.
- C. tactical innovation.
- D. benchmarking focus.
- E. sales orientation.

149. Men's Wearhouse (MW) caters to the man who doesn't necessarily enjoy shopping. The stores are located in outdoor shopping centers so that customers can get in and out quickly. Additionally the MW targets the budget-conscious consumer with suit prices ranging from \$250-300. Earnings rose 23% recently, indicating that the location of the stores and the pricing strategy both are part of the MW

- A. competitive advantage.
- B. benchmarking expertise.
- C. tactical innovation.
- D. leapfrogging capabilities.
- E. viable mission.

150. Although now a part of Sears, Lands' End was primarily known as a catalog retailer. This means that traditional department stores, mass merchandisers, specialty shops, and other catalog retailers are considered to be

- A. Lands' End's competition.
- B. cross-functional competition.
- C. functional competition.
- D. non-competitive to Lands' End's clothing.
- E. potential Land's End's acquisitions.

151. There are two commonly used techniques to aid managers with important decisions for setting a direction and allocating resources. These include _____ and _____ analysis strategies.

- A. business portfolio; diversification
- B. micromarketing; macromarketing
- C. investment; divestment
- D. dashboards; micromanagement
- E. subjective; objective

152. The Boston Consulting Group (BCG) uses _____ to quantify performance measures and growth targets to analyze its clients' SBUs as though they were a collection of separate investments.

- A. target marketing
- B. business portfolio analysis
- C. marketing strategic planning
- D. market segmentation
- E. stock segmentation

153. Business portfolio analysis refers to

- A. a technique that managers use to quantify performance measures and growth targets to analyze its clients' strategic business units (SBUs) as though they were a collection of separate investments.
- B. a technique that managers use to subjectively evaluate performance measures and growth targets to analyze its clients' strategic business units (SBUs) as though they were a single investment.
- C. an annual review of a company's performance and anticipated growth sent to stockholders of publically traded companies, prior to elections for the Board of Directors.
- D. an annual review of a company's performance and anticipated growth sent to all stakeholders within that company.
- E. a comparison of a company's growth both in terms of profit and market share relative to its largest competitors.

154. A technique that managers use to quantify performance measures and growth targets to analyze its clients' strategic business units (SBUs) as though they were a collection of separate investments is referred to as

- A. investment analysis.
- B. annual productivity report.
- C. quantitative review analysis.
- D. qualitative review analysis.
- E. business portfolio analysis.

155. The Boston Consulting Group (BCG) uses business portfolio analysis to quantify performance measures and growth targets to analyze its clients' strategic business units

- A. as if each were a separate investment.
- B. in order to establish their worth to company shareholders.
- C. to determine which would be best suited for entry into a foreign market.
- D. to determine which units can be consolidated for production efficiency.
- E. to determine which units can be divided into separate more targeted units.

156. The primary purpose of business portfolio analysis is to

- A. determine which SBU would be best suited for entry into a foreign market.
- B. document sales figures for government tax analysis and financial audits.
- C. determine the appeal of each SBU or offering and then determine the amount of cash, if any, each should receive.
- D. determine which units can be consolidated for production efficiency and which units should be divided into new distinct SBUs of their own.
- E. serve as documentation to shareholders of the value of the company's stock projected into the future.

157. In the Boston Consulting Group (BCG) model for analysis of a firm's strategic business units, or SBUs, the horizontal axis reflects the

- A. national forecast.
- B. business portfolio in dollars.
- C. years of experience.
- D. market segment size.
- E. relative market share.

158. The Boston Consulting Group (BCG) business portfolio analysis requires an organization to locate the position of each of its SBUs on a growth-share matrix. The vertical axis is

- A. the annual rate of growth of the SBU's industry.
- B. the annual rate of growth of the closest competitor.
- C. the annual rate of growth of the new entries into the marketplace.
- D. the market share of the largest competitor.
- E. the market share between the SBU and next largest competitor.

159. The Boston Consulting Group (BCG) business portfolio analysis requires an organization to locate the position of each of its SBUs on a growth-share matrix. The horizontal axis is the

- A. share relative to the newest entries into the market.
- B. share relative to the annual rate of growth of the SBU's industry.
- C. share relative to largest competitor.
- D. share relative to gross domestic product.
- E. share relative to the national average.

160. SBUs with dominant shares of slow-growth markets that provide cash to cover the organization's overhead and to invest in other SBUs are referred to as _____.

- A. cash cows
- B. stars
- C. question marks
- D. dogs
- E. problem children

161. Placing products in the BCG matrix results in 4 categories in a portfolio of a company. Cash cows would be classified as having

- A. high growth, high market share.
- B. low growth, high market share.
- C. low growth, low market share.
- D. high growth, low market share.
- E. low growth, medium market share.

162. Several years ago, Black & Decker purchased General Electric's small appliances product line. Black & Decker purchased the line because it needed the cash infusion from a product line that had a dominant market share. The small appliance industry is a slow-growth one. The small appliances product line is most likely a _____ for Black & Decker.

- A. dog
- B. cash cow
- C. question mark
- D. star
- E. problem child

163. SBUs with a high share of high-growth markets that may not generate enough cash to support their own demanding needs for future growth are referred to as

- A. dogs.
- B. cash cows.
- C. question marks.
- D. stars.
- E. donkeys.

164. SBUs that use large amounts of cash and are leaders in the business so they should also generate large amounts of cash are called

- A. question marks.
- B. dogs.
- C. cash cows.
- D. problem children.
- E. stars.

165. Placing products in the BCG matrix results in 4 categories in a portfolio of a company. SBUs having high growth, high market share are called

- A. stars.
- B. question marks.
- C. cash cows.
- D. dogs.
- E. problem children.

166. Placing products in the BCG matrix results in 4 categories in a portfolio of a company.

Stars would be classified as having

- A. high growth, high market share.
- B. low growth, high market share.
- C. low growth, low market share.
- D. high growth, low market share.
- E. low growth, medium market share.

167. Solarcom is a 30-year-old information technology company that owns several subsidiaries. One of its subsidiaries is Atlantix Global Systems, which is one of the leading wholesalers for refurbished computer equipment, an industry that is growing worldwide.

According to the BCG portfolio matrix, Atlantix Global would most likely be classified as a

- A. dog.
- B. cash cow.
- C. question mark.
- D. star.
- E. problem child.

168. SBUs with a low share of high-growth markets are referred to as

- A. dogs.
- B. cash cows.
- C. question marks.
- D. stars.
- E. mules.

169. Placing products in the BCG matrix results in 4 categories in a portfolio of a company.

Question marks would be classified as having

- A. high growth, high market share.
- B. low growth, high market share.
- C. low growth, low market share.
- D. high growth, low market share.
- E. low growth, medium market share.

170. SBUs with a low share of slow-growth markets may generate enough cash to sustain themselves, but they do not hold the promise of ever becoming real winners for the firm are referred to as _____.

- A. cash cows
- B. stars
- C. question marks
- D. dogs
- E. problem children

171. Placing products in the BCG matrix results in 4 categories in a portfolio of a company. Dogs would be classified as having

- A. high growth, high market share.
- B. low growth, high market share.
- C. low growth, low market share.
- D. high growth, low market share.
- E. low growth, medium market share.

172. SBUs with low shares of slow-growth markets are referred to as

- A. dogs.
- B. cash cows.
- C. question marks.
- D. stars.
- E. donkeys.

173. In its business portfolio analysis, an organization's SBUs often start as _____ and then become _____.

- A. dogs; question marks
- B. question marks; stars
- C. stars; question marks
- D. stars; dogs
- E. question marks; dogs

174. Although an organization has limited influence on market growth rate, its main alternative is to try to change its relative market share. The most likely way for a company to turn a question mark into a star rather than a dog is to

- A. remove cash from it.
- B. reduce advertising for it.
- C. inject cash into it.
- D. introduce an improved version of it.
- E. decrease the market growth rate.

175. Several years ago the Honda Motor Company unveiled the hybrid version of the Honda Civic. While the hybrid vehicles are very fuel efficient, they are also very expensive to purchase. Hybrid vehicles sales have increased over 570 percent with a compound annual growth rate of 88.6%. Sales of the Civic eventually overtook those of the Toyota Prius, making it the number one hybrid car in the U.S. For years, Honda has experienced tremendous success with their Accords—in fact, Honda cars are repeatedly the top selling automobiles in the U.S. Where would the Honda Civic (hybrid version) and the Honda Accord fall in the BCG product portfolio matrix?

- A. The hybrid Civic would be classified as a star, and the Accord would be classified a cash cow.
- B. The hybrid Civic would be considered a cash cow, and the Accord would be classified as a star.
- C. Due to the overwhelming success of Honda cars, both the Accords, and the hybrid Civics would be classified as cash cows.
- D. The Civic would be a problem child, and the Accord would be a cash cow.
- E. The Civic would be considered a dog, and the Accord would be classified as a star.

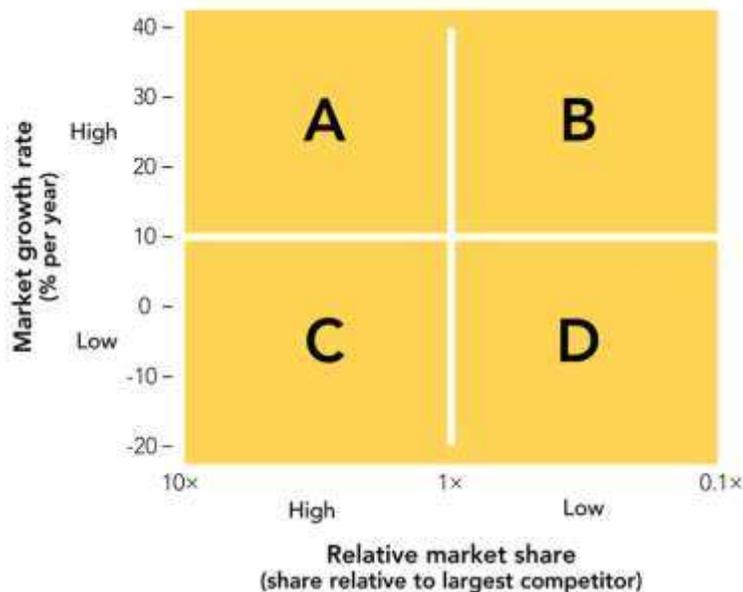


FIGURE 2-6

176. A relative market share of 10X (at the left end of the scale in Figure 2-6) means that the SBU has 10 times the share of its largest competitor, whereas a share of 0.1X (at the right end of the scale) means

- A. it has only 10 percent of the share of its largest competitor.
- B. it has 100 percent of the share of its largest competitor.
- C. the market share between the SBU and next largest competitor is actually identical.
- D. the market share of the next competitor is too insignificant to be measured.
- E. there is an indirect rather than direct form of competition.

177. SBUs found in quadrant "A" (Figure 2-6 above) would be called

- A. stars.
- B. question marks.
- C. cash cows.
- D. dogs.
- E. donkeys.

178. SBUs found in quadrant "B" (Figure 2-6 above) would be called

- A. stars.
- B. question marks.
- C. cash cows.
- D. dogs.
- E. donkeys.

179. SBUs found in quadrant "C" (Figure 2-6 above) would be called

- A. stars.
- B. question marks.
- C. cash cows.
- D. dogs.
- E. donkeys.

180. SBUs found in quadrant "D" (Figure 2-6 above) would be called

- A. stars.
- B. question marks.
- C. cash cows.
- D. dogs.
- E. donkeys.

181. In 2007, Kodak introduced a line of digital picture frames that allowed consumers to upload, store, and view digital images; additional higher priced and more sophisticated elements were added to the line. By 2012, sales could approach 50 million units for market leader Kodak. According to the BCG matrix, this SBU is a

- A. dog.
- B. star.
- C. cash cow.
- D. question mark.
- E. problem child.

182. In 2008, Kodak's ink-jet printer could be considered a question mark because the market dramatically changed as consumers shifted from single-purpose to multi-function machines designed to print photos, make copies, scan images, and send faxes. Today Kodak now offers only multi-function ones. If Kodak can double or triple unit sales soon, this SBU star could become a _____, if online printing and sharing steal market share, the SBU could become a _____.

- A. cash cow; star
- B. cash cow; dog
- C. star; dog
- D. star; problem child
- E. in either scenario, the inkjet printer will remain a question mark.

183. In 2003, Kodak's traditional film sales were an \$8 billion dollar cash cow. In 2008, the revenue generated from film sales dropped to \$3 billion. The film SBU became a dog *primarily* due to

- A. an unforeseen increase in composite materials necessary for production.
- B. the advent of digital photography popularity.
- C. political activism concerning the waste of natural resources.
- D. too much revenue shifted from this SBU to another more profitable one.
- E. a class action lawsuit against the firm.

184. While digital photography caused Kodak's traditional film division to quickly move from cash cow to dog, for Kodak's digital camera SBU, the same technology and consumer demand will

- A. have little or no affect at all.
- B. allow the SBU to remain a star or even become a cash cow.
- C. keep the SBU a question mark since there is evidence that during a weak economy fewer people will take pictures, and many fewer will purchase cameras.
- D. allow the digital camera SBU to switch back and forth from star to cash cow to star as traditional single lens cameras become virtually obsolete.
- E. allow Kodak to plan its withdrawal from the market.

185. One of the strengths inherent in the use of the BCG business portfolio analysis is the fact that it

- A. is easy to place an SBU on the BCG matrix since it is based solely on company perception rather than actual data.
- B. considers all factors that might impact an SBU's value to an organization.
- C. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
- D. forces firms to assess their SBUs in terms of relative market share and industry growth rate.
- E. provide specific guidelines on how to solve SBU shortcomings.

186. One of the weaknesses inherent in the use of the BCG business portfolio analysis is that

- A. it causes dissension between different divisions when they are "labeled."
- B. it reduces employee motivation to move a low valued SBU to a higher one.
- C. considers so many SBU factors beyond market growth rate and relative market share.
- D. does not require forecasts in order to be implemented.
- E. is often difficult to obtain the needed information to correctly place SBUs on the grid.

187. A tool that helps a firm search for growth opportunities from among current and new markets as well as current and new products is referred to as _____.

- A. diversification analysis
- B. divestment analysis
- C. open road analysis
- D. matrix prospecting
- E. market prospecting

188. Diversification analysis refers to

- A. a tool that helps a firm search for growth opportunities from among current and new markets as well as current and new products.
- B. a tool that helps identify the degree to which a firm or organization is in compliance with government regulations regarding the hiring of minorities.
- C. a formula used to award government contracts based upon a firm or organization complicity with federal hiring guidelines.
- D. a tool used to determine the appeal of each SBU or offering and then determine the amount of cash, if any, each should receive.
- E. a tool used to determine which products within a company's product line should be dropped due to a loss of market share in the industry.

189. Which of the following statements regarding diversification analysis is most accurate?

- A. Diversification analysis should only be used by companies that are well established; new companies that use this process run the risk of trying to do too much too soon.
- B. For any product there is both a current and a new product and for any product there is both a current market and a new market.
- C. Most companies will discover, through diversification analysis, that there is at least one product that is completely targeted to the wrong market.
- D. Diversification analysis is only effective for consumer products.
- E. Diversification analysis is used to forecast and calculate industry figures for potential new products.

190. The marketing strategy to increase sales of current product in existing markets is referred to as

- A. market penetration.
- B. market development.
- C. market infiltration.
- D. market diversification.
- E. market capitalization.

191. Market penetration refers to the strategy of

- A. increasing sales of current products in existing markets.
- B. selling existing products to new markets.
- C. selling new products to new markets.
- D. selling new products to existing markets.
- E. selling two competing brands but owning them both.

192. Two major ways for a company to benefit from taking a market penetration approach would be

- A. sell more product at the same price or sell the same amount of product at a lower price.
- B. sell more product at the same price or sell the same amount of product at a higher price.
- C. find a new market and sell the product at a much higher price.
- D. alter the product and sell it to a different market.
- E. charge a higher price but reduce the quantity distributed.

193. In _____ there is no change in either the basic product line or the markets served. Increased sales are generated by selling either more product through better promotion or distribution or by selling the same amount of product at a higher price.

- A. product development
- B. market development
- C. diversification
- D. market saturation
- E. market penetration

194. Market development refers to the strategy of

- A. increasing sales of current products in existing markets.
- B. selling existing products to new markets.
- C. selling new products to new markets.
- D. selling new products to existing markets.
- E. selling two competing brands but owning them both.

195. The marketing strategy to sell existing products to new markets is referred to as

_____.

- A. market penetration
- B. market infiltration
- C. market development
- D. market diversification
- E. market capitalization

196. If Ben & Jerry's starts selling their ice cream in Brazil for the first time, they will be using a _____ strategy.

- A. product development
- B. market development
- C. diversification
- D. market saturation
- E. market penetration

197. The marketing strategy of selling new products to existing markets is referred to as

_____.

- A. product penetration
- B. product development
- C. market development
- D. diversification
- E. market penetration

198. Product development refers to the strategy of

- A. increasing sales of current products in existing markets.
- B. selling existing products to new markets.
- C. selling new products to new markets.
- D. selling new products to existing markets.
- E. selling two competing brands but owning them both.

199. The marketing strategy of developing new products and selling them in new markets is referred to as

- A. product penetration.
- B. product-market evolution.
- C. market development.
- D. diversification.
- E. market penetration.

200. Diversification refers to the strategy of

- A. increasing sales of current products in existing markets.
- B. selling existing products to new markets.
- C. selling new products to new markets.
- D. selling new products to existing markets.
- E. selling two competing brands but owning them both.

201. If Ben & Jerry's starts selling children's clothing in Brazil to try to capitalize on its brand name, this would be an example of _____.

- A. product development
- B. product-market evolution
- C. market development
- D. diversification
- E. market penetration

MARKETS	PRODUCTS	
	Current	New
Current	A	B
New	C	D

FIGURE 2-7

202. See Figure 2-7 above. A small family owned gelato business is the town's favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. He experiments by purchasing a case of large take-home containers, so not only can customers stop on the way home from school or work, they can enjoy the gelato after dinner as well. Profits begin to rise. This is an example of a _____ strategy that would be found in box _____.

- A. market penetration; A
- B. market infiltration; A
- C. product development; B
- D. market development; C
- E. diversification; D

203. See Figure 2-7 above. A small family owned gelato business is the town's favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. He experiments by purchasing a refrigerated cart and takes it to the local ball fields where he sells the gelato to the teams and their fans. Profits begin to rise. This is an example of a _____ strategy that would be found in box _____.

- A. market penetration; A
- B. product development; B
- C. market development; C
- D. diversification; D
- E. market reversal; D

204. See Figure 2-7 above. A small family owned gelato business is the town's favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. The adults who stop by are always complimenting him on the unusual gelato flavor selections. He decides to experiment by packaging his special spices into small packets that can be used at home as flavorings for dinner drinks. Profits begin to rise. This is an example of a _____ strategy that would be found in box _____.

- A. market penetration; A
- B. product development; B
- C. market development; C
- D. diversification; D
- E. market reversal; D

205. See Figure 2-7 above. A small family owned gelato business is the town's favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. He is beginning to think that he will not be able to support his family if things don't improve, but he doesn't want to give up his store. Instead, he experiments by selling hand-made flies on the Internet for professional sports fishermen. This is an example of a _____ strategy that would be found in box _____.

- A. market penetration; A
- B. product development; B
- C. market development; C
- D. market reversal; D
- E. diversification; D

206. Box "A" in Figure 2-7 above represents the marketing strategy of _____.

- A. market penetration
- B. product development
- C. market development
- D. market reversal
- E. diversification

207. Box "B" in Figure 2-7 above represents the marketing strategy of _____.

- A. market penetration
- B. market reversal
- C. market development
- D. product development
- E. diversification

208. Box "C" in Figure 2-7 above represents the marketing strategy of _____.

- A. product development
- B. market penetration
- C. market development
- D. market reversal
- E. diversification

209. Box "D" in Figure 2-7 above represents the marketing strategy of _____.

- A. market penetration
- B. market reversal
- C. market development
- D. product development
- E. diversification

210. According to Figure 2-7 above, which two strategies would be used if a firm were not willing to find new markets?

- A. product development and market penetration
- B. product development and diversification
- C. market development and product development
- D. market development and market penetration
- E. market development and diversification

211. According to Figure 2-7 above, what type of strategic analysis tool is represented by the graphic?

- A. calibrated marketing process
- B. strategic marketing process
- C. situational marketing process
- D. Boston Consultant Group
- E. diversification analysis

212. The _____ is an approach whereby an organization allocates its marketing mix resources to reach its target markets.

- A. calibrated marketing process
- B. strategic marketing process
- C. situational marketing process
- D. developmental market analysis
- E. market determinant method

213. The key steps of planning, implementation, and evaluation are part of what is referred to as

- A. gap analysis.
- B. the strategic marketing process.
- C. the situational marketing triad.
- D. the developmental market analysis.
- E. the market determinant method.

214. What are the steps involved in the planning phase of the strategic marketing process?

- A. situation (SWOT) analysis; market-product focus and goal setting; and marketing program development
- B. planning; implementation; and control
- C. set market and product goals; select target markets; find points of difference; and position the product
- D. identify industry trends; analyze competitors; and assess own company
- E. identify where we have been; where we are headed; and where we are now

215. Step one in the planning phase of the strategic marketing process is

- A. the situation analysis.
- B. the market-product focus and goal setting.
- C. the marketing program.
- D. implementation.
- E. obtaining resources.

216. Step two in the planning phase of the strategic marketing process is

- A. the situation analysis.
- B. the market-product focus and goal setting.
- C. the marketing program.
- D. implementation.
- E. obtaining resources.

217. The first step in the strategic marketing process is

- A. establishing the budget.
- B. developing advertising appeals.
- C. goal setting.
- D. marketing programming.
- E. situation analysis.

218. Taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's plans and the external factors and trends affecting it is referred to as

- A. systems analysis.
- B. strategic market plan.
- C. goal setting step.
- D. planning gaps.
- E. situation analysis.

219. Situation analysis refers to

- A. taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it.
- B. an appraisal of an organization's internal and external strengths and weaknesses and its internal and external opportunities and threats.
- C. a regularly scheduled internal audit that takes place during a specified promotional campaign to ensure that marketing actions are successfully taking place.
- D. a careful comparison of a company's performance relative to its closest competitors in terms of both profits and market share.
- E. an in-depth analysis of how a specific department is spending its money relative to the incremental revenues those actions are generating.

220. Situation analysis requires a firm to consider both internal and external factors. Which of these is an example of an external factor?

- A. The firm buys its own fleet of trucks so it no longer needs to hire a trucking company for distribution.
- B. A hiring freeze is put into place. Although no one is fired no one can be hired.
- C. A goal is set to close the gap between production costs and profits.
- D. A local governance requires that all businesses within the city limits must reduce their waste by 5% or be fined.
- E. Shareholders are rewarded with a sizeable dividend check.

221. The acronym "SWOT" used in the term "SWOT analysis" stands for

- A. strengths, weaknesses, opportunities, and tactics.
- B. strengths, weaknesses, options, and tactics.
- C. strengths, weaknesses, opportunities, and threats.
- D. simple, workable, optimal, and timely.
- E. state the problem, work out a strategy, organize your team, and take action.

222. An effective technique a firm can use to appraise in detail its internal strengths and weaknesses and external opportunities and threats is referred to as

- A. SWOT analysis.
- B. strategic management.
- C. market segmentation.
- D. market programming.
- E. marginal analysis.

223. The goal of a SWOT analysis is to

- A. identify critical strategy-related factors that can have a major effect on the firm.
- B. help determine how raises, bonuses, and dividends will be paid.
- C. discover areas for diversified investment outside the firm's marketing areas.
- D. identify market research questions to help develop new products for new market segments.
- E. fairly allocate governmental resources and financial aid across the industry.

224. The ultimate goal of a SWOT analysis is to identify _____ strategy-related factors that impact the firm and then build on vital strengths, correct glaring weaknesses, exploit significant opportunities, and avoid disaster-laden threats.

- A. essential
- B. required
- C. necessary
- D. critical
- E. indispensable

225. The ultimate goal of a SWOT analysis is to identify the critical strategy-related factors that impact the firm and then build on vital strengths, correct glaring weaknesses, and exploit opportunities, and

- A. identify competitors who are failing.
- B. avoid disaster-laden threats.
- C. search out governmental resources and financial aid.
- D. diversify investment outside the firm's marketing areas.
- E. develop new products for new market segments.

226. In the 1980s, a lapse in production quality and increase in Japanese imports drove the Harley-Davidson motorcycle company to the brink of bankruptcy. The company's share of the U.S. super-heavy-weight market—motorcycles with engine capacity of 850 cubic centimeters or more—collapsed from more than 40 percent in the mid 1970s to 23 percent in 1983.

However, by 1989, Harley-Davidson controlled some 65 percent of the U.S. market; and both in the U.S. and overseas markets, the company won't be able to meet demand for years. From a marketing perspective, what was the most likely first step in Harley-Davidson's resurgence?

- A. Development of a new mission statement and subsequent marketing strategy.
- B. Repositioning their product in the minds of motorcycle buyers.
- C. Performing a SWOT analysis.
- D. Seeking new markets for the motorcycles both in the U.S. and in foreign markets.
- E. Improving the quality of their product and communicating this to motorcycle buyers.

227. A recent Congressional initiative mandated that the U.S. Department of Transportation (USDOT) establish a national traffic information collection system. The marketing manager of a company that provided traffic reports for local radio stations would most likely incorporate this knowledge into its SWOT analysis as

- A. a weakness if the company has an existing working relationship with the USDOT.
- B. an opportunity if the USDOT will give this information directly to all radio stations.
- C. a weakness if the company that provides local traffic information has no employees technologically capable of using the USDOT system.
- D. a threat if the USDOT is creating a network of local traffic-information providers to address the mandate.
- E. part of a marketing plan; this information would not be part of a SWOT analysis.

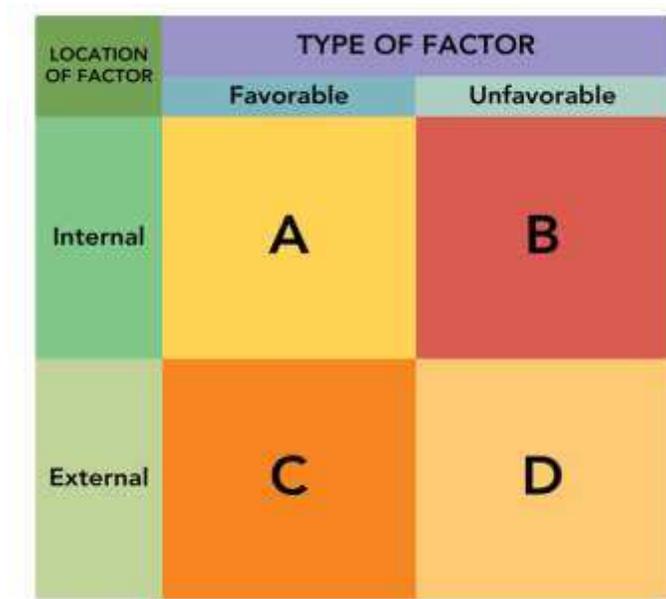


FIGURE 2-8

228. See Figure 2-8 above. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that resulted in a loss of power. It is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits. Before going ahead with this decision there were several factors that had to be taken into consideration: The firm has a great reputation with its flashlights and does not want to ruin it. Their physical plant could be refitted relatively easily to make small generators, but it would be rather costly. They would have to rely on someone else to manufacture and package the survival kits. And, although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The company's reputation would fall in which quadrant (s) of the grid?

- A. Quadrant A
- B. Quadrant B
- C. Quadrant C
- D. Quadrant D
- E. Quadrants A and D

229. See Figure 2-8 above. A Florida based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that resulted in a loss of power. It is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits. Before going ahead with this decision there were several factors that had to be taken into consideration: They have a great reputation with their flashlights and don't want to ruin it. Their physical plant could be refitted relatively easily to make small generators, but it would be rather costly. They would have to rely on someone else to manufacture and package the survival kits. And, although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The company's need to refit their factory would fall in which quadrants of the grid?

- A. Quadrant A
- B. Quadrant B
- C. Quadrant C
- D. Quadrant D
- E. Quadrants A and D

230. See Figure 2-8 above. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that resulted in a loss of power. It is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits. Before going ahead with this decision there were several factors that had to be taken into consideration: They have a great reputation with their flashlights and don't want to ruin it. Their physical plant could be refitted relatively easily to make small generators, but it would be rather costly. They would have to rely on someone else to manufacture and package the survival kits. And, although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The projected number of hurricanes would fall in which quadrants of the grid?

- A. Quadrant A
- B. Quadrant B
- C. Quadrant C
- D. Quadrant D
- E. Quadrants C and D

231. See Figure 2-8 above. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that resulted in a loss of power. It is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits. Before going ahead with this decision there were several factors that had to be taken into consideration: They have a great reputation with their flashlights and don't want to ruin it. Their physical plant could be refitted relatively easily to make small generators, but it would be rather costly. They would have to rely on someone else to manufacture and package the survival kits. And, although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The need to rely on another company to supply the survival kits would fall in which quadrant (s) of the grid?

- A. Quadrant A
- B. Quadrant B
- C. Quadrant C
- D. Quadrant D
- E. Quadrants C and D

232. Aggregating prospective buyers into groups or segments that (1) have common needs and (2) will respond similarly to a marketing action is referred to as _____.

- A. aggregation marketing
- B. market segmentation
- C. market clustering
- D. customer profiling
- E. mass marketing

233. Market segmentation refers to

- A. identifying small groups of customers with dissimilar needs but grouping them together through a single advertising campaign.
- B. aggregating prospective buyers into groups and selecting only those whose needs cannot be met by competitors' products.
- C. aggregating prospective buyers into groups or segments that have common needs and will respond similarly to a marketing action.
- D. aggregating different products into more reasonable product groupings to better serve consumers' needs.
- E. differentiating products within a product line by unique criteria to attract the greatest number of potential customers.

234. What is the marketing term for aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action?

- A. aggregation marketing
- B. market segmentation
- C. market clustering
- D. profiling
- E. mass marketing

235. To develop a successful marketing plan for soda, _____ would most likely be used to group consumers on the basis of whether they wanted sugar-free and caffeine-free soda, caffeine-free sugared soda, or regular soda with sugar and caffeine.

- A. aggregation marketing
- B. market segmentation
- C. market clustering
- D. profiling
- E. mass marketing

236. Marketing goal setting involves setting measurable _____ to be achieved, possibly for a specific market, a specific product or brand, or an entire marketing program.

- A. financial limits
- B. marketing objectives
- C. quality standards
- D. production quotas
- E. research and development aspirations

237. Those characteristics of a product that make it superior to competitive substitutes are referred to as

- A. consumer standards.
- B. perceptual segments.
- C. marketing selectives.
- D. points of difference.
- E. product stereotypes.

238. Points of difference refer to

- A. talking points in an advertisement that emphasize product benefits.
- B. actions responsible for the planning gap.
- C. situations where two departments within the same company have opposing views as to how a product should be managed.
- D. unique strengths relative to competitors that provide superior returns, often based on quality, time, cost, or innovation.
- E. benefits obtained through graft, nepotism, or collusion to gain an edge in the marketplace.

239. At which step of the planning stage of the strategic marketing process does a firm develop its marketing mix (the 4Ps)?

- A. situation analysis
- B. goal setting
- C. marketing program
- D. sales forecasting
- E. market segmentation

240. The _____ element of the marketing mix includes features, brand name, packaging, service, and warranty.

- A. product
- B. pricing
- C. promotion
- D. place
- E. services

241. The second phase of the strategic marketing process is the _____, which involves carrying out the marketing plan that emerges from the planning phase.

- A. motivational phase
- B. strategic phase
- C. planning phase
- D. implementation phase
- E. evaluation phase

242. The phase of the strategic marketing process when a firm obtains resources, designs the marketing organization, develops schedules, and actually executes the marketing program occurs during the

- A. planning phase.
- B. implementation phase.
- C. evaluation phase.
- D. strategic marketing analysis.
- E. SWOT analysis.

243. The four major elements of the implementation phase of the strategic marketing process include (1) obtaining resources, (2) designing the marketing organization, (3) developing schedules, and (4) _____

- A. segmenting the market and selecting target markets.
- B. establishing a business mission and designing measurable goals and objectives.
- C. identifying deviations in the marketing plan and acting on them.
- D. executing the marketing program designed in the planning phase.
- E. obtaining resources and developing schedules.

244. A marketing _____ is defined as the means by which a marketing goal is to be achieved. It is characterized by a specified target market and the marketing program to reach it.

- A. plan
- B. tactic
- C. strategy
- D. concept
- E. action program

245. Marketing strategy refers to

- A. the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.
- B. the long-term decisions made to implement the marketing program and the monitoring of those decisions.
- C. a technique that managers use to quantify performance measures and growth targets to analyze its clients' strategic business units (SBUs) as though they were a collection of separate investments.
- D. a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
- E. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.

246. The term marketing strategy is used to address both the _____ and _____.

- A. product characteristics; target market selected
- B. target market; marketing program
- C. subjective; objective (evaluation of the program and its goals)
- D. revenue generated; percentage of market share
- E. feasibility; time required to implement

247. A marketing strategy is the means by which a marketing goal is to be achieved. Two factors that usually characterize a marketing strategy are

- A. specific goals and organizational objectives.
- B. a detailed marketing plan and marketing budget.
- C. marketing strategies and marketing tactics.
- D. a specified target market and a marketing program to reach it.
- E. marketing programs and deviation control.

248. Which of the following statements reflects both of the key elements in developing a marketing strategy for L. M. Schofield, Inc., a company that produces specialized concrete surfaces for heavily trafficked areas such as retail outlets and amusement parks?

- A. Buy ads in all the major trade journals aimed at businesses in the entertainment and/or sports industry.
- B. Communicate using direct mail about the various walking surfaces Schofield can create for contractors who are building riding and walking paths.
- C. Design a sample ad and test it using visitors attending a trade show.
- D. Hire six new sales representatives for the Midwest regional office and train them on all aspects of strategy.
- E. Create a focus group to decide on what surface to use for a religious-theme park in Brazil.

249. Marketing tactics refer to

- A. the long-term decisions made to implement the marketing program and the monitoring of those decisions.
- B. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.
- C. the steps taken to develop an effective marketing plan.
- D. the development of marketing strategies to achieve the organization's marketing objectives.
- E. the refinement of the organization's mission based on the results obtained from a marketing audit.

250. The detailed day-to-day operational decisions essential to the overall success of marketing strategies are referred to as _____.

- A. marketing plans
- B. marketing tactics
- C. marketing programs
- D. marketing campaigns
- E. marketing procedures

251. Compared to marketing strategies, marketing tactics generally involve actions that

- A. are detailed day-to-day operational decisions.
- B. are long term and need to be carefully developed rather than short term.
- C. involve upper levels of management rather than front-line managers.
- D. are general rather than specific in nature.
- E. have been successfully implemented in the past.

252. David and Cecilia Stanford, owners of Prairie Herb vinegars, decided to offer the product in 5-ounce and 13-ounce sizes as well as in a 16-ounce European glass bottle. They decided to sell the vinegar only through the mail and to price the smaller bottles at \$4.45 and the largest bottles at \$13.25. They were determining Prairie Herb's marketing

- A. tactics.
- B. missions.
- C. visions.
- D. strategies.
- E. operational procedures.

253. The two major aspects of the evaluation phase of the strategic marketing process are

- A. segmenting the market and selecting target markets.
- B. establishing a business mission and designing measurable goals and objectives.
- C. designing the marketing mix and setting the budget.
- D. identifying deviations from goals and acting on the deviations.
- E. executing the marketing plan and designing the marketing organization.

254. The difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place is referred to as

- A. the contribution margin.
- B. the marginal space.
- C. the breakeven point.
- D. the planning gap.
- E. differential location.

255. Planning gap refers to

- A. the difference between projected total costs and realized total revenues.
- B. the difference between projected total costs and total profits.
- C. the difference between projected marginal revenue and actual marginal revenue changes that occur as the result of an environmental force.
- D. the percentage point difference between a firm and its next largest competitor in terms of market share.
- E. the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place.

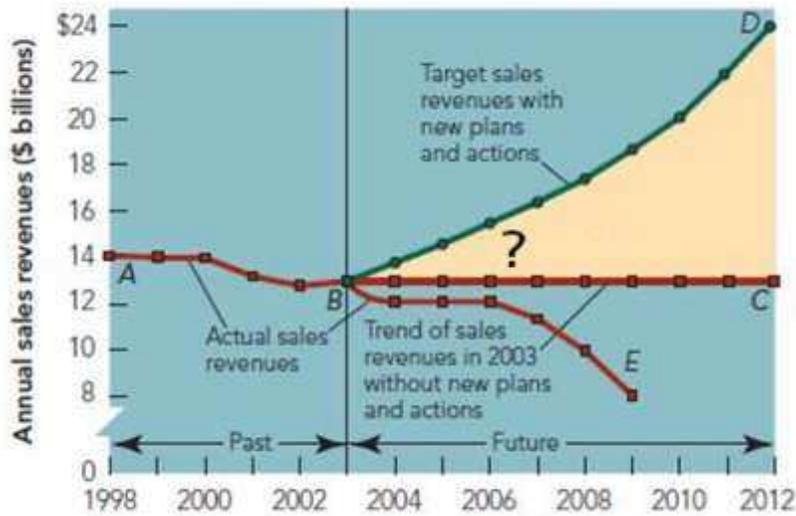


FIGURE 2-9

256. The question mark in Figure 2-9 above represents

- A. the contribution margin.
- B. the marginal space.
- C. the breakeven point.
- D. the planning gap.
- E. differential location.

257. As the CEO of the company the sales revenues of which are shown in Figure 2-9 above, you are most likely

- A. proud of your accomplishments between 2003 and 2012.
- B. feeling good because the results are precisely on track with plan.
- C. going to reward your subordinates for outstanding performance.
- D. worried that the board might fire you.
- E. devising a new plan since the prior plan is clearly not working.

258. Based on the information in Figure 2-9 above, between 2003 and 2012 the planning gap

- A. is widening.
- B. is becoming narrower.
- C. is staying the same.
- D. size cannot be determined.
- E. began in 2003.

259. Evergreen Air Center is the world's largest parking lot for unwanted commercial aircraft. Airlines pay from \$750 to \$5,000 monthly for the storage services provided by Evergreen. Prior to September 2001, the company had 140 discarded airplanes at its Arizona facilities and was growing at a rate of about six planes monthly with about two a month sold for parts and/or scrap metal. After calamity struck the airline industry in September 2001, the airlines have retired over a thousand planes—many of which found their way to Evergreen. Now the actual number of planes stored at Evergreen differs significantly from the prediction based on previous behavior. This difference is referred to as

- A. the contribution margin.
- B. the marginal space.
- C. the breakeven point.
- D. the planning gap.
- E. differential location.

260. After examining a planning gap, firms typically attempt to

- A. decide if the time horizon should be increased or decreased.
- B. perform a SWOT analysis with their major competitor as the focus.
- C. use statistical trend analysis to interpret the results.
- D. exploit a positive deviation and correct a negative deviation.
- E. adopt a product-market focus.

261. The Betty Crocker marketing team that developed Warm Delights challenged the food scientists at General Mills to make an indulgent, delicious, and gooey dessert. So they wanted which of these characteristics in the dessert?

- A. no cleanup
- B. a single portion
- C. quick preparation
- D. consistent great taste
- E. all of the above

262. The primary target market for Warm Delights is _____.

- A. empty-nesters
- B. on-the-go women
- C. college students with microwaves
- D. young marrieds who often have unexpected company
- E. families with small children wanting after-school treats

263. Which of the following types of test marketing techniques were primarily used in market research for General Mills Warm Delights?

- A. free coupons
- B. product sampling
- C. continuity programs
- D. double back product refunds
- E. test marketing on the shelves of real supermarkets

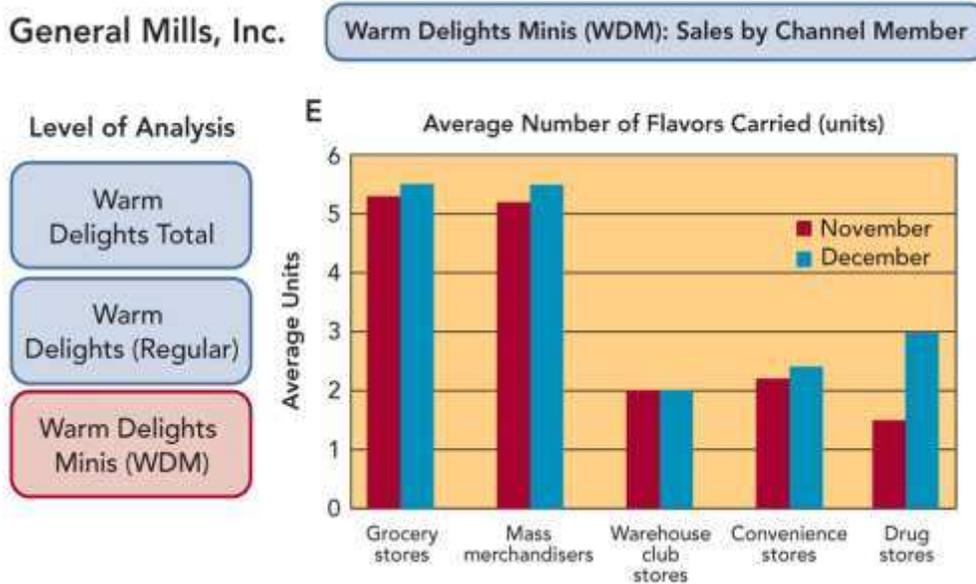


FIGURE 2-10

264. The bar graph in Figure 2-10 above demonstrates

- A. the total amount spent by customers from November to December.
- B. preference of Warm Delights Minis over Warm Delights (regular).
- C. shopping preferences of customers amongst different channel members.
- D. the level of analysis for sales results for the total Warm Delights sales.
- E. differences in the numbers of Warm Delight Minis flavors carried by different outlets for two months of the year.

265. The bar graph in Figure 2-10 above for drug stores would most likely cause marketers to

- A. put more product into drugstores and remove product from club stores.
- B. find out why customers prefer more flavors in drug stores in December and exploit that information.
- C. reduce the choices to keep drug stores more in line with other distribution outlets.
- D. investigate shopping preferences of customers amongst different channel members.
- E. take corrective actions that would allow drug stores to sell as much as grocery stores.

266. The three "buttons" on the left-hand column, in Figure 2-10 above,

- A. rank the overall sales of the products.
- B. allow the information to be displayed separately for three different levels of warm Delight soles: Minis, Regular, and Total.
- C. highlight that while overall sales are up, Warm Delights Minis are performing below expectations.
- D. highlight that while overall sales are up, Warm Delights Minis are performing well above expectations.
- E. block information for Warm Delights Minis to be viewed except by those with special authority.

Short Answer Questions

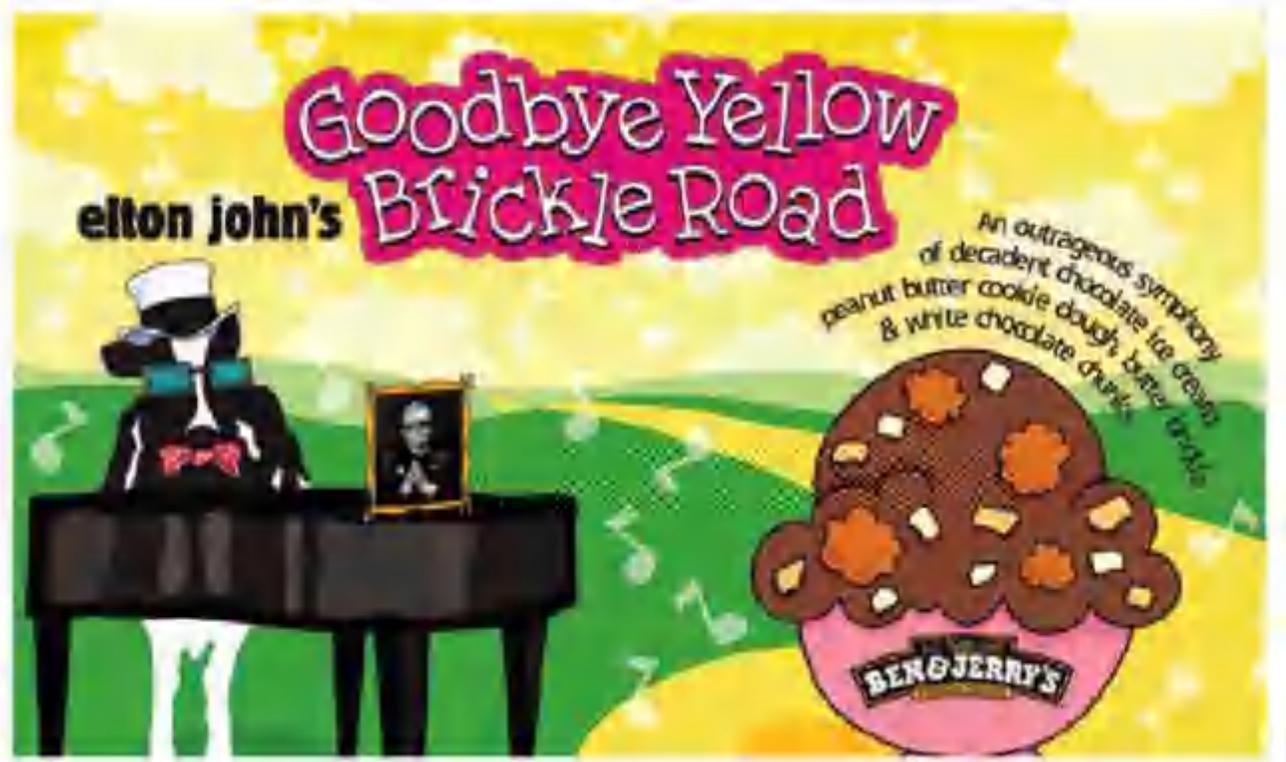


FIGURE 2-11

267. Ben & Jerry's introduces products like its Goodbye Yellow Brick Road ice cream flavor (see Figure 2-11 above) for a limited time each year as a response to its mission which consists of three interrelated parts. Name them.

268. Describe the three organizational levels in an organization and the general responsibilities for each.

269. Using Figure 2-1 above, identify and briefly describe the five levels typically found in large organizations.

270. There is a General Motors plant in Spring Hill, Tennessee, that is devoted solely to the production of Saturn cars. At which organizational level is this plant operating? Explain your answer.

271. What is a cross-functional team and how is it used?

272. According to Figure 2-2 above, what are the three elements today's visionary organization must do to be forward looking and successful in its marketing environment?

273. List potential stakeholders for the college or university that you attend.

274. What is a corporate mission? What are some elements of a well-written mission statement?



FIGURE 2-12

275. Medtronic is the world leader in producing heart pacemakers and other medical devices. Figure 2-12 above is a mural displayed in their headquarters. Earl Bakken, its founder, wrote Medtronic's mission statement when it was launched a half century ago (and which today remains virtually unchanged). Use this figure to describe how the image relates to their corporate mission.

276. Write three possible versions of a corporate mission statement for a community college.



FIGURE 2-13

277. What "business" is a railroad firm in (Figure 2-14 above)? Why?

278. Name and briefly describe the seven types of corporate goals.

279. The logistics industry has sales of \$800 billion per year. If a third party logistics provider had sales of \$8 billion, what would its market share be? Be sure to define market share and show your work in your answer.

280. Define "marketing dashboard" and "marketing metric" and explain how these terms are related.

281. Explain the difference between "competencies" and "competitive advantage" in an organizational setting.

282. One of the most recognized approaches to business portfolio analysis is the Boston Consulting Group's growth-share matrix. By dividing each dimension into high and low categories, the matrix contains four cells as shown in Figure 2-6 above. Identify and explain each quadrant represented by A, B, C, and D in the four quadrants of the matrix.

283. The Boston Consulting Group's business portfolio analysis model can be used to guide a firm as it tries to change its relative market share (the factor on the horizontal axis). What are the strengths and weakness of this model?

284. Identify and explain the four market-product strategies represented by each quadrant (A, B, C, and D) shown in the diversification analysis graphic shown above in Figure 2-7 above.

285. Identify and describe the three phases of the strategic marketing process.

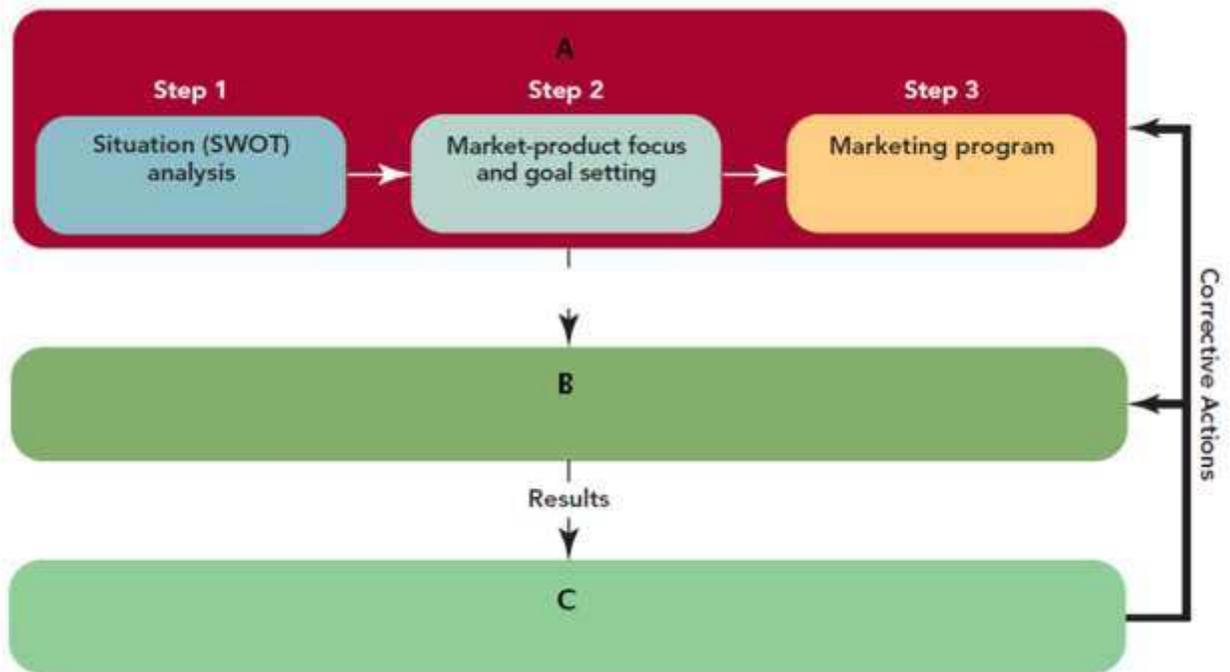


FIGURE 2-14

286. Identify and briefly describe the three vital phases of the strategic marketing process. Name them according to cells identified as A, B, and C shown in Figure 2-14 above.

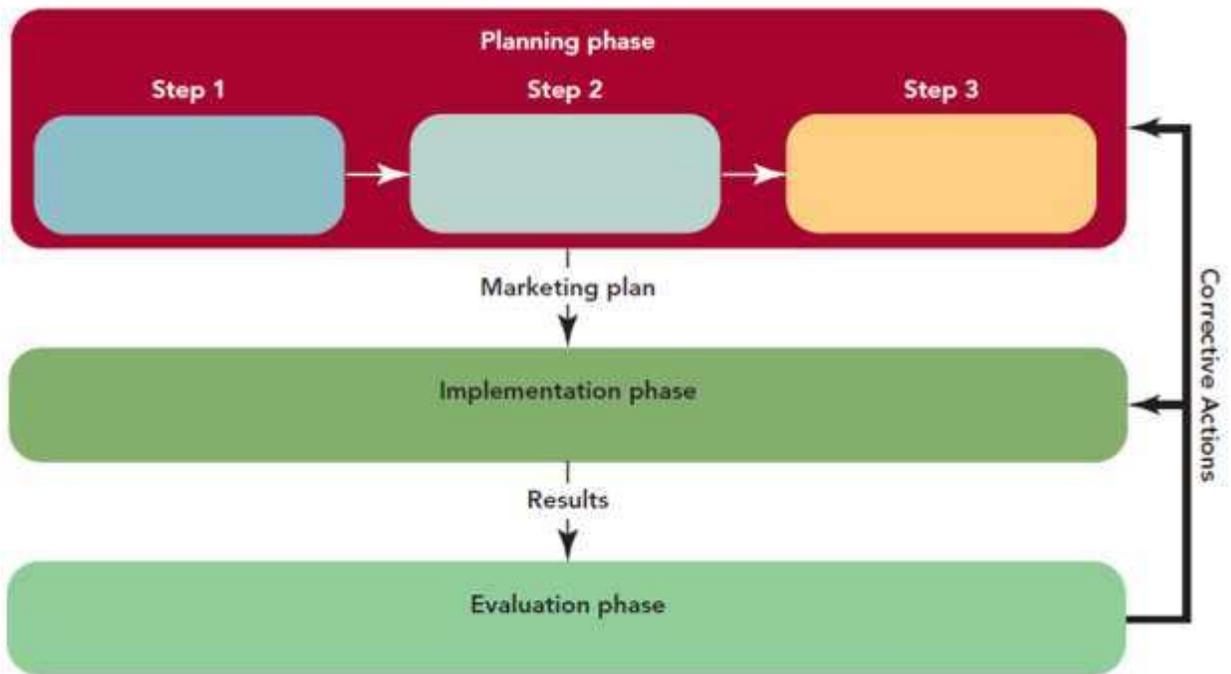


FIGURE 2-15

287. Identify the three steps in the planning phase of the strategic marketing process shown in Figure 2-15 above. Name them according to cells A, B, and C.

288. According to Figure 2-8, a marketer uses SWOT analysis to appraise its internal and external marketing environment. Identify what the acronym "SWOT" means and explain each element of the marketing matrix.

289. Identify and describe the four factors in a SWOT analysis and give examples for Ben & Jerry's Homemade ice cream that help it identify the critical strategy-related factors that could have major effects on it.

290. A campus service organization annually raises money through the sale of T-shirts. How could it use market segmentation to increase sales of the shirts? Be sure to include a definition of market segmentation in your answer.

291. A campus service organization annually raises money through the sale of T-shirts. What are the major components of the marketing program it should use to increase sales? Give one example of each.

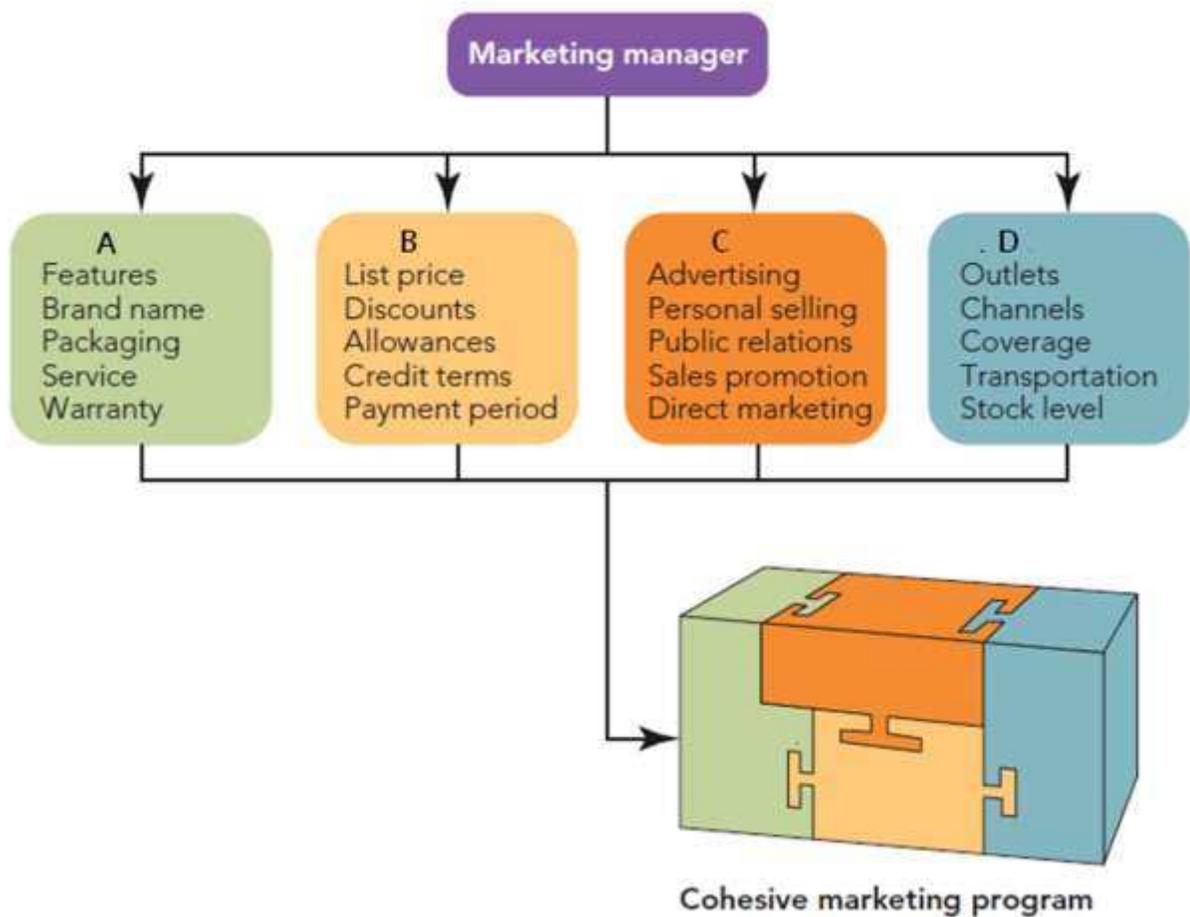


FIGURE 2-16

292. According to Figure 2-16 above, identify and describe the four marketing mix elements (A, B, C, and D) that must be blended to product a cohesive marketing program.

293. What are the marketing mix elements that compose a cohesive marketing program?

294. What are the four components of the implementation phase of the strategic marketing process?

295. What is the difference between marketing strategies and marketing tactics?

296. What is the purpose of the evaluation phase of the strategic marketing process? How is it accomplished?

297. Explain what a planning gap is and what is used to close it.

298. According to Figure 2-9 above, what is the area represented by BDC (the "?" called)?

Chapter 02 Developing successful marketing and organizational strategies

Answer Key

Multiple Choice Questions

1. (p. 20) Ben & Jerry's mission contains three interrelated parts. The primary focus of Ben & Jerry's social mission is to operate the Company in a way that actively recognizes the central role that business plays in society by
- A. promoting the quality concept through its commitment to making the finest ice cream made.
 - B. giving its shareholders the greatest possible personal input into company marketing decisions.
 - C. generating enough revenue to be able to one day become a completely non-profit organization.
 - D. donating 10% of its net profits to local charitable causes and an additional 5% for research into sustainable farming.
 - E.** initiating innovative ways to improve the quality of life locally, nationally and internationally.

Ben & Jerry's mission is to operate the Company in a way that actively recognizes the central role that business plays in society by initiating innovative ways to improve the quality of life locally, nationally, and internationally.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Chapter Opening Example: Ben & Jerry's

2. (p. 20) Ben & Jerry's mission contains three interrelated parts. The primary focus of Ben & Jerry's product mission is to make, distribute, and sell the finest quality all natural ice cream and euphoric concoctions with

A. milk obtained exclusively from large nationally certified dairies.

B. the intent of making the highest profits possible without sacrificing product standards.

C. ingredients that are completely organic and are grown in the same region where the ice cream is produced.

D. a continued commitment to incorporating wholesome, natural ingredients and promoting business practices that respect the earth and the environment.

E. ingredients that come exclusively from democratic governments promoting fair labor practices.

Ben & Jerry's mission is to make, distribute, and sell the finest quality all natural ice cream & euphoric concoctions with a continued commitment to incorporating wholesome, natural ingredients and promoting business practices that respect the Earth and the Environment.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Chapter Opening Example: Ben & Jerry's

3. (p. 20) Ben & Jerry's mission contains three interrelated parts. The primary focus of Ben & Jerry's economic mission is to operate the Company

A. with the goal of generating enough revenue to be able to one day become a completely non-profit organization.

B. on a sustainable financial basis of profitable growth, increasing value for our stakeholders and expanding opportunities for development and career growth for our employees.

C. with the goal of continued growth both in domestic and international markets while simultaneously making profits for stakeholders and selected charitable organizations.

D. with the goal of increasing market share not only in ice cream sales but in Ben & Jerry's retail clothing and accessories merchandise.

E. maintaining market share in ice cream and related products while expanding into international markets as sustainable dairies for developing nations.

The primary focus of Ben & Jerry's economic mission is to operate the Company on a sustainable financial basis of profitable growth, increasing value for our stakeholders and expanding opportunities for development and career growth for our employees.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Chapter Opening Example: Ben & Jerry's

4. (p. 21) In keeping with its mission, Ben & Jerry's

A. created a children's TV program with cartoon characters "Ben" and "Jerry" to teach about the importance of good nutrition.

B. offered to buy out any failing family-owned ice cream parlor and turn it into a Ben & Jerry's franchise.

C. invested in research to genetically engineer cows that will produce more hypoallergenic milk.

D. committed to buying its milk and cream from one dairy cooperative whose members guarantee the supplies are bovine growth-hormone free.

E. donated free scoop ice cream coupons to all children who get perfect check-ups at the dentist to show that the calcium in ice cream can be a fun way to keep teeth strong.

Ben & Jerry's buy its milk and cream from one dairy cooperative whose members guarantee the supplies are bovine growth-hormone free.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Chapter Opening Example: Ben & Jerry's

5. (p. 21) In keeping with its mission, Ben & Jerry's has

A. opened new franchises exclusively in pre-existing structures in order to save natural resources.

B. created career programs to help nonprofit organizations give jobs to at-risk youth.

C. invested in research to genetically engineer cows that will produce more hypoallergenic milk.

D. limited its advertising to non-print media.

E. packaged its next line of bulk ice cream in glass containers that not only keep the ice cream colder, but are recyclable as well.

Ben & Jerry's created the PartnerShop, Scoopers Making Change, and Cones 2 Career programs help nonprofit organizations give jobs to at-risk youth.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Chapter Opening Example: Ben & Jerry's

6. (p. 21) In keeping with its mission, Ben & Jerry's has

- A. created a children's TV program with cartoon characters "Ben" and "Jerry" to teach about the importance of good nutrition.
- B. offered to buy out any failing family-owned ice cream parlor and turn it into a Ben & Jerry's franchise.
- C. invested in research to genetically engineer cows that will produce more hypoallergenic milk.
- D. donated free scoop ice cream coupons to all children who get perfect check-ups at the dentist to show that the calcium in ice cream can be a fun way to keep teeth strong.
- E.** created "Goodbye Yellow Brick Road" ice cream in partnership with Sir Elton John to help his worldwide AIDS Foundation.

The summer 2009 limited edition "Goodbye Yellow Brick Road" ice cream is a partnership with Sir Elton John to help his worldwide AIDS Foundation. The name is a play on one of his most popular song titles. The flavor is "an outrageous symphony of decadent chocolate ice cream, peanut butter cookie dough, butterbrickle and white chocolate chunks."

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Chapter Opening Example: Ben & Jerry's

7. (p. 21) In keeping with its mission, Ben & Jerry's not only supports sustainable and safe methods of food production, it has minimized its negative impact on the environment by
- A. opening new franchises exclusively in prebuilt structures in order to save natural resources.
 - B. investing in research to genetically engineer cows that will produce more hypoallergenic milk.
 - C.** developing a "Cleaner Greener Freezer" that uses an eco-friendly refrigerant to save the ozone layer and reduce greenhouse gasses.
 - D. limiting its advertising to non-print media and using only recycled materials.
 - E. packaging its next line of bulk ice cream in glass containers that not only keep the ice cream colder, but are recyclable as well.

They are developing a "Cleaner Greener Freezer" for Ben & Jerry's U.S. retail locations, an innovative freezer that uses an eco-friendly refrigerant to save the ozone layer and reduce greenhouse gases.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Chapter Opening Example: Ben & Jerry's

8. (p. 21) Which of the following statements regarding Ben & Jerry's is most accurate?
- A. Ben & Jerry's is a privately owned nationally directed ice cream producer.
 - B. Ben & Jerry's pride itself on offering more flavors than any other company in the world.
 - C. Ben and Jerry are not real people; the names were a clever reference to Tom and Jerry (cartoon characters) in order to capitalize on childhood nostalgia.
 - D.** Ben & Jerry's are now owned by Unilever, the market leader in the global ice cream industry.
 - E. Ben & Jerry's have only been in business for ten years and is already the industry leader in premium ice cream.

Today, Ben & Jerry's are owned by Unilever, which is the market leader in the global ice cream industry--one that is expected to reach \$43 billion by 2013.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Chapter Opening Example: Ben & Jerry's

9. (p. 22) A(n) _____ is a legal entity of people who share a common mission.

- A. business firm
- B. organization**
- C. religious group
- D. industry
- E. competitor cluster

Text term definition-organization

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Today's Organizations

10. (p. 22) In marketing, an organization refers to

- A. a legal entity of people who share a common mission.**
- B. a group of people or firms united through contractual or corporate ownership.
- C. a legal entity of people engaged in business activities solely with the intent of making a profit.
- D. a legal entity of people engaged in business activities solely with the intent of serving a population but without the intent of making a profit.
- E. a highly stylized protocol of productivity with a clear division of roles and responsibilities.

Text term definition-organization

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Today's Organizations

11. (p. 22) A(n) _____ is a product, service, or idea that creates value for both the organization and its customers by satisfying their needs and wants.

- A. organization
- B. business firm
- C. firm
- D. offering**
- E. industry

Text term definition-offerings

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Offering

12. (p. 22) In marketing, an offering refers to

- A. the formal designation of a publically traded stock, for a specific good or service.
- B. the full price paid including buildings, inventory, and personnel, when one firm is purchased by another.
- C. a product, service, or idea that creates value for both the organization and its customers by satisfying their needs and wants.**
- D. the suggested retail price of a good or service to the general public or the wholesale price to distributors and retailers.
- E. the service provided by suppliers and distributors to help manufacturers bring a product to market.

Text term definition-offerings

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Offering

13. (p. 22) A _____ is a privately owned organization that serves its customers in order to earn a profit so that it can survive.

- A. philanthropy
- B. business firm**
- C. government agency
- D. public university
- E. nonprofit organization

Text term definition-business firm

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Business Firm

14. (p. 22) Business firm refers to

- A. a highly stylized protocol of productivity with a clear division of roles and responsibilities.
- B. a legal entity of people engaged in business activities solely with the intent of serving a population but without the intent of making a profit.
- C. a privately owned organization that serves its customers to earn a profit so that it can survive.**
- D. a group of people or firms united through contractual or corporate ownership.
- E. a publicly owned and operated organization that serves the general population by offering specialized goods or services.

Text term definition-business firm

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Business Firm

15. (p. 22) The reward to a business firm for the risk it undertakes in marketing its offerings is referred to as

- A. shareholders' equity.
- B. profit.**
- C. inventory turnover.
- D. contribution margin.
- E. asset leverage.

Key term definition-profit

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Profit

16. (p. 22) Profit refers to

- A. the point at which company assets equal company liabilities.
- B. the money left over after a business firm's total expenses are subtracted from its total revenues and is the reward for the risk it undertakes in marketing its offerings.**
- C. the difference in initial and final selling price of a good or service, provided the figure is positive.
- D. the money earned when the economic order quantity is maintained.
- E. the total amount of revenue accrued through product sales or service distribution.

Key term definition-profit

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Profit

17. (p. 22) A _____ is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.

- A. business firm
- B. community action program
- C. nonprofit state agency
- D. nonprofit organization**
- E. cooperative

Text term definition-nonprofit organization

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Nonprofit Organization

18. (p. 22) A nongovernmental organization that serves its customers but does not have profit as an organizational goal is referred to as a

- A. business firm.
- B. nonprofit organization.**
- C. community action program.
- D. revenue generating cooperative.
- E. social service association.

Text term definition-nonprofit organization

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Nonprofit Organization

19. (p. 22) Which statement best describes the most significant difference between a business firm and a nonprofit organization?

- A. Business firms operate with larger budgets than nonprofits.
- B. Nonprofit organizations do not carry on economic activities, and business firms do.
- C. Nonprofit organizations are concerned with social issues, and business firms are not.
- D.** Both serve customers, but business firms seek a profit while nonprofit organizations do not.
- E. Nonprofit organizations are publicly owned, and business firms are privately owned.

A business firm is a privately owned organization that serves its customers in order to earn a profit so that it can survive. A nonprofit organization is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Nonprofit Organization

20. (p. 22) An example of a nonprofit organization is

- A. the Food and Drug Administration.
- B. CVS Pharmacies.
- C. the University of Kentucky School of Medicine.
- D. the manufacturer of Bayer Aspirin.
- E.** the American Red Cross.

Only the American Red Cross is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Application

Topic: Nonprofit Organization

21. (p. 22) Organizations that develop similar offerings, when grouped together, create a(n)
- A. conglomerate.
 - B. merger.
 - C. industry.**
 - D. competitive landscape.
 - E. monopoly.

Text term definition-industry

AACSB: Analytical
Bloom's: Knowledge
Difficulty Level: Medium
Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.
Level of Learning: Knowledge
Topic: Industry

22. (p. 22) Industry refers to
- A. organizations that create similar offerings.**
 - B. organizations bound by contract who manufacture similar goods to specific governmental standards.
 - C. companies that are active in the production of materials for construction or maintenance of other finished goods.
 - D. a group of people or firms united through contractual or corporate ownership.
 - E. a publicly owned and operated organization that serves the general population by offering specialized goods or services.

Text term definition – industry

AACSB: Analytical
Bloom's: Knowledge
Difficulty Level: Medium
Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.
Level of Learning: Knowledge
Topic: Industry

23. (p. 22) The term used to identify an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals is referred to as (n)

- A. organizational manifest.
- B. company policy.
- C. strategy.**
- D. corporate action plan.
- E. tactical plan.

Key term definition-strategy

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Strategy

24. (p. 22) Strategy refers to

- A. an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals.**
- B. an organization's corporate action plan.
- C. statements of an accomplishment of a task to be achieved by a certain time.
- D. a statement of the organization's function in society, often identifying its customers, markets, product, and technologies.
- E. a road map for the entire organization for a specified future period of time, such as one or five years.

Key term definition-strategy

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Strategy

25. (p. 22) Large organizations are extremely complex. They usually consist of _____ organizational level(s) whose strategy is linked to marketing.

- A.** three
- B. five
- C. ten
- D. fifteen
- E. twenty to thirty

Large organizations are extremely complex. They usually consist of three organizational levels whose strategy is linked to marketing. These levels are corporate-level strategy, business unit-level strategy, and functional-level strategy.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Structure of Today's Organizations

26. (p. 23) Corporate executives and world leaders are increasingly asked to address the issue of _____, a term that refers to meeting present needs "without compromising the ability of future generations to meet their own needs."

- A. corporate culture
- B. profit margins
- C. strategic direction
- D. acculturation
- E.** sustainable development

Corporate executives and world leaders are increasingly asked to address the issue of "sustainable development." This term was formally defined in a 1987 United Nations report as meeting present needs "without compromising the ability of future generations to meet their own needs."

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Making Responsible Decisions-Sustainability

27. (p. 23) The United Nations report defines sustainable development as:

- A. a commitment by developed nations to honor trade agreements regardless of political ideology.
- B.** meeting present needs without compromising the ability of future generations to meet their own needs.
- C. a commitment from all members to maintain a continuous contribution, no matter how small, to provide for the well-being of peoples displaced by war or famine.
- D. the "forgiveness" of outstanding debts in countries in developing nations until they are economically stable.
- E. the ability to produce or manufacture more than is required to satisfy the needs of its people.

The term "sustainable development" was a term defined in a 1987 United Nations report as meeting present needs "without compromising the ability of future generations to meet their own needs."

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Making Responsible Decisions-Sustainability

28. (p. 23) The 3M Company developed an innovative program called _____.

- A. Prevent Pollution Proactively
- B. Prepare to Prevent Pollution
- C.** Pollution Prevention Pays
- D. People for the Prevention of Pollution
- E. Pay to Prevent Pollution

The 3M Company developed an innovative program called Pollution Prevention Pays (3P) to reduce harmful environmental impacts, while making a profit doing so.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Making Responsible Decisions-Sustainability

29. (p. 23) The 3M Company developed an innovative program called Pollution Prevention Pays (3P) to reduce harmful environmental impacts _____.

- A. while making a profit doing so
- B. while complying with new governmental incentives
- C. by educating consumers on the benefits of recycling
- D. by publically challenging its major competitors to do the same
- E. by absorbing the costs through higher consumer prices

The 3M Company developed an innovative program called Pollution Prevention Pays (3P) to reduce harmful environmental impacts, while making a profit doing so.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Making Responsible Decisions-Sustainability

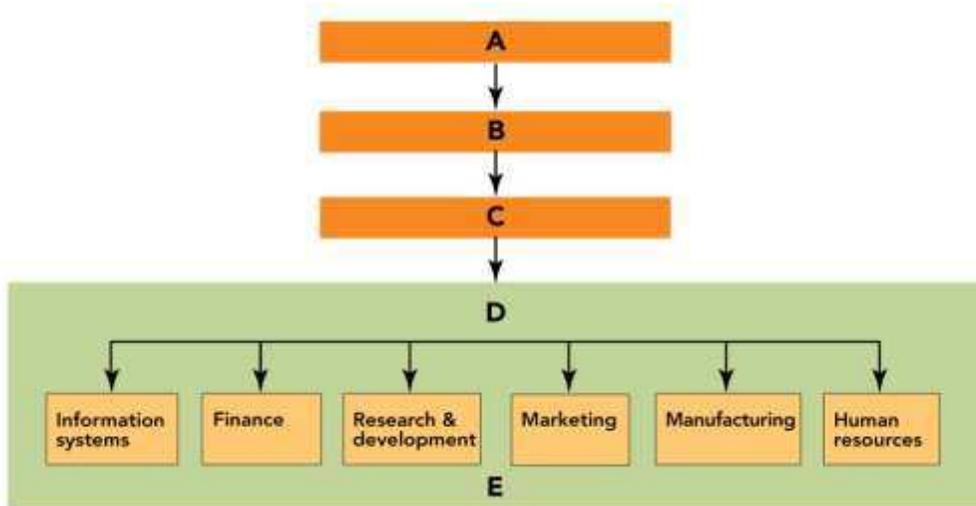


FIGURE 2-1

30. (p. 23) In Figure 2-1 above, "A" represents the

- A. functional-level strategy level.
- B.** board of directors.
- C. corporate-level strategy level.
- D. chief executive officer.
- E. business-unit strategy level.

Large organizations are extremely complex. They usually consist of three organizational levels whose strategy is linked to marketing. The board of directors (A) oversees the three levels of strategy in organizations: corporate (B), business unit (C), and functional (D), that comprises the individual departments (Marketing, Finance, etc.) (E).

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Structure of Today's Organizations

31. (p. 23) In Figure 2-1 above, "B" represents the

- A. functional-level strategy level.
- B. board of directors.
- C.** corporate-level strategy level.
- D. departments.
- E. business-unit strategy level.

Large organizations are extremely complex. They usually consist of three organizational levels whose strategy is linked to marketing. The board of directors (A) oversees the three levels of strategy in organizations: corporate (B), business unit (C), and functional (D), that comprises the individual departments (Marketing, Finance, etc.) (E).

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Structure of Today's Organizations

32. (p. 23) In Figure 2-1 above, "C" represents the **A.** business-unit strategy level.
B. board of directors.
C. corporate-level strategy level.
D. functional-level strategy level.
E. chief executive officer.

Large organizations are extremely complex. They usually consist of three organizational levels whose strategy is linked to marketing. The board of directors (A) oversees the three levels of strategy in organizations: corporate (B), business unit (C), and functional (D), that comprises the individual departments (Marketing, Finance, etc.) (E).

AACSB: Analytical
Bloom's: Comprehension
Difficulty Level: Medium
Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.
Level of Learning: Knowledge
Topic: Structure of Today's Organizations

33. (p. 23) In Figure 2-1 above, "D" represents the
A. business-unit strategy level.
B. functional-level strategy level.
C. corporate-level strategy level.
D. board of directors.
E. chief executive officer.

Large organizations are extremely complex. They usually consist of three organizational levels whose strategy is linked to marketing. The board of directors (A) oversees the three levels of strategy in organizations: corporate (B), business unit (C), and functional (D), that comprises the individual departments (Marketing, Finance, etc.) (E).

AACSB: Analytical
Bloom's: Comprehension
Difficulty Level: Medium
Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.
Level of Learning: Comprehension
Topic: Structure of Today's Organizations

34. (p. 23) In Figure 2-1 above, "E" represents

- A. board of directors.
- B. corporate-level strategy level.
- C.** departments.
- D. functional-level strategy level.
- E. business-unit strategy level.

Large organizations are extremely complex. They usually consist of three organizational levels whose strategy is linked to marketing. The board of directors (A) oversees the three levels of strategy in organizations: corporate (B), business unit (C), and functional (D), that comprises the individual departments (Marketing, Finance, etc.) (E).

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Structure of Today's Organizations

35. (p. 23) The level in an organization where top management directs overall strategy for the entire organization is referred to as the

- A.** corporate level.
- B. functional level.
- C. directors' level.
- D. strategic level.
- E. tactical level.

Text term definition-corporate level

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Corporate Level

36. (p. 23) Corporate level refers to

- A.** the level in an organization where top management directs overall strategy for the entire organization.
- B. the level in an organization where top management develops recruitment strategies and tactics for all departments.
- C. the level in an organization where top management directs all employees' training and orientation to ensure consistency of performance.
- D. the level in an organization where top management develops overall sales projections not only for the immediate future, but for a period of at least two to five years.
- E. the level in an organization where top management personally supervises the hiring, firing, and training of all marketing department personnel.

Text term definition-corporate level

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Corporate Level

37. (p. 23) The highest-ranking person in an organization who oversees the organization's daily operations and spearheads strategy-planning efforts is often referred to as

- A. the corporate executive overseer.
- B.** the chief executive officer.
- C. the corporate executive official.
- D. the chief petty officer.
- E. the coordinating executive officer.

The chief executive officer (CEO) is the highest-ranking officer in the organization and is usually a member of its board of directors. This person must possess leadership skills and expertise ranging from overseeing the organization's daily operations to spearheading strategy planning efforts that may determine its very survival.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Corporate Level

38. (p. 23) Bill McDermott is President and CEO of SAP Americas and Asia Pacific Japan. SAP is a company that sells extremely expensive enterprise resource planning software to large and mid-sized companies. McDermott operates at the _____ level of his organization.

- A. business unit
- B. functional
- C. corporate**
- D. strategic
- E. tactical

The corporate level is where top management directs overall strategy for the entire organization. As president, Bill McDermott is the highest ranking officer in the corporate level of the organization.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Application

Topic: Corporate Level

39. (p. 23) In recent years, many large firms have changed the title of the head of marketing from vice president of marketing to

- A. commercial executive officer.
- B. chief marketing officer.**
- C. corporate marketing official.
- D. coordinating marketing officer.
- E. corporate marketing executive.

These chief marketing officers have an increasingly important role in top management because of their ability to think strategically. Most bring multi-industry backgrounds, cross-functional management expertise, analytical skills, and intuitive marketing insights to their job.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Corporate Level

40. (p. 23) These senior managers have an increasingly important role in top management because of their ability to think strategically. Most bring multi-industry backgrounds, cross-functional management expertise, analytical skills, and intuitive marketing insights to their job. These individuals are referred to as

- A. chief financial officer.
- B. chief marketing officer.**
- C. chief executive officer.
- D. chief human resource officer.
- E. chief manufacturing officer.

Chief marketing officers (CMO) play an important role in top management and are characterized as having these skills.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Corporate Level

41. (p. 24) Strategic business unit refers to

- A. a subsidiary, division, or unit of an organization that directs overall strategy for the organization that markets a set of related products to a clearly defined group of customers.**
- B. a small number of people from different departments in an organization who are mutually accountable to accomplish a task or common set of performance goals.
- C. a single product or service identification code used to identify items for inventory purposes.
- D. a single product or service identification code used to identify items for inventory bills of lading.
- E. a privately owned franchise under the auspices of a larger group or organization bearing the same name.

Text term definition-strategic business unit (SBU)

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Strategic Business Unit

42. (p. 24) A subsidiary, division, or unit of an organization that directs overall strategy for the organization that markets a set of related products to a clearly defined group of customers is referred to as a(n)

- A.** strategic business unit.
- B. independent franchise.
- C. private corporation.
- D. corporate holding.
- E. marketing department.

Text term definition-strategic business unit (SBU)

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Strategic Business Unit

43. (p. 24) The strategic business unit level

- A. works most directly with the targeted customers.
- B. directs the overall strategy for the organization.
- C. is most likely to change substantially over time.
- D. provides more end-user analysis in order to design more customer directed products.
- E.** is the level at which managers set a more specific strategic direction for their businesses to exploit value-creating opportunities.

Text term definition-strategic business unit level (SBU)

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Strategic Business Unit Level

44. (p. 24) The strategic business unit level at which managers set a more specific strategic direction for their businesses to exploit value-creating opportunities is referred to as the
- A. marketing department level.
 - B. strategic business unit level.**
 - C. corporate strategy level.
 - D. promotional tactics level.
 - E. mission implementation level.

Text term definition-strategic business unit level (SBU)

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Strategic Business Unit Level

45. (p. 24) Which of the following statements regarding the strategic business unit level is most accurate?
- A. The strategic business unit level is the level that works most directly with the targeted customers.
 - B. The overall strategy for the organization is directed at the strategic business unit level.
 - C. In more complex organizations the corporate level and the strategic business unit level may merge.
 - D. More end-user analysis is provided at the strategic business unit level than at the functional level.
 - E. The strategic direction is more specific at the strategic business unit level than at the corporate level.**

At the strategic business unit level, managers set a more specific strategic direction for their businesses to exploit value-creating opportunities than at the corporate level.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Strategic Business Unit Level

46. (p. 24) At the functional level, the organization's strategic direction becomes
- A. much more manageable since the product or service has been finalized.
 - B.** the most specific and most focused in terms of implementing the company's goals.
 - C. focused on integrating forecasting data with actual sales figures.
 - D. more general, in order to avoid "tunnel vision" that could result in missed opportunities.
 - E. the sole responsibility of the CEO.

At the functional level, the organization's strategic direction becomes its most specific and focused.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Functional Level

47. (p. 24) Each strategic business unit has marketing and other specialized activities (e.g., finance, manufacturing, or research and development) at the _____ level, where groups of specialists actually create value for the organization.
- A. strategic
 - B. corporate
 - C.** functional
 - D. business unit
 - E. top management

Text term definition-functional level

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Functional Level

48. (p. 24) Functional level refers to the

- A. level in an organization where groups of specialists actually create value for the organization.
- B. level in an organization where employees perform assigned tasks without actually having input into the decision making.
- C. level in an organization where all company financial outlay and liability decisions are made.
- D. level in an organization that is responsible for all company hiring and firing.
- E. level in the marketing department where decisions are made regarding which product benefits will be promoted during an advertising campaign.

Text term definition-functional level

*AACSB: Analytical
Bloom's: Knowledge
Difficulty Level: Medium
Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.
Level of Learning: Knowledge
Topic: Functional Level*

49. (p. 24) People in the finance and the human resources departments traditionally operate at what overall organizational level?

- A. functional level
- B. corporate level
- C. top management level
- D. strategic business unit level
- E. day-to-day clerical level

Specialized activities such as human resources, finance, research and development, operate at the functional level of the overall organization.

*AACSB: Analytical
Bloom's: Comprehension
Difficulty Level: Medium
Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.
Level of Learning: Comprehension
Topic: Functional Level*

50. (p. 24) Specialized functions such as marketing and finance are generally referred to as
- A. teams.
 - B. groups.
 - C. partnerships.
 - D. departments.**
 - E. functional areas.

Text term definition-department

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Department

51. (p. 24) Which of the following statements would *most likely* be heard at the functional level of an organization?
- A. "We need to be aware of what our competitors are doing."
 - B. "How much money can we allot to the marketing department?"
 - C. "Make sure we buy 15 seconds of air time for this coming Super Bowl."**
 - D. "We should hire the most culturally diverse team possible in order to get the best new ideas."
 - E. "What are the projected sales figures for the next five years?"

At the functional level, the organization's strategic direction becomes its most specific and focused.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Application

Topic: Functional Level

52. (p. 24) A key role of the marketing department is to provide leadership activities in
- A. soliciting talent from all levels of the organization for strategic planning sessions.
 - B. promoting the company's goals to not only to its employees but also to the community at large.
 - C.** looking outward, keeping the organization focused on creating value both for it and for customers.
 - D. creating more autonomy for the marketing department within the corporate culture.
 - E. sustaining the means-end chain.

A key role of the marketing department is to look outward, keeping the organization focused on creating value both for it and for customers. This is accomplished by listening to customers, developing and producing offerings, and implementing marketing program activities.

AACSB: Analytical
Bloom's: Comprehension
Difficulty Level: Medium
Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.
Level of Learning: Comprehension
Topic: Corporate Level

53. (p. 24) A key role of the marketing department is to "look outward." This is accomplished by
- A. allocating financial resources across business units.
 - B. vocalizing the vision of the marketing department forcefully enough to be incorporated into the overall mission of the company.
 - C. promoting the marketing SBU orientation to other departments in the organization.
 - D. assessing global political situations and identify future target markets in developing nations.
 - E.** listening to customers, developing and producing offerings, and implementing marketing program activities.

A key role of the marketing department is to look outward, keeping the organization focused on creating value both for it and for customers. This is accomplished by listening to customers, developing and producing offerings, and implementing marketing program activities.

AACSB: Analytical
Bloom's: Comprehension
Difficulty Level: Medium
Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.
Level of Learning: Comprehension
Topic: Corporate Level

54. (p. 24) When developing marketing programs for new offerings, marketing may provide staff to serve as part of a(n) _____ of specialists from all the functional units who are mutually accountable to a common set of performance goals.

- A. department
- B. systems group
- C. organization
- D. cross-functional team**
- E. business consortium

When developing marketing programs for new offerings or for improving existing ones, an organization's senior management may form cross-functional teams. These consist of a small number of people from different departments who are mutually accountable to accomplish a task or a common set of performance goals.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Cross-Functional Teams

55. (p. 24) A small number of people from different departments in an organization who are mutually accountable to accomplish a task or common set of performance goals are referred to as a

- A. designated team.
- B. strategic business unit.
- C. cross-functional team.**
- D. business consortium.
- E. venture unit.

Text term definition-cross-functional team

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Cross-Functional Teams

56. (p. 24) Cross-functional teams refer to

- A. members of an organization who have been trained in multiple disciplines so they can easily move from one job responsibility to another.
- B. situations where two departments within the same company have opposing views as to how a product should be managed.
- C. departments within an organization that carry out multiple functions due to financial limitations or constraints within the company.
- D.** a small number of people from different departments in an organization who are mutually accountable to accomplish a task or a common set of performance goals.
- E. departments within an organization who manage the same product but in distinctly different ways to distinctly different target markets.

Text term definition-cross-functional team

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Knowledge

Topic: Cross-Functional Teams

57. (p. 24) On the northern tip of Goose Island in the Chicago River sits the William Wrigley Jr. Company's Global Innovation Center. Here Wrigley can create new products—a joint effort by some 250 full-time food scientists, researchers, and marketers. The people who work in this center are most likely members of

- A. innovation teams.
- B. a business consortium.
- C. multiple strategic directional teams.
- D. strategic implementation teams.
- E.** cross-functional teams.

Cross-functional teams are composed of a small number of people from different departments in an organization who are mutually accountable to accomplish a task or a common set of performance goals.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Application

Topic: Functional Level

58. (p. 24) Today's organizations must be visionary—that is, they must
- A. anchor their forecasts upon data of company strategies that were successful in the past.
 - B. examine the past carefully so as to learn from mistakes.
 - C.** anticipate future events and respond quickly and effectively.
 - D. hire the most culturally diverse team possible in order to generate the best new ideas.
 - E. involve all levels of the organization (including custodians) in defining the organization's business mission.

Management experts stress that to be successful, today's organizations must be visionary—they must both anticipate future events and respond quickly and effectively.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Visionary Organizations

59. (p. 24) In simple terms, the types of question that would be addressed through organizational foundation, organizational direction, and organizational strategies respectively, would be
- A. why, when, where.
 - B. what, by whom, how.
 - C.** why, what, how.
 - D. how, when, where.
 - E. who, why, when.

Today's visionary organization uses three key elements: establish a foundation (why does it exist), set a direction (what will it do), and formulate strategies (how will it do it).

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Visionary Organizations

60. (p. 24) Today's visionary organization uses key elements to (1) _____ and (2) set a direction using (3) its strategies that enable it to develop and market its offerings successfully.

- A. set financial goals
- B. establish a foundation**
- C. establish detailed marketing tactics
- D. assign job responsibilities
- E. establish financial parameters

Today's visionary organization uses key elements to (1) establish a foundation and (2) set a direction using (3) its strategies that enable it to develop and market its offerings successfully.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Visionary Organizations

61. (p. 24) Today's visionary organization uses key elements to (1) establish a foundation and (2) _____ using (3) its strategies that enable it to develop and market its offerings successfully.

- A. set a direction**
- B. establish detailed marketing tactics
- C. assign job responsibilities
- D. set financial goals
- E. establish financial parameters

Today's visionary organization uses key elements to (1) establish a foundation and (2) set a direction using (3) its strategies that enable it to develop and market its offerings successfully.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Visionary Organizations

62. (p. 24) Today's visionary organization uses key elements to (1) establish a foundation and (2) set a direction, using (3) _____

- A. its experience from previous strategic failures to prevent making the same mistakes twice.
- B.** its strategies that enable it to develop and market its offerings successfully.
- C. knowledge based both on subjective input of cross-functional teams and forecasts based upon current company data.
- D. the combined knowledge of upper management, middle management, and employees who work directly with the firm's customers.
- E. marketing dashboards developed by an objective outside firm using internal company data collected solely for that purpose.

Today's visionary organization uses key elements to (1) establish a foundation and (2) set a direction using (3) its strategies that enable it to develop and market its offerings successfully.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Visionary Organizations

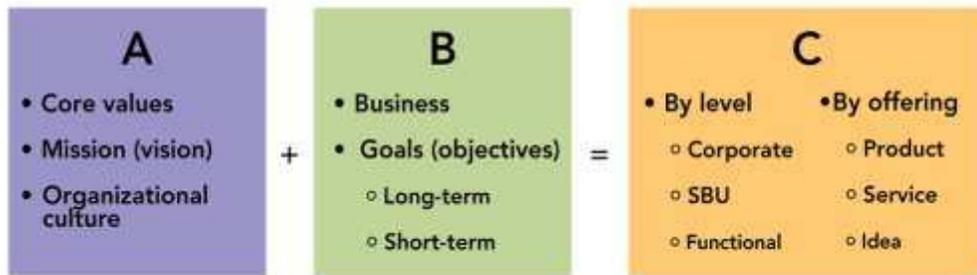


FIGURE 2-2

63. (p. 24) In Figure 2-2 above, section "A" represents the "why" element of visionary organization. This is referred to as

- A. organizational tactics.
- B. organizational mission.
- C. organizational foundation.**
- D. organizational direction.
- E. organizational strategies.

Management experts stress that to be successful, today's organizations must be forward looking. They must both anticipate future events and respond quickly and effectively. This requires a visionary organization to specify its foundation (why does it exist?), set a direction (what will it do?), and formulate strategies (how will it do it?).

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Visionary Organizations

64. (p. 24) In Figure 2-2 above, section "B" represents the "what" element of visionary organization. This is referred to as

- A. organizational tactics.
- B. organizational mission.
- C. organizational foundation.
- D. organizational direction.**
- E. organizational strategies.

Management experts stress that to be successful, today's organizations must be forward looking. They must both anticipate future events and respond quickly and effectively. This requires a visionary organization to specify its foundation (why does it exist?), set a direction (what will it do?), and formulate strategies (how will it do it?).

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Visionary Organizations

65. (p. 24) In Figure 2-2 above, section "C" represents the "how" element of visionary organization. This is referred to as

- A. organizational tactics.
- B. organizational mission.
- C. organizational foundation.
- D. organizational direction.
- E. organizational strategies.**

Management experts stress that to be successful, today's organizations must be forward looking. They must both anticipate future events and respond quickly and effectively. This requires a visionary organization to specify its foundation (why does it exist?), set a direction (what will it do?), and formulate strategies (how will it do it?).

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Visionary Organizations

66. (p. 24) In marketing, the philosophical reason for a firm's existence is referred to as its organizational _____.

- A. strategy
- B. goal
- C. foundation**
- D. underpinning
- E. vision

An organization's foundation is its philosophical reason for being-why it exists-and rarely changes.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Organizational Foundation

67. (p. 24) Which of the following statements regarding organizational foundation is most accurate?

- A. Organizational foundation is dynamic and fluid. It protects companies by ensuring that actions can be made quickly to respond to societal changes.
- B. An organizational foundation performs a mission similar to that of a union. It protects employee rights and provides legal, medical, or financial support for employees who are unable to provide for themselves.
- C. An organization's foundation evolves from the collective beliefs and goals of all its employees. Every employee has a voice in decision-making matters.
- D.** An organization's foundation is its philosophical reason for being-why it exists-and rarely changes.
- E. An organization's foundation is the triad of the company, its product, and its customers. All three must be in sync in order for a company to succeed.

An organization's foundation or ideology says, "This is what we are, this is what we stand for." It rarely changes, regardless of the environment or latest strategy-planning fad. Successful visionary organizations use this foundation to provide guidance and inspiration to its employees through three elements: core values, mission, and organizational culture.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Organizational Foundation

68. (p. 24) An organization's foundation can be broken into three key elements. They are

- A. organizational culture, production capabilities, market performance.
- B. mission statement, financial capabilities, product potential.
- C. corporate management, departmental teams, individual employees.
- D. corporate strategies, departmental goals, and functional tactics.
- E.** core values, mission, and organizational culture.

An organizational foundation includes three elements: core values, mission, and organizational culture.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Organizational Foundation

69. (p. 25) An organization's _____ are the fundamental, passionate, and enduring principles that guide its conduct over time.

- A. goals
- B. culture
- C. strategies
- D. core values**
- E. mission statements

Key term definition-core values

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Core Values

70. (p. 25) An organization's _____ are the fundamental, passionate, and enduring principles that guide its conduct over time.

- A. goals
- B. core values**
- C. corporate ideals
- D. proprietary values
- E. written mission statements

Key term definition-core values

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Core Values

71. (p. 25) The fundamental, passionate, and enduring principles of an organization that guide its conduct over time are referred to as _____.

- A. core values
- B. strategic goals
- C. corporate missions
- D. corporate culture
- E. corporate ethos

Key term definition-core values

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Core Values

72. (p. 25) Core values refer to

- A. the cultural ethos of an organization.
- B. proprietary values of a firm.
- C. written mission statements expressing a firm's goals and objectives.
- D. the fundamental, passionate, and enduring principles that guide its conduct over time.
- E. the personal moral and ethical codes of a firm's management.

Key term definition-core values

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Core Values

73. (p. 25) The Ben & Jerry's website states "Central to the mission of Ben & Jerry's is the belief that all three parts (product mission, economic mission, social mission) must thrive equally in a manner that commands deep respect for individuals in and outside the company and supports the communities of which they are a part." This statement reflects Ben & Jerry's
- A. financial strategy.
 - B. financial statements.
 - C. core values.**
 - D. human resource strategy.
 - E. global competitive strategy.

An organization's core values are the fundamental, passionate, and enduring principles that guide its conduct over time. This statement is most likely a statement of Ben & Jerry's core values.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Core Values

74. (p. 25) Which of the following statements regarding core values is most accurate?
- A. Core values are developed by cross-functional teams at all levels of an organization.
 - B. Core values are the underpinnings of what ultimately motivates a firm's customers.
 - C. Core values change as the product itself changes.
 - D. Core values establish the norms of the firm's organizational culture.**
 - E. Core values cannot be separated for the financial realities of a firm's operating expenses.

Core values are developed by an organization's founders or senior management and are consistent with their essential beliefs and character. Core values capture the collective heart and soul of the organization. They should inspire and motivate employees to take productive action. Core values are timeliness, they should not change due to short-term financial, operational, or strategic concerns. They establish the norms of its organizational culture, and influence its strategy.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Core Values

75. (p. 25) The term that links the employees, shareholders, board of directors, suppliers, distributors, creditors, unions, government, local communities, and customers of an organization is

- A.** stakeholders.
- B. stockholders.
- C. limited partnerships.
- D. reliance teams.
- E. organizational society.

Text term definition-stakeholders

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Stakeholders

76. (p. 25) The term used to identify the people who are affected by what a company does and how well it performs are an organization's _____.

- A. corporate citizens
- B.** stakeholders
- C. shareholders
- D. potential customers base
- E. integrated resource base

Text term definition-stakeholders

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Stakeholders

77. (p. 25) Stakeholders include

- A. only those people who maintain financial ownership of the company.
- B. only those people who own shares of stock or who have financially invested in the firm in another way.
- C.** any and all people who are affected by what a company does and how well it performs.
- D. all members of society whether they use or are affected by the product or not.
- E. any non-governmental consumers who purchase a good or service for their own use or for the use of their families.

Organizations must connect not only with their customers but also with all their stakeholders, who are the people who are affected by what the company does and how well it performs. This group includes employees, owners, and board members, as well as suppliers, distributors, unions, local communities, and, of course, customers.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Stakeholders

78. (p. 25) Which of the following statements regarding stakeholders is most accurate?

- A. Employees are typically not classified as a stakeholder group.
- B. There are only three types of external stakeholders—customers, suppliers, and distributors.
- C. All stakeholders are internal to the organization.
- D.** Stakeholders are in some way affected by how well a company performs.
- E. Stakeholders are impacted *by*, but have no real impact *on*, how well a company performs.

Organizations must connect not only with their customers but also with all their stakeholders, who are the people who are affected by what the company does and how well it performs. This group includes employees, owners, and board members, as well as suppliers, distributors, unions, local communities, and, of course, customers.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Stakeholders

79. (p. 25) By understanding its core values, an organization can take steps to define its _____, a declaration of the organization's functions in society, often identifying its customers, markets, products, and technologies.

- A. benefit statement
- B. business portfolio
- C. functional philosophy
- D. mission statement**
- E. corporate code

Key term definition – mission

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Mission

80. (p. 25) Mission refers to

- A. the target goal set by a company regarding future profits.
- B. the target goal set by a company regarding future market share.
- C. the functional philosophy of a corporation that dictates the behavior of all its employees.
- D. specific strategies and tactics that will be used to counteract any advantages of its competitors.
- E. a statement of the organization's functions in society, often identifying its customers, markets, products, and technologies.**

Key term definition – mission

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Mission

81. (p. 25) The terms _____ and a mission statement are often used interchangeably.

- A. idea
- B. objective
- C. vision**
- D. process
- E. protocol

Text term definition-vision

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Mission

82. (p. 25) Often used interchangeably with "vision" a(n) _____ statement frequently has an inspirational theme.

- A. point of difference
- B. mission**
- C. business map
- D. internal situation analysis
- E. CEO's manual

Often used interchangeably with vision, a mission statement should be clear, concise, meaningful, inspirational, and long-term.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Mission

83. (p. 25) "To contribute to human welfare by application of biomedical engineering in the research, design, manufacture, and sale of instruments or appliances that alleviate pain, restore health, and extend life" is Medtronic's

- A. core value.
- B. mission statement.**
- C. corporate culture.
- D. functional goal.
- E. environmental strategy.

Medtronic is the world leader in producing heart pacemakers and other medical devices. Earl Bakken, its founder, wrote this mission statement for Medtronic when it was launched a half century ago, which has remained virtually unchanged.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Mission Statement

84. (p. 25) The _____ for Lucent Technologies is "To use our unique capabilities to ensure that our customers thrive, our business grows, and we enrich the personal communications experience for people around the world."

- A. benefit statement
- B. business portfolio
- C. functional philosophy
- D. mission**
- E. corporate code

A mission is a statement of the organization's functions in society, often identifying its customers, markets, products, and technologies.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Mission

85. (p. 25) The _____ for American Red Cross is "The American Red Cross, a humanitarian organization led by volunteers and guided by its Congressional Charter and the Fundamental Principles of the International Red Cross Movement, will provide relief to victims of disasters and help people prevent, prepare for, and respond to emergencies."
- A.** mission statement
 - B. business portfolio
 - C. functional philosophy
 - D. business statement
 - E. corporate code

A mission is a statement of the organization's functions in society, often identifying its customers, markets, products, and technologies.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Mission

86. (p. 25) Although companies have long used mission statements to guide them in business, in recent years many companies have altered their mission statements to include
- A. a formal commitment to their employees.
 - B. an expanded definition of stakeholder.
 - C. their position relative to their competitors.
 - D.** a social element to reflect moral or ethical ideals.
 - E. their level of pricing and product quality.

A mission is a statement of the organization's functions in society, often identifying its customers, markets, products, and technologies. Recently, organizations have added a social element to their mission statements to reflect an ideal that is morally right and worthwhile.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Mission

87. (p. 26) A set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization is referred to as its

- A. competitive edge.
- B. corporate profile.
- C. corporate philosophy.
- D. benefits statement.
- E.** organizational culture.

Key term definition-organizational culture

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Organizational Culture

88. (p. 26) Organizational culture refers to

- A. the personal moral and ethical codes of a firm's management.
- B. written mission statements expressing a firm's goals and objectives.
- C. the fundamental, passionate, and enduring principles that guide its conduct over time.
- D. the cultural ethos of an organization including the proprietary values of its management.
- E.** a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization.

Key term definition-organizational culture

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Organizational Culture

89. (p. 26) George Zimmer the CEO of Men's Wearhouse is known to the public as the bearded company pitchman who sells suits and sport coats on TV declaring, "You'll like the way you look, I Guarantee it!" He also says that to be successful, "You've got to have a company that starts with trust and fairness." He aims to keep his employees happy and loyal. His philosophy sets the

- A. ethical tone.
- B. behavioral standards.
- C. organizational culture.**
- D. corporate identity.
- E. behavioral protocol.

An organization's culture refers to a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization. George Zimmer's statement about beginning with trust and fairness is a set of values that he is instilling in the organization as part of its culture.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Organizational Culture

90. (p. 26) Which of the following statements regarding organizational culture is most accurate?

- A. Organizational culture exists only at the corporate level of an organization.
- B. When corporations merge organizational cultures can collide.**
- C. Organizational culture is best used only at the functional level for the most effective results.
- D. Organizational culture cannot be learned or taught.
- E. Organizational culture is a statement of the organization's function in society.

An organizational culture exists which is a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization. When corporations merge or are acquired, organizational cultures can collide, often resulting from conflicts in missions and goals.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Organizational Culture

91. (p. 26) The organizational _____ enables it to set a direction in terms of (1) "business it is in" and (2) its specific long and short term goals.

- A.** foundation
- B. direction
- C. culture
- D. strategy
- E. mission

The organization's foundation enables it to set a direction in terms of (1) the "business it is in" and (2) its specific goals (both long and short term).

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Organizational Direction

92. (p. 26) Business refers to

- A. the daily operations necessary for a firm or organization to remain viable.
- B. transactions required in order for a company to make a profit.
- C.** the clear, broad, underlying industry or market sector of an organization's offerings.
- D. the collaborative efforts of a firm or organization to participate in commerce whether for profit or to serve society.
- E. the goals and objectives of a firm and the strategies and tactics that will allow them to achieve those goals.

Key term definition-business

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Business

93. (p. 26) The clear, broad, underlying industry or market sector of an organization's offerings is referred to as _____.

- A. commerce
- B. business**
- C. marketing
- D. trade
- E. product line

Key term definition – business

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Business

94. (p. 26) In terms of an organization's business, railroads may have lost market share in the 20th century because they

- A. were too slow and cumbersome.
- B. defined their business too narrowly.**
- C. defined their business too broadly.
- D. priced their services too high.
- E. were simply an outmoded form of transportation.

In the first half of the 20th century the American railroads proclaimed, "We are in the railroad business!" This narrow business definition lost sight of who their customers were and what these needs were.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Business

95. (p. 26) In the 20th century railroads may have let other forms of transportation take business away from them because their definition included only the railroad business, rather than the broader definition of _____.

- A.** transportation
- B. mail delivery
- C. customer travel
- D. container shipping
- E. destination carrier

The narrow business definition lost sight of who their customers were and what these needs were. Railroads saw only other railroads as competitors and failed to develop strategies to compete with airlines, barges, pipelines, trucks, bus lines, and cars—offerings that carried both goods and people. Railroads would probably have fared better over the past century by recognizing they were in "the transportation business."

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Business

96. (p. 26) The strategies an organization develops to provide value to the customers it serves is called a(n)

- A. mission statement.
- B. innovative goal.
- C. objective statement.
- D.** business model.
- E. social responsibility.

Text term definition – business model

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Business

97. (p. 26) Procter and Gamble Co. manufactures consumer products such as Crest toothpaste and the Swiffer mop. But P & G does not see itself as a toothpaste or a mop company. Instead it sees itself as an innovative company with the goal of solving consumer problems. P & G most likely grew its market share in 70% of its businesses because
- A. it coincided with a consumer trend where people were becoming more home oriented.
 - B.** it invented new products to provide value to the customers it serves.
 - C. it increased advertising for tried and true products.
 - D. it capitalized on the fact that everyone liked Crest toothpaste.
 - E. of the natural product life cycle when the cycle was at its peak.

P & G are constantly rethinking their business model, the strategies an organization develops to provide value to the customers it serves.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Business

98. (p. 26) Statements of an accomplishment of a task to be achieved, often by a specific time are referred to as _____.
- A. plans
 - B. procedures
 - C. strategies
 - D.** goals
 - E. visions

Key term definition-goal, objective

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Goal or Objective

99. (p. 26) Statements of an accomplishment of a task to be achieved, often by a specific time are referred to as

- A. visions.
- B. procedures.
- C. strategies.
- D. objectives.**
- E. plans.

Key term definition – goal, objective

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Goal or Objective

100. (p. 26) Objectives refer to

- A. the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.
- B. the long-term decisions made to implement the marketing program and the monitoring of those decisions.
- C. statements of an accomplishment of a task to be achieved, often by a specific time.**
- D. a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
- E. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.

Key term definition-objective

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Goal or Objective

101. (p. 26) The terms "goal" and "objective" are often used interchangeably; however, in both cases, which of the following statements would be most accurate?

- A. All lower-level goals must contribute to achieving goals at the next, higher level.
- B. Goals and objectives are actually the detailed day to day activities necessary to get a job done.
- C. A company's goals and objectives are often laudable (worthy) in intent, but unrealistic in practice.
- D. Few companies or firms find it necessary to communicate upper level goals to lower level workers.
- E. The terms goal and objective are *not* used interchangeably. Goals are philosophical and objectives are performance based.

Goals or objectives (terms used interchangeably in the text) are statements of an accomplishment of a task to be achieved, often by a specific time. Goals and objectives convert the organization's mission and business into performance targets to measure how well it is doing. Goals get converted into organizational strategies at the corporate, strategic business unit, and functional levels. All lower-level goals must contribute to achieving goals at the next, higher level.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Goals or Objectives

102. (p. 26) Classic economic theory assumes a firm seeks to maximize its long-run _____, achieving as high a financial return on its investments (ROI) as possible.

- A. profit goals
- B. quality
- C. market share
- D. employee welfare
- E. return on investment

Business firms can pursue several different types of goals including profit goals to get as high a financial return on its investments (ROI) as possible.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Profit Goals

103. (p. 26) Most firms seek to maximize _____-to get as high a financial return on their investments (ROI) as possible.

- A.** profit
- B. sales
- C. quality
- D. market share
- E. employee welfare

Text term definition-profit

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Profit Goals

104. (p. 26) A new company projects that its sales will be greater than its expenses within the first year of operation. This is an example of which type of goal?

- A.** profit
- B. sales revenue
- C. market share
- D. unit sales
- E. quality

Classic economic theory assumes a firm seeks to maximize long-run profit, achieving as high a financial return on investment as possible. Profit is sales minus expenses.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Profit Goals

105. (p. 27) If profits are acceptable, a firm may elect to maintain or increase its _____ even though profits may not be maximized.

- A. green marketing
- B. sales force
- C. sales**
- D. social responsibility
- E. customer satisfaction

Text term definition-sales

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Sales Revenue Goals

106. (p. 27) If profits are acceptable, a firm that has set sales as its goal may elect to _____ even though profitability may not be maximized.

- A. abandon green marketing
- B. reduce the sales force
- C. maintain or increase its sales level**
- D. decrease social responsibility
- E. decrease customer satisfaction

If profits are acceptable, a firm may elect to maintain or increase its sales level even though profitability may not be maximized.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Sales Revenue Goals

107. (p. 27) When sales revenue is chosen as an organizational goal, a firm whose profits are acceptable

- A. increases sales levels and strives for a constant level of profits.
- B. maintains sales levels and strives for maximum profitability.
- C.** maintains or increases sales levels even though profitability may not be maximized.
- D. decreases sales levels but increases profit margins.
- E. decreases sales levels and reduces the profit margin.

If profits are acceptable, a firm may elect to maintain or increase its sales level even though profitability may not be maximized.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Sales Revenue Goals

108. (p. 27) A small businesswoman was preparing her staff for the upcoming holiday season. "We want to move as much inventory as possible. Not only can we highlight our holiday items, why not mark down some of our other seasonal items while people are in a shopping mood." From this statement, she is most concerned with _____ goals.

- A. profit
- B.** sales revenue
- C. market share
- D. social responsibility
- E. survival

If profits are acceptable, a firm may elect to maintain or increase its sales level even though profitability may not be maximized.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Sales Revenue Goals

109. (p. 27) The ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself, is referred to as

- A. sales quality.
- B.** market share.
- C. industry potential.
- D. contribution margin.
- E. marginal revenue.

Key term definition-market share

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Market Share

110. (p. 27) Market share refers to

- A. the ratio of the profit of the firm to the total profits of all firms in the industry, not including the firm itself.
- B. the ratio of the profit of the firm to the total profits of all firms in the industry, including the firm itself.
- C. the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, not including the firm itself.
- D.** the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself.
- E. the ratio of the profits of all firms in an industry to the profits of the firm.

Key term definition-market share

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Market Share

111. (p. 27) Market share is the ratio of sales revenue of the firm to the total sales revenue of all _____, including the firm itself.

- A.** firms in the industry
- B. firms in non-competitive industries
- C. firms surveyed by the U.S. Government
- D. firms sharing in marketing principles
- E. domestic firms

Key term definition-market share

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Market Share

112. (p. 27) Xbox video game consoles were developed through a joint venture between Microsoft and the WWE (World Wrestling Entertainment, Inc.). Complaints about the video game began immediately after its introduction. These complaints ranged from missing parts to incorrect programming. It would seem obvious that the manufacturer of Xbox video game consoles should adopt _____ goals.

- A. profit
- B. sales revenue
- C. market share
- D.** quality
- E. employee welfare

The manufacturer needs quality goals because it had missing parts and incorrect programming. If quality were present, there would not be complaints like these.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Quality Goals

113. (p. 27) Motorola invented the Six Sigma program that sets as a goal no more than one defect in one million parts manufactured. This is an example of a _____ goal.

- A. profit
- B. sales revenue
- C. market share
- D. quality**
- E. employee welfare

Six Sigma is a quality program sets as a goal no more than 1 part per million defective. A firm may target the highest quality, as Motorola does with its Six Sigma program.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Quality Goals

114. (p. 27) When Apple introduced the iPhone it did so to great fanfare. Many corporate users, however, found that it did not sync with their servers; many customers could not download from their company email accounts nor immediately activate their phones. Based on these examples, it would seem that Apple should have adopted more stringent _____ goals prior to the iPhone's release.

- A. technology
- B. innovation
- C. quality**
- D. service
- E. satisfaction

It seems that Apple did not have the highest quality goals prior to introducing the iPhone. Otherwise the company would not likely have had activation problems.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Quality Goals

115. (p. 27) Business firms pursue several different types of goals: profit, sales, market share, and offer the highest _____, as Medtronic does with its implantable medical devices.

- A. innovation
- B. quality**
- C. service
- D. personal care
- E. warranty

Text term definition-quality

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Quality Goals

116. (p. 27) Customers are the reason an organizations exists. Customer _____ can be measured with surveys or by the number of customer complaints it receives.

- A. satisfaction**
- B. responsibility
- C. value
- D. beliefs
- E. welfare

Text term definition-customer satisfaction

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Customer Satisfaction Goals

117. (p. 27) A catalog retailer who set its qualitative goal to reduce merchandise returns by 20 percent would have set _____ goals.

- A. profit
- B. market share
- C. employee welfare
- D. customer satisfaction**
- E. social responsibility

Customer satisfaction can be measured directly with surveys or tracked with proxy measures like number of customer complaints or percent of orders shipped within 24 hours of receipt.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Customer Satisfaction Goals

118. (p. 27) Lands' End ships each order within 48 hours and its guarantee is the best in the world—"Guaranteed. Period.®" These actions by Lands' End are most likely examples of _____ goals.

- A. profit
- B. market share
- C. employee welfare
- D. customer satisfaction**
- E. social responsibility

Customer satisfaction can be measured directly with surveys or tracked with proxy measures like number of customer complaints or percent of orders shipped within 24 hours of receipt.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Customer Satisfaction Goals

119. (p. 27) The founder of Starbucks, Howard Schultz, provides healthcare for all employees who work over 20 hours per week. He says that "the companies that are doing the right thing by covering their employees (with health care coverage) are paying for the companies who don't do the right thing." This is an example of one of Starbucks' _____ goals.

- A. profit
- B. market share
- C. employee welfare**
- D. customer satisfaction
- E. social responsibility

A firm may recognize the critical importance of its employees by having an explicit goal stating its commitment to good employment opportunities and working conditions for them.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Employee Welfare Goals

120. (p. 27) Many universities and other educational institutions provide retirement benefits by doubling the percentage the employee pays into the account up to a certain percentage of his or her pay. This provides a wonderful benefit to those who are full-time employees. This is an example of a _____ goal.

- A. satisfaction
- B. sales revenue
- C. market share
- D. quality
- E. employee welfare**

A firm may recognize the critical importance of its employees by having an explicit goal stating its commitment to good employment opportunities and working conditions for them.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Employee Welfare Goals

121. (p. 27) Business firms pursue several different types of goals. When a firm recognizes the critical importance of its employees, the business goal is a _____ goal.

- A. satisfaction
- B. quality
- C. revenue
- D. societal
- E. employee welfare**

Text term definition – employee welfare

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Employee Welfare Goals

122. (p. 27) Business firms pursue several different types of goals. A(n) _____ goal is when a firm seeks to balance the conflicting goals of stakeholders to promote their overall welfare, even at the expense of profits.

- A. customer satisfaction
- B. quality
- C. market share
- D. societal responsibility**
- E. employee welfare

Text term definition – social responsibility

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Knowledge

Topic: Social Responsibility Goals

123. (p. 27) Hasbro is a \$3 billion toy company that prides itself on donating to organizations that help children, since children and their parents are the target market for the business. This is an example of how Hasbro participates in corporate

- A. unit sales.
- B. market share.
- C. sales revenue.
- D. return on investment.
- E.** social responsibility.

A firm may seek to balance conflicting goals of consumers, employees, and stockholders to promote overall welfare of all these groups, even at the expense of profits.

AACSB: Ethical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Social Responsibility Goals

124. (p. 27) The organizational foundation sets the " _____ " of organizations and organizational direction sets the " _____ ."

- A.** why; what
- B. why; how
- C. what; how
- D. what; where
- E. how; where

The organizational foundation sets the "why" of organizations and organizational direction sets the "what."

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Organizational Strategies

125. (p. 27) Marketing dashboard refers to

A. a corporate "report card" prepared by the U.S. government agencies regarding company performance in terms of environmental responsibility, social responsibility, and professional ethics.

B. the visual computer display on a single computer screen of the essential information related to achieving a marketing objective.

C. a cleverly designed industry website made to resemble cars in a race with the leader representing the highest level of market share and other cars tailing behind in appropriate order.

D. a set of written plans indicating the specific direction in which a company wishes to grow.

E. an interactive screensaver used by corporations to keep employees abreast of important company information that changes on a daily basis.

Key term definition-marketing dashboard

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Knowledge

Topic: Marketing Dashboard

126. (p. 28) Which of the following statements regarding a marketing dashboard is most accurate?

A. The more detail that is displayed the better it is for the manager.

B. A simple marketing dashboard very often includes 20 or more marketing metrics on the same dashboard screen.

C. For accuracy, the marketing dashboard should be updated weekly.

D. Marketing dashboards often show key measures such as HR turnover, strategy success, and goals.

E. Marketing dashboards provide graphic displays of a product category's performance, such as sales, cost of sales, and percent margin.

Marketing dashboards show graphic displays of key measures of a product category's performance, such as sales, cost of sales, and percent margin.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Comprehension

Topic: Marketing Dashboard

127. (p. 28) A measure of the quantitative value or trend of a marketing activity or result is referred to as a

- A. trend analysis.
- B. marketing measurement.
- C. marketing dashboard.
- D. marketing metric.**
- E. value analysis.

Key term definition-marketing metric

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Knowledge

Topic: Marketing Metric

128. (p. 28) Marketing metric refers to

- A. a measure of the quantitative value or trend of a marketing activity or result.**
- B. a form of trend analysis used to predict potential profits in the future.
- C. one of a series of mathematical formulas used to calculate potential profits based upon different environmental factors.
- D. a qualitative measurement of a product's performance based upon input from members of a cross-functional team.
- E. the value of a product in terms of market share or growth rate relative to its closest competitors.

Key term definition-marketing metric

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Knowledge

Topic: Marketing Metric

129. (p. 28) The primary purpose of a marketing metric is to
- A. assign qualitative value to quantitative data.
 - B. allow the sharing of information across industry lines.
 - C. measure the quantitative value of a marketing activity.**
 - D. forecast potential investment opportunities over a period of five years.
 - E. provide a numerically precise measurement of industry growth.

A marketing metric is a measure of the quantitative value or trend of a marketing activity or result.

AACSB: Analytical
 Bloom's: Comprehension
 Difficulty Level: Medium
 Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.
 Level of Learning: Comprehension
 Topic: Marketing Metric



FIGURE 2-3

130. (p. 28) According to Figure 2-3 above, the graphic shown is an example of Oracle's
- A. mission
 - B. dashboard**
 - C. what-if analysis
 - D. logistic costs
 - E. yield management

The graphic displays Oracle's marketing dashboard.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Comprehension

Topic: Marketing Dashboard

131. (p. 28) Among the "buttons" in the left hand column of Figure 2-3 above, one is in a slightly different color (actually in orange), showing that it is the "product category for all the graphs on the dashboard. So to which product category does Figure 2-3 refer?
- A. electronics**
 - B. hardware
 - C. software
 - D. peripherals
 - E. photo

In the left of Figure 2-3 the product categories are listed and "electronics" has been framed in a different color showing the product category to which the graphs apply.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Comprehension

Topic: Marketing Dashboard

132. (p. 28) According to Figure 2-3 above, during which year did cost of sales most closely approach sales?

- A. 1998
- B. 1999
- C. 2000
- D. 2001
- E. each year shown

In Figure 2-3, on the graph labeled "Sales vs. Cost of Sales" the line (cost of sales) comes closest to the bar (sales) in 1998.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Comprehension

Topic: Marketing Dashboard

133. (p. 28) According to Figure 2-3 above, in what time increments does the dashboard represent the % difference in sales and margins?

- A. every day
- B. every week
- C. every month
- D. every two months
- E. four times a year

While the horizontal markings are M, M, J, S, N – March, May, July, September, and November (every other month), a careful look at the graph shows the dates are plotted monthly.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Comprehension

Topic: Marketing Dashboard

134. (p. 28) According to Figure 2-3 above, in terms of sales and percent margin it can be inferred that in the year 2000

- A. profits hit an all time low.
- B.** the gap between sales and percent margin was greatest.
- C. sales were five times higher than in 1999.
- D. September represented an all time low for the year.
- E. had the highest percent margin.

In 2000, sales were the highest at about \$5M and percent margin was its lowest at 12%. Note that sales in the upper-left figure are the same as the base in the upper middle figure.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Comprehension

Topic: Marketing Dashboard

135. (p. 28) According to Figure 2-3 above, the largest margin occurred during which year?

- A. 1998
- B. 1999
- C. 2000
- D.** 2001
- E. The margin was the same each year.

This question will be a challenge for students because the graphs are in black and white, not color. Note that the highest line for 2000 and 2001 in the left hand chart has the same value for the base in the middle chart. So in Figure 2-3, in the graph labeled "Sales vs. Percent Margin," percent margin is the other line and is highest in 2001 over 18%.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Comprehension

Topic: Marketing Dashboard

136. (p. 28) According to Figure 2-3 above, during which year was sales revenue the largest?

- A. 1998
- B. 1999
- C. 2000**
- D. 2001
- E. The sales were flat.

In Figure 2-3, in both the graphs labeled "Sales vs. Percent Margin" and "Sales vs. Cost of Sales" sales are shown as highest in 2000.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Comprehension

Topic: Marketing Dashboard

137. (p. 28) Marketing plan refers to

- A. the long-term decisions made to implement the marketing program and the monitoring of those decisions.
- B. a technique that managers use to quantify performance measures and growth targets to analyze its clients' strategic business units (SBUs) as though they were a collection of separate investments.
- C. a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.**
- D. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.
- E. the refinement of the organization's mission based on the results obtained from a marketing audit.

Key term definition-marketing plan

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Knowledge

Topic: Marketing Plan

138. (p. 28) A road map for the marketing activities of an organization for a specified future time period, such as one year or five years is referred to as a _____.

- A. marketing tactic
- B. marketing objective
- C. marketing plan**
- D. marketing strategy
- E. marketing program

A marketing plan is a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Comprehension

Topic: Marketing Plan



FIGURE 2-4

139. (p. 29) A marketing manager for Ben and Jerry's, has been provided with a dashboard display for business activity. In Figure 2-4 above, notice that dollar sales for 2010 were \$240 million and in 2011 they were \$250 million. What simple formula was used to calculate the dollar sales for each of these years?

- A. Dollar sales (\$) = average price multiplied by quantity sold.
- B. Dollar sales (\$) = average price multiplied by quantity manufactured.
- C. Dollar sales (\$) = average cost of goods sold minus fixed costs.
- D. Dollar sales (\$) = average cost of goods sold minus variable costs.
- E. Dollar sales (\$) = average price minus shrinkage rate.

Dollar sales (\$) is calculated by taking the average price of \$5.00 per unit and multiplying it by the quantity sold in each year.

AACSB: Analytical
Bloom's: Application
Difficulty Level: Medium
Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.
Level of Learning: Knowledge
Topic: Using Marketing Dashboard

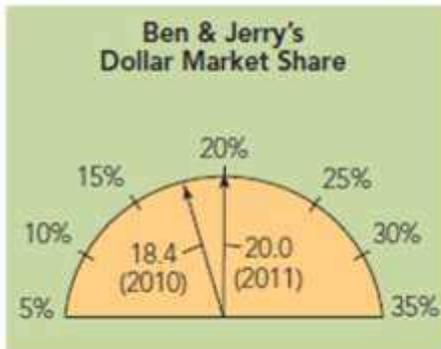


FIGURE 2-5

140. (p. 29) A marketing manager for Ben and Jerry's, has been provided with a dashboard display showing business activity. In Figure 2-5 above, notice that dollar market share for 2010 was 18.4 percent and in 2011 it is 20%. What simple formula was used to calculate the dollar market share percentages for each of these years?

- A. Dollar market share (%) = Ben and Jerry's sales (\$) divided by total industry sales (\$).
- B. Dollar market share (%) = Total industry sales (\$) divided by Ben and Jerry's sales (\$).
- C. Dollar market share (%) = Total industry sales (\$) divided by Ben and Jerry's gross profit (\$).
- D. Dollar market share (%) = Total industry sales (\$) divided by Ben and Jerry's net profit (\$).
- E. Dollar market share (%) = Ben and Jerry's sales (\$) divided by gross domestic product (\$).

Dollar market share (%) is calculated by taking Ben & Jerry's sales (\$) and dividing it by the total industry sales (\$).

AACSB: Analytical
Bloom's: Application
Difficulty Level: Medium
Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.
Level of Learning: Knowledge
Topic: Using Marketing Dashboard

141. (p. 30) An organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and that provide value to its customers are referred to as

- A. market edge.
- B. sustainable advantage.
- C. business aptitude.
- D. characteristics.
- E. core competencies.

Text term definition-competencies

AACSB: Analytical
Bloom's: Knowledge
Difficulty Level: Medium
Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.
Level of Learning: Knowledge
Topic: Competencies

142. (p. 30) Rhone-Poulenc is an international French company that produces and markets a variety of chemicals and pharmaceuticals. Due to the resources it makes available to its scientists and researchers, the company has a number of Nobel Prize winners working in its laboratories. This ability to attract some of the finest minds in the world to its workforce is an example of a(n):

- A. core competency.
- B. human resource strategy.
- C. sustainable advantage.
- D. product development strategy.
- E. synergistic capability.

Competencies are an organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and that provide value to its customers.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: Competencies

143. (p. 30) Designing a car is expensive and time-consuming even with the use of computers because until recently there was no way for all the varied departments that are involved in new car development to work together. Daimler-Chrysler created a unique central Web-based system that cuts the design and production process by at least two years, thus providing value to the customer. This is an example of a(n)

- A. benchmarking project.
- B. innovation-oriented mission.
- C. action program.
- D. operational goal implementation.
- E. competency.

Competencies are an organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and that provide value to its customers.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: Competencies

144. (p. 30) Evergreen Air Center is the world's biggest parking lot for unwanted aircraft. Airlines pay a monthly fee from \$750 to \$5,000 to mothball airplanes at this site. Its location is on 1,600 acres of Arizona desert. The Southwest climate serves as a cheap and effective airplane preservative. Evergreen's location is its

- A. sustainable advantage.
- B. competency.**
- C. competitive identity.
- D. benchmark differentiation.
- E. innovative vision.

Competences are an organization's special capabilities (in this case, the climate gives it the capabilities to preserve planes cheaply and efficiently) that distinguish it from other organizations and provide value to its customers, the airlines.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: Competencies

145. (p. 30) Mobile phone companies broke the age-old business rule of staying within their _____ by going beyond their expertise in running networks and billing subscribers to designing handsets. Nokia, on the other hand, boosted its success in handsets in large part by staying focused on what it does best: manufacturing handsets and watching carefully for the latest consumer trends.

- A. goals
- B. mission
- C. innovative vision
- D. competency**
- E. action program

Competences are an organization's special capabilities (in this case, running networks, and billing subscribers) that distinguish it from other organizations and provide value to its customers, the mobile phone user.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: Competencies

146. (p. 30) Competitive advantage refers to

- A. legal, yet not necessarily ethical relationships between manufacturers and retailers.
- B. preferential treatment by distributors and suppliers based on long-term relationships with a manufacturer.
- C.** a unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.
- D. actions taken by a firm with the sole intent of putting a competitor out of business.
- E. benefits obtained through graft, nepotism, or collusion to gain an edge in the marketplace.

Text term definition-competitive advantage

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Competitive Advantage

147. (p. 30) A unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation is referred to as

- A. creative advantage.
- B. marketing edge.
- C. distinct competency.
- D.** competitive advantage.
- E. derived benefit.

Text term definition-competitive advantage

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Competitive Advantage

148. (p. 30) VideoAdvantage.net is a small company that rents DVD movies by mail using the Web. It jumped into an industry where there were no firm leaders but many competitors. It established a loyal clientele by seizing the opportunity to provide a service that was not available through other companies that rented movies over the Internet—reliable overnight shipment. Its delivery system created its

- A. viable mission.
- B. competitive advantage.**
- C. tactical innovation.
- D. benchmarking focus.
- E. sales orientation.

Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation. In this case, it is the fast, reliable delivery.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: Competitive Advantage

149. (p. 30) Men's Wearhouse (MW) caters to the man who doesn't necessarily enjoy shopping. The stores are located in outdoor shopping centers so that customers can get in and out quickly. Additionally the MW targets the budget-conscious consumer with suit prices ranging from \$250-300. Earnings rose 23% recently, indicating that the location of the stores and the pricing strategy both are part of the MW

- A. competitive advantage.**
- B. benchmarking expertise.
- C. tactical innovation.
- D. leapfrogging capabilities.
- E. viable mission.

Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation. In this case it is the store location and pricing strategy that are Men's Wearhouse competitive advantage.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: Competitive Advantage

150. (p. 30) Although now a part of Sears, Lands' End was primarily known as a catalog retailer. This means that traditional department stores, mass merchandisers, specialty shops, and other catalog retailers are considered to be

- A.** Lands' End's competition.
- B. cross-functional competition.
- C. functional competition.
- D. non-competitive to Lands' End's clothing.
- E. potential Land's End's acquisitions.

Although only some of the clothing in these stores directly compete with Lands' End offerings, all these retailers have websites to sell their offerings over the Internet. This means there is a lot of competition out there.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: Competitors

151. (p. 31) There are two commonly used techniques to aid managers with important decisions for setting a direction and allocating resources. These include _____ and _____ analysis strategies.

- A.** business portfolio; diversification
- B. micromarketing; macromarketing
- C. investment; divestment
- D. dashboards; micromanagement
- E. subjective; objective

Knowing where the organization is at the present time enables managers to set a direction for the firm and allocate resources to move in that direction. Two techniques to aid managers with these decisions are (1) business portfolio analysis and (2) diversification.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: Growth Strategies

152. (p. 31) The Boston Consulting Group (BCG) uses _____ to quantify performance measures and growth targets to analyze its clients' SBUs as though they were a collection of separate investments.

- A. target marketing
- B. business portfolio analysis**
- C. marketing strategic planning
- D. market segmentation
- E. stock segmentation

Key term definition-business portfolio analysis

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: BGG Portfolio Analysis

153. (p. 31) Business portfolio analysis refers to

- A. a technique that managers use to quantify performance measures and growth targets to analyze its clients' strategic business units (SBUs) as though they were a collection of separate investments.**
- B. a technique that managers use to subjectively evaluate performance measures and growth targets to analyze its clients' strategic business units (SBUs) as though they were a single investment.
- C. an annual review of a company's performance and anticipated growth sent to stockholders of publically traded companies, prior to elections for the Board of Directors.
- D. an annual review of a company's performance and anticipated growth sent to all stakeholders within that company.
- E. a comparison of a company's growth both in terms of profit and market share relative to its largest competitors.

Key term definition-business portfolio analysis

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Business Portfolio Analysis

154. (p. 31) A technique that managers use to quantify performance measures and growth targets to analyze its clients' strategic business units (SBUs) as though they were a collection of separate investments is referred to as

- A. investment analysis.
- B. annual productivity report.
- C. quantitative review analysis.
- D. qualitative review analysis.
- E.** business portfolio analysis.

Key term definition-business portfolio analysis

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Business Portfolio Analysis

155. (p. 31) The Boston Consulting Group (BCG) uses business portfolio analysis to quantify performance measures and growth targets to analyze its clients' strategic business units

- A.** as if each were a separate investment.
- B. in order to establish their worth to company shareholders.
- C. to determine which would be best suited for entry into a foreign market.
- D. to determine which units can be consolidated for production efficiency.
- E. to determine which units can be divided into separate more targeted units.

The Boston Consulting Group (BCG) uses business portfolio analysis to quantify performance measures and growth targets to analyze its clients' strategic business units as though they were a collection of separate investments. The purpose of the tool is to determine the appeal of each SBU or offering and then determine the amount of cash, if any, each should receive.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis

156. (p. 31) The primary purpose of business portfolio analysis is to

- A. determine which SBU would be best suited for entry into a foreign market.
- B. document sales figures for government tax analysis and financial audits.
- C.** determine the appeal of each SBU or offering and then determine the amount of cash, if any, each should receive.
- D. determine which units can be consolidated for production efficiency and which units should be divided into new distinct SBUs of their own.
- E. serve as documentation to shareholders of the value of the company's stock projected into the future.

The Boston Consulting Group (BCG) uses business portfolio analysis to quantify performance measures and growth targets to analyze its clients' strategic business units as though they were a collection of separate investments. The purpose of the tool is to determine the appeal of each SBU or offering and then determine the amount of cash, if any, each should receive.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis

157. (p. 31) In the Boston Consulting Group (BCG) model for analysis of a firm's strategic business units, or SBUs, the horizontal axis reflects the

- A. national forecast.
- B. business portfolio in dollars.
- C. years of experience.
- D. market segment size.
- E.** relative market share.

The vertical axis is the market growth rate, which is the annual rate of growth of the SBU's industry. The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis – Relative Market Share

158. (p. 31) The Boston Consulting Group (BCG) business portfolio analysis requires an organization to locate the position of each of its SBUs on a growth-share matrix. The vertical axis is

- A. the annual rate of growth of the SBU's industry.
- B. the annual rate of growth of the closest competitor.
- C. the annual rate of growth of the new entries into the marketplace.
- D. the market share of the largest competitor.
- E. the market share between the SBU and next largest competitor.

Text term definition – market growth rate

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: BCG Portfolio Analysis

159. (p. 31) The Boston Consulting Group (BCG) business portfolio analysis requires an organization to locate the position of each of its SBUs on a growth-share matrix. The horizontal axis is the

- A. share relative to the newest entries into the market.
- B. share relative to the annual rate of growth of the SBU's industry.
- C. share relative to largest competitor.
- D. share relative to gross domestic product.
- E. share relative to the national average.

Text term definition – relative market share

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: BCG Portfolio Analysis

160. (p. 31) SBUs with dominant shares of slow-growth markets that provide cash to cover the organization's overhead and to invest in other SBUs are referred to as _____.

- A.** cash cows
- B. stars
- C. question marks
- D. dogs
- E. problem children

Text term definition – cash cow

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: BCG Portfolio Analysis – Cash Cow

161. (p. 31) Placing products in the BCG matrix results in 4 categories in a portfolio of a company. Cash cows would be classified as having

- A. high growth, high market share.
- B.** low growth, high market share.
- C. low growth, low market share.
- D. high growth, low market share.
- E. low growth, medium market share.

Text term definition – cash cow

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: BCG Portfolio Analysis – Cash Cow

162. (p. 31) Several years ago, Black & Decker purchased General Electric's small appliances product line. Black & Decker purchased the line because it needed the cash infusion from a product line that had a dominant market share. The small appliance industry is a slow-growth one. The small appliances product line is most likely a _____ for Black & Decker.

- A. dog
- B. cash cow**
- C. question mark
- D. star
- E. problem child

The small appliances product line holds a large share of a slow-growth industry, the definition of a cash cow.

AACSB: Analytical
Bloom's: Application
Difficulty Level: Medium
Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.
Level of Learning: Application
Topic: BCG Portfolio Analysis – Cash Cow

163. (p. 31) SBUs with a high share of high-growth markets that may not generate enough cash to support their own demanding needs for future growth are referred to as

- A. dogs.
- B. cash cows.
- C. question marks.
- D. stars.**
- E. donkeys.

Text term definition – stars

AACSB: Analytical
Bloom's: Knowledge
Difficulty Level: Medium
Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.
Level of Learning: Knowledge
Topic: BCG Portfolio Analysis-Stars

164. (p. 31) SBUs that use large amounts of cash and are leaders in the business so they should also generate large amounts of cash are called

- A. question marks.
- B. dogs.
- C. cash cows.
- D. problem children.
- E.** stars.

Stars use large amounts of cash and are leaders in the business so they should also generate large amounts of cash.

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: BCG Portfolio Analysis-Stars

165. (p. 31) Placing products in the BCG matrix results in 4 categories in a portfolio of a company. SBUs having high growth, high market share are called

- A.** stars.
- B. question marks.
- C. cash cows.
- D. dogs.
- E. problem children.

Text term definition-stars

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: BCG Portfolio Analysis-SBU

166. (p. 31) Placing products in the BCG matrix results in 4 categories in a portfolio of a company. Stars would be classified as having

- A.** high growth, high market share.
- B. low growth, high market share.
- C. low growth, low market share.
- D. high growth, low market share.
- E. low growth, medium market share.

SBUs with high growth rate and high relative market share are called stars.

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: BCG Portfolio Analysis-SBU

167. (p. 31) Solarcom is a 30-year-old information technology company that owns several subsidiaries. One of its subsidiaries is Atlantix Global Systems, which is one of the leading wholesalers for refurbished computer equipment, an industry that is growing worldwide. According to the BCG portfolio matrix, Atlantix Global would most likely be classified as a

- A. dog.
- B. cash cow.
- C. question mark.
- D.** star.
- E. problem child.

Atlantix Global Systems has a large share of a high-growth industry, the definition of a star.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: BCG Portfolio Analysis-Stars

168. (p. 31) SBUs with a low share of high-growth markets are referred to as

- A. dogs.
- B. cash cows.
- C. question marks.**
- D. stars.
- E. mules.

Text term definition – question marks

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: BCG Portfolio Analysis – Question Marks

169. (p. 31) Placing products in the BCG matrix results in 4 categories in a portfolio of a company. Question marks would be classified as having

- A. high growth, high market share.
- B. low growth, high market share.
- C. low growth, low market share.
- D. high growth, low market share.**
- E. low growth, medium market share.

Text term definition – question marks

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: BCG Portfolio Analysis – Question Marks

170. (p. 31) SBUs with a low share of slow-growth markets may generate enough cash to sustain themselves, but they do not hold the promise of ever becoming real winners for the firm are referred to as _____.

- A. cash cows
- B. stars
- C. question marks
- D. dogs**
- E. problem children

Dogs are SBUs with low shares of slow-growth markets. Dropping SBUs in the dog quadrant from a business portfolio is generally advocated except when relationships with other SBUs, competitive considerations, or potential strategic alliances exist.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis-Dogs

171. (p. 31) Placing products in the BCG matrix results in 4 categories in a portfolio of a company. Dogs would be classified as having

- A. high growth, high market share.
- B. low growth, high market share.
- C. low growth, low market share.**
- D. high growth, low market share.
- E. low growth, medium market share.

Text term definition-dogs

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: BCG Portfolio Analysis-Dogs

172. (p. 31) SBUs with low shares of slow-growth markets are referred to as

- A.** dogs.
- B. cash cows.
- C. question marks.
- D. stars.
- E. donkeys.

Text term definition-dogs

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: BCG Portfolio Analysis-Dogs

173. (p. 31) In its business portfolio analysis, an organization's SBUs often start as _____ and then become _____.

- A. dogs; question marks
- B.** question marks; stars
- C. stars; question marks
- D. stars; dogs
- E. question marks; dogs

In its business portfolio analysis, an organization's SBUs often start as question marks and proceed counterclockwise to become stars, then cash cows, and finally dogs.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis

174. (p. 31) Although an organization has limited influence on market growth rate, its main alternative is to try to change its relative market share. The most likely way for a company to turn a question mark into a star rather than a dog is to

- A. remove cash from it.
- B. reduce advertising for it.
- C. inject cash into it.**
- D. introduce an improved version of it.
- E. decrease the market growth rate.

Because an organization has limited influence on market growth rate, its main alternative is to try to change its relative market share. To accomplish this, management decides what role each SBU should have in the future and either injects or removes cash from it. To become a star the firm will have to inject cash into it.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: BCG Portfolio Analysis-SBU

175. (p. 31) Several years ago the Honda Motor Company unveiled the hybrid version of the Honda Civic. While the hybrid vehicles are very fuel efficient, they are also very expensive to purchase. Hybrid vehicles sales have increased over 570 percent with a compound annual growth rate of 88.6%. Sales of the Civic eventually overtook those of the Toyota Prius, making it the number one hybrid car in the U.S. For years, Honda has experienced tremendous success with their Accords—in fact, Honda cars are repeatedly the top selling automobiles in the U.S. Where would the Honda Civic (hybrid version) and the Honda Accord fall in the BCG product portfolio matrix?

- A.** The hybrid Civic would be classified as a star, and the Accord would be classified a cash cow.
- B. The hybrid Civic would be considered a cash cow, and the Accord would be classified as a star.
- C. Due to the overwhelming success of Honda cars, both the Accords, and the hybrid Civics would be classified as cash cows.
- D. The Civic would be a problem child, and the Accord would be a cash cow.
- E. The Civic would be considered a dog, and the Accord would be classified as a star.

The BCG matrix is based upon market growth rate and market share. The hybrid market is a high growth market with little competition. Only Toyota is a competitor with the Prius. The Honda Civic hybrid, is a new competitor in this high-growth market, and has slightly over half of the market share of this market. The vehicle will require large injections of cash from other products in the Honda line to maintain or increase market share. The Honda Accord auto is well established in slower-growth markets and controls a significant percentage of market share. Thus, the Accord will be a cash cow for Honda, and the revenues generated from the sale of these cars will be used to finance the cash-intensive marketing of the new hybrid Civic, a star in the BCG matrix.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: BCG Portfolio Analysis

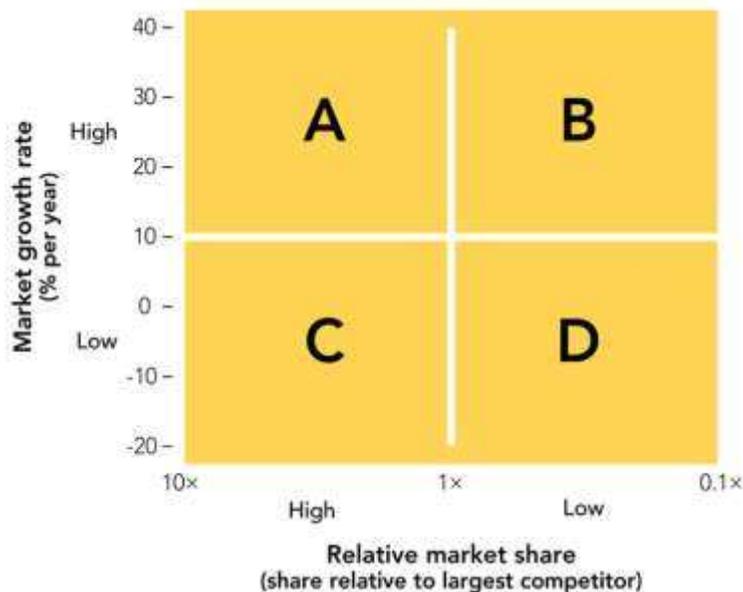


FIGURE 2-6

176. (p. 32) A relative market share of 10X (at the left end of the scale in Figure 2-6) means that the SBU has 10 times the share of its largest competitor, whereas a share of 0.1X (at the right end of the scale) means

- A. it has only 10 percent of the share of its largest competitor.
- B. it has 100 percent of the share of its largest competitor.
- C. the market share between the SBU and next largest competitor is actually identical.
- D. the market share of the next competitor is too insignificant to be measured.
- E. there is an indirect rather than direct form of competition.

The figure 0.1x is interpreted as 1/10 (or 10%) of the share of its largest competitor.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis

177. (p. 32) SBUs found in quadrant "A" (Figure 2-6 above) would be called

- A.** stars.
- B. question marks.
- C. cash cows.
- D. dogs.
- E. donkeys.

SBUs with high growth rate and high relative market share are called stars.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis-SBU

178. (p. 32) SBUs found in quadrant "B" (Figure 2-6 above) would be called

- A. stars.
- B.** question marks.
- C. cash cows.
- D. dogs.
- E. donkeys.

SBUs with high growth rate and low relative market share are called question marks.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis-SBU

179. (p. 32) SBUs found in quadrant "C" (Figure 2-6 above) would be called

- A. stars.
- B. question marks.
- C.** cash cows.
- D. dogs.
- E. donkeys.

SBUs with low growth rate and high relative market share are called cash cows.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis-SBU

180. (p. 32) SBUs found in quadrant "D" (Figure 2-6 above) would be called

- A. stars.
- B. question marks.
- C. cash cows.
- D.** dogs.
- E. donkeys.

SBUs with low growth rate and low relative market share are called dogs.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis-SBU

181. (p. 32) In 2007, Kodak introduced a line of digital picture frames that allowed consumers to upload, store, and view digital images; additional higher priced and more sophisticated elements were added to the line. By 2012, sales could approach 50 million units for market leader Kodak. According to the BCG matrix, this SBU is a

- A. dog.
- B. star.**
- C. cash cow.
- D. question mark.
- E. problem child.

In 2008, Kodak expanded its line with over 10 items ranging in price from \$60 to \$230. In 2009 it introduced the \$999 OLED digital picture frame that featured a high-resolution flat screen display. Global demand has exploded and Kodak is the market leader. By 2012, sales could approach 50 million units making this SBU a star.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: BCG Portfolio Analysis (Kodak)

182. (p. 33) In 2008, Kodak's ink-jet printer could be considered a question mark because the market dramatically changed as consumers shifted from single-purpose to multi-function machines designed to print photos, make copies, scan images, and send faxes. Today Kodak now offers only multi-function ones. If Kodak can double or triple unit sales soon, this SBU star could become a _____, if online printing and sharing steal market share, the SBU could become a _____.

- A. cash cow; star
- B. cash cow; dog
- C. star; dog**
- D. star; problem child
- E. in either scenario, the inkjet printer will remain a question mark.

In 2008 Kodak launched a line of multipurpose machines to print high-quality photos, make copies, and send faxes. It's a "razor and blade" strategy again with high-quality ink cartridges that will make photos at half the cost of Hewlett-Packard's (HP) printers. Kodak counts on this printer-and-cartridge combination becoming a star in the Kodak portfolio. But HP is the entrenched 300-pound gorilla in this market. So the future of this question mark could range from being a star to a dog.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis (Kodak)

183. (p. 33) In 2003, Kodak's traditional film sales were an \$8 billion dollar cash cow. In 2008, the revenue generated from film sales dropped to \$3 billion. The film SBU became a dog *primarily* due to

- A. an unforeseen increase in composite materials necessary for production.
- B.** the advent of digital photography popularity.
- C. political activism concerning the waste of natural resources.
- D. too much revenue shifted from this SBU to another more profitable one.
- E. a class action lawsuit against the firm.

An \$8 billion cash cow in 2003, Kodak's film sales were the company's biggest single source of revenue. Now in a free-fall because of digital cameras, Kodak's film sales dropped to \$3 billion in 2008, making it a dog. Although Kodak occasionally upgrades its film line with new products, experts believe film sales will evaporate by 2012.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: BCG Portfolio Analysis (Kodak)

184. (p. 32-33) While digital photography caused Kodak's traditional film division to quickly move from cash cow to dog, for Kodak's digital camera SBU, the same technology and consumer demand will

- A. have little or no affect at all.
- B.** allow the SBU to remain a star or even become a cash cow.
- C. keep the SBU a question mark since there is evidence that during a weak economy fewer people will take pictures, and many fewer will purchase cameras.
- D. allow the digital camera SBU to switch back and forth from star to cash cow to star as traditional single lens cameras become virtually obsolete.
- E. allow Kodak to plan its withdrawal from the market.

Kodak expects this SBU to continue to be a star since it plans to introduce new models. However, it may become a cash cow if the market consists of mainly replacement sales at even lower prices.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: BCG Portfolio Analysis (Kodak)

185. (p. 33) One of the strengths inherent in the use of the BCG business portfolio analysis is the fact that it

- A. is easy to place an SBU on the BCG matrix since it is based solely on company perception rather than actual data.
- B. considers all factors that might impact an SBU's value to an organization.
- C. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
- D.** forces firms to assess their SBUs in terms of relative market share and industry growth rate.
- E. provide specific guidelines on how to solve SBU shortcomings.

The primary strength of business portfolio analysis lies in forcing a firm to place each of its SBUs in the growth-share matrix, which in turn suggests which SBUs will be cash producers and cash users in the future.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis

186. (p. 33) One of the weaknesses inherent in the use of the BCG business portfolio analysis is that

- A. it causes dissension between different divisions when they are "labeled."
- B. it reduces employee motivation to move a low valued SBU to a higher one.
- C. considers so many SBU factors beyond market growth rate and relative market share.
- D. does not require forecasts in order to be implemented.
- E.** is often difficult to obtain the needed information to correctly place SBUs on the grid.

Weaknesses of the BCG business portfolio analysis arise from the difficulty in (1) getting the needed information and (2) incorporating competitive information into business portfolio analysis.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Portfolio Analysis

187. (p. 33) A tool that helps a firm search for growth opportunities from among current and new markets as well as current and new products is referred to as _____.

- A.** diversification analysis
- B. divestment analysis
- C. open road analysis
- D. matrix prospecting
- E. market prospecting

Key term definition-diversification analysis

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Diversification Analysis

188. (p. 33) Diversification analysis refers to

- A.** a tool that helps a firm search for growth opportunities from among current and new markets as well as current and new products.
- B. a tool that helps identify the degree to which a firm or organization is in compliance with government regulations regarding the hiring of minorities.
- C. a formula used to award government contracts based upon a firm or organization complicity with federal hiring guidelines.
- D. a tool used to determine the appeal of each SBU or offering and then determine the amount of cash, if any, each should receive.
- E. a tool used to determine which products within a company's product line should be dropped due to a loss of market share in the industry.

Key term definition-diversification analysis

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Diversification Analysis

189. (p. 33) Which of the following statements regarding diversification analysis is most accurate?

- A. Diversification analysis should only be used by companies that are well established; new companies that use this process run the risk of trying to do too much too soon.
- B.** For any product there is both a current and a new product and for any product there is both a current market and a new market.
- C. Most companies will discover, through diversification analysis, that there is at least one product that is completely targeted to the wrong market.
- D. Diversification analysis is only effective for consumer products.
- E. Diversification analysis is used to forecast and calculate industry figures for potential new products.

For any product there is both a current product (what the firm now sells) and a new product (what the firm might sell in the future). And, for any product there is both a current market (the firm's existing customers) and a new market (the firm's potential customers).

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: Diversification Analysis

190. (p. 33) The marketing strategy to increase sales of current product in existing markets is referred to as

- A.** market penetration.
- B. market development.
- C. market infiltration.
- D. market diversification.
- E. market capitalization.

Text term definition-market penetration

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Market Penetration

191. (p. 33) Market penetration refers to the strategy of
- A.** increasing sales of current products in existing markets.
 - B. selling existing products to new markets.
 - C. selling new products to new markets.
 - D. selling new products to existing markets.
 - E. selling two competing brands but owning them both.

Text term definition-market penetration

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Market Penetration

192. (p. 33) Two major ways for a company to benefit from taking a market penetration approach would be
- A. sell more product at the same price or sell the same amount of product at a lower price.
 - B.** sell more product at the same price or sell the same amount of product at a higher price.
 - C. find a new market and sell the product at a much higher price.
 - D. alter the product and sell it to a different market.
 - E. charge a higher price but reduce the quantity distributed.

In market penetration there is no change in either the basic product line or the markets served. Increased sales are generated by selling either more product through better promotion or distribution or by selling the same amount of product at a higher price.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: Market Penetration

193. (p. 33) In _____ there is no change in either the basic product line or the markets served. Increased sales are generated by selling either more product through better promotion or distribution or by selling the same amount of product at a higher price.

- A. product development
- B. market development
- C. diversification
- D. market saturation
- E.** market penetration

Market penetration is a marketing strategy to increase sales of current products in existing markets.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: Market Penetration

194. (p. 33) Market development refers to the strategy of

- A. increasing sales of current products in existing markets.
- B.** selling existing products to new markets.
- C. selling new products to new markets.
- D. selling new products to existing markets.
- E. selling two competing brands but owning them both.

Text term definition-market development

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Market Development

195. (p. 33) The marketing strategy to sell existing products to new markets is referred to as

_____.

- A. market penetration
- B. market infiltration
- C. market development**
- D. market diversification
- E. market capitalization

Text term definition-market development

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Market Development

196. (p. 33) If Ben & Jerry's starts selling their ice cream in Brazil for the first time, they will be using a _____ strategy.

- A. product development
- B. market development**
- C. diversification
- D. market saturation
- E. market penetration

Market development is a marketing strategy to sell existing products to new markets.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: Market Development

197. (p. 33) The marketing strategy of selling new products to existing markets is referred to as

- _____.
- A. product penetration
 - B. product development**
 - C. market development
 - D. diversification
 - E. market penetration

Text term definition-product development

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Product Development

198. (p. 33) Product development refers to the strategy of

- A. increasing sales of current products in existing markets.
- B. selling existing products to new markets.
- C. selling new products to new markets.
- D. selling new products to existing markets.**
- E. selling two competing brands but owning them both.

Text term definition-product development

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Product Development

199. (p. 33) The marketing strategy of developing new products and selling them in new markets is referred to as

- A. product penetration.
- B. product-market evolution.
- C. market development.
- D. diversification.**
- E. market penetration.

Text term definition-diversification

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Diversification

200. (p. 33) Diversification refers to the strategy of

- A. increasing sales of current products in existing markets.
- B. selling existing products to new markets.
- C. selling new products to new markets.**
- D. selling new products to existing markets.
- E. selling two competing brands but owning them both.

Text term definition-diversification

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Diversification

201. (p. 33) If Ben & Jerry's starts selling children's clothing in Brazil to try to capitalize on its brand name, this would be an example of _____.

- A. product development
- B. product-market evolution
- C. market development
- D. diversification**
- E. market penetration

Ben & Jerry's is known for its ice cream and does not do business in Brazil. So trying to sell its ice cream in Brazil would be taking a new product to a new market, which is diversification.

AACSB: Analytical
Bloom's: Application
Difficulty Level: Medium
Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.
Level of Learning: Application
Topic: Diversification

MARKETS	PRODUCTS	
	Current	New
Current	A	B
New	C	D

FIGURE 2-7

202. (p. 33) See Figure 2-7 above. A small family owned gelato business is the town's favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. He experiments by purchasing a case of large take-home containers, so not only can customers stop on the way home from school or work, they can enjoy the gelato after dinner as well. Profits begin to rise. This is an example of a _____ strategy that would be found in box _____.

- A. market penetration; A
- B. market infiltration; A
- C. product development; B
- D. market development; C
- E. diversification; D

Market penetration is a marketing strategy to increase sales or current products in existing markets.

AACSB: Analytical
Bloom's: Application
Difficulty Level: Medium
Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.
Level of Learning: Application
Topic: Market Penetration

203. (p. 33) See Figure 2-7 above. A small family owned gelato business is the town's favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. He experiments by purchasing a refrigerated cart and takes it to the local ball fields where he sells the gelato to the teams and their fans. Profits begin to rise. This is an example of a _____ strategy that would be found in box _____.

- A. market penetration; A
- B. product development; B
- C. market development; C
- D. diversification; D
- E. market reversal; D

Market development is a marketing strategy to sell existing products to new markets.

AACSB: Analytical
Bloom's: Application
Difficulty Level: Medium
Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.
Level of Learning: Application
Topic: Market Development

204. (p. 33) See Figure 2-7 above. A small family owned gelato business is the town's favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. The adults who stop by are always complimenting him on the unusual gelato flavor selections. He decides to experiment by packaging his special spices into small packets that can be used at home as flavorings for dinner drinks. Profits begin to rise. This is an example of a _____ strategy that would be found in box _____.

- A. market penetration; A
- B.** product development; B
- C. market development; C
- D. diversification; D
- E. market reversal; D

Product development is a marketing strategy of selling new products to existing markets.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: Product Development

205. (p. 33) See Figure 2-7 above. A small family owned gelato business is the town's favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. He is beginning to think that he will not be able to support his family if things don't improve, but he doesn't want to give up his store. Instead, he experiments by selling hand-made flies on the Internet for professional sports fishermen. This is an example of a _____ strategy that would be found in box _____.

- A. market penetration; A
- B. product development; B
- C. market development; C
- D. market reversal; D
- E.** diversification; D

Diversification is a marketing strategy of developing new products and selling them in new markets.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: Diversification

206. (p. 33) Box "A" in Figure 2-7 above represents the marketing strategy of _____.

- A.** market penetration
- B. product development
- C. market development
- D. market reversal
- E. diversification

Market penetration is a marketing strategy to increase sales or current products in existing markets.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: Market Penetration

207. (p. 33) Box "B" in Figure 2-7 above represents the marketing strategy of _____.

- A. market penetration
- B. market reversal
- C. market development
- D.** product development
- E. diversification

Product development is a marketing strategy of selling new products to existing markets.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: Product Development

208. (p. 33) Box "C" in Figure 2-7 above represents the marketing strategy of _____.

- A. product development
- B. market penetration
- C. market development**
- D. market reversal
- E. diversification

Market development is a marketing strategy to sell existing products to new markets.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: Market Development

209. (p. 33) Box "D" in Figure 2-7 above represents the marketing strategy of _____.

- A. market penetration
- B. market reversal
- C. market development
- D. product development
- E. diversification**

Diversification is a marketing strategy of developing new products and selling them in new markets.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Application

Topic: Diversification

210. (p. 33) According to Figure 2-7 above, which two strategies would be used if a firm were not willing to find new markets?

- A. product development and market penetration
- B. product development and diversification
- C. market development and product development
- D. market development and market penetration
- E. market development and diversification

Both product development (B) and market penetration (A) require a firm to expand its current markets.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: Diversification Analysis

211. (p. 33) According to Figure 2-7 above, what type of strategic analysis tool is represented by the graphic?

- A. calibrated marketing process
- B. strategic marketing process
- C. situational marketing process
- D. Boston Consultant Group
- E. diversification analysis

Diversification analysis tool is a technique a firm uses to search for growth opportunities form among current and new products and markets.

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Knowledge

Topic: Diversification Analysis Tool

212. (p. 34) The _____ is an approach whereby an organization allocates its marketing mix resources to reach its target markets.

- A. calibrated marketing process
- B. strategic marketing process**
- C. situational marketing process
- D. developmental market analysis
- E. market determinant method

Key term definition-strategic marketing process

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Knowledge

Topic: Strategic Marketing Process

213. (p. 34) The key steps of planning, implementation, and evaluation are part of what is referred to as

- A. gap analysis.
- B. the strategic marketing process.**
- C. the situational marketing triad.
- D. the developmental market analysis.
- E. the market determinant method.

Key term definition-strategic marketing process

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Knowledge

Topic: Strategic Marketing Process

214. (p. 34) What are the steps involved in the planning phase of the strategic marketing process?

- A. situation (SWOT) analysis; market-product focus and goal setting; and marketing program development
- B. planning; implementation; and control
- C. set market and product goals; select target markets; find points of difference; and position the product
- D. identify industry trends; analyze competitors; and assess own company
- E. identify where we have been; where we are headed; and where we are now

The three steps involved in the planning phase of the strategic marketing process are listed in the text Figure 2-6 as Situation (SWOT) analysis, market-product focus and goal setting, and marketing program development.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: Strategic Marketing Process

215. (p. 34) Step one in the planning phase of the strategic marketing process is

- A. the situation analysis.
- B. the market-product focus and goal setting.
- C. the marketing program.
- D. implementation.
- E. obtaining resources.

The planning phase of the strategic marketing process has 3 steps. Step 1 is the situation analysis. Step 2 is market-product focus and goal setting. Step 3 is the marketing program. The implementation phase is when resources are obtained.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: Strategic Marketing Process-Planning

216. (p. 34) Step two in the planning phase of the strategic marketing process is

- A. the situation analysis.
- B.** the market-product focus and goal setting.
- C. the marketing program.
- D. implementation.
- E. obtaining resources.

The planning phase of the strategic marketing process has 3 steps. Step 1 is the situation analysis. Step 2 is market-product focus and goal setting. Step 3 is the marketing program. The implementation phase is when resources are obtained.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: Strategic Marketing Process-Planning

217. (p. 34) The first step in the strategic marketing process is

- A. establishing the budget.
- B. developing advertising appeals.
- C. goal setting.
- D. marketing programming.
- E.** situation analysis.

As shown in the text Figure 2-6, the planning phase of the strategic marketing process consists of the three steps shown at the top of the figure: (1) situation analysis, (2) market-product focus and goal setting, and (3) the marketing program.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: Strategic Marketing Process

218. (p. 34) Taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's plans and the external factors and trends affecting it is referred to as

- A. systems analysis.
- B. strategic market plan.
- C. goal setting step.
- D. planning gaps.
- E.** situation analysis.

Key term definition-situation analysis

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Knowledge

Topic: Situation Analysis

219. (p. 34) Situation analysis refers to

A. taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it.

B. an appraisal of an organization's internal and external strengths and weaknesses and its internal and external opportunities and threats.

C. a regularly scheduled internal audit that takes place during a specified promotional campaign to ensure that marketing actions are successfully taking place.

D. a careful comparison of a company's performance relative to its closest competitors in terms of both profits and market share.

E. an in-depth analysis of how a specific department is spending its money relative to the incremental revenues those actions are generating.

Key term definition-situation analysis

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Knowledge

Topic: Situation Analysis

220. (p. 34) Situation analysis requires a firm to consider both internal and external factors. Which of these is an example of an external factor?

- A. The firm buys its own fleet of trucks so it no longer needs to hire a trucking company for distribution.
- B. A hiring freeze is put into place. Although no one is fired no one can be hired.
- C. A goal is set to close the gap between production costs and profits.
- D.** A local governance requires that all businesses within the city limits must reduce their waste by 5% or be fined.
- E. Shareholders are rewarded with a sizeable dividend check.

Alternatives "a, b, c," and "e" are all internal factors. Regulation outside the organization would be an external factor.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Application

Topic: Situation Analysis

221. (p. 35) The acronym "SWOT" used in the term "SWOT analysis" stands for

- A. strengths, weaknesses, opportunities, and tactics.
- B. strengths, weaknesses, options, and tactics.
- C.** strengths, weaknesses, opportunities, and threats.
- D. simple, workable, optimal, and timely.
- E. state the problem, work out a strategy, organize your team, and take action.

Key term definition-SWOT analysis

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Knowledge

Topic: SWOT Analysis

222. (p. 35) An effective technique a firm can use to appraise in detail its internal strengths and weaknesses and external opportunities and threats is referred to as

- A. SWOT analysis.
- B. strategic management.
- C. market segmentation.
- D. market programming.
- E. marginal analysis.

Key term definition-SWOT analysis

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Knowledge

Topic: SWOT Analysis

223. (p. 35) The goal of a SWOT analysis is to

- A. identify critical strategy-related factors that can have a major effect on the firm.
- B. help determine how raises, bonuses, and dividends will be paid.
- C. discover areas for diversified investment outside the firm's marketing areas.
- D. identify market research questions to help develop new products for new market segments.
- E. fairly allocate governmental resources and financial aid across the industry.

The ultimate goal is to identify the critical strategic factors affecting the firm and then build on vital strengths, correct glaring weaknesses, exploit significant opportunities, and avoid disaster-laden threats.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: SWOT Analysis

224. (p. 35) The ultimate goal of a SWOT analysis is to identify _____ strategy-related factors that impact the firm and then build on vital strengths, correct glaring weaknesses, exploit significant opportunities, and avoid disaster-laden threats.

- A. essential
- B. required
- C. necessary
- D. critical**
- E. indispensable

Text term definition-critical

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: SWOT Analysis

225. (p. 35) The ultimate goal of a SWOT analysis is to identify the critical strategy-related factors that impact the firm and then build on vital strengths, correct glaring weaknesses, and exploit opportunities, and

- A. identify competitors who are failing.
- B. avoid disaster-laden threats.**
- C. search out governmental resources and financial aid.
- D. diversify investment outside the firm's marketing areas.
- E. develop new products for new market segments.

The ultimate goal is to identify the critical strategic factors affecting the firm and then build on vital strengths, correct glaring weaknesses, exploit significant opportunities, and avoid disaster-laden threats.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: SWOT Analysis

226. (p. 35) In the 1980s, a lapse in production quality and increase in Japanese imports drove the Harley-Davidson motorcycle company to the brink of bankruptcy. The company's share of the U.S. super-heavy-weight market—motorcycles with engine capacity of 850 cubic centimeters or more—collapsed from more than 40 percent in the mid 1970s to 23 percent in 1983. However, by 1989, Harley-Davidson controlled some 65 percent of the U.S. market; and both in the U.S. and overseas markets, the company won't be able to meet demand for years. From a marketing perspective, what was the most likely first step in Harley-Davidson's resurgence?

- A. Development of a new mission statement and subsequent marketing strategy.
- B. Repositioning their product in the minds of motorcycle buyers.
- C. Performing a SWOT analysis.**
- D. Seeking new markets for the motorcycles both in the U.S. and in foreign markets.
- E. Improving the quality of their product and communicating this to motorcycle buyers.

Prior to making changes in either product or marketing strategy, the firm would have needed to ascertain its internal strengths and weaknesses and its external threats and opportunities.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Application

Topic: SWOT Analysis

227. (p. 35) A recent Congressional initiative mandated that the U.S. Department of Transportation (USDOT) establish a national traffic information collection system. The marketing manager of a company that provided traffic reports for local radio stations would most likely incorporate this knowledge into its SWOT analysis as

- A. a weakness if the company has an existing working relationship with the USDOT.
- B. an opportunity if the USDOT will give this information directly to all radio stations.
- C.** a weakness if the company that provides local traffic information has no employees technologically capable of using the USDOT system.
- D. a threat if the USDOT is creating a network of local traffic-information providers to address the mandate.
- E. part of a marketing plan; this information would not be part of a SWOT analysis.

Potentially this would be a great opportunity, however, if the firm does not have the technological resources to meet the demands, this would be a weakness. Of course, part of the purpose of SWOT analysis is to use the information to make better marketing decisions. If acted upon, this would be a great time for the firm to step forward technologically as long as they could afford it.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Application

Topic: SWOT Analysis

LOCATION OF FACTOR	TYPE OF FACTOR	
	Favorable	Unfavorable
Internal	A	B
External	C	D

FIGURE 2-8

228. (p. 35) See Figure 2-8 above. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that resulted in a loss of power. It is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits. Before going ahead with this decision there were several factors that had to be taken into consideration: The firm has a great reputation with its flashlights and does not want to ruin it. Their physical plant could be refitted relatively easily to make small generators, but it would be rather costly. They would have to rely on someone else to manufacture and package the survival kits. And, although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The company's reputation would fall in which quadrant (s) of the grid?

- A. Quadrant A
- B. Quadrant B
- C. Quadrant C
- D. Quadrant D
- E. Quadrants A and D

Their reputation is a favorable internal factor, quadrant A.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Application

Topic: SWOT Analysis

229. (p. 35) See Figure 2-8 above. A Florida based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that resulted in a loss of power. It is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits. Before going ahead with this decision there were several factors that had to be taken into consideration: They have a great reputation with their flashlights and don't want to ruin it. Their physical plant could be refitted relatively easily to make small generators, but it would be rather costly. They would have to rely on someone else to manufacture and package the survival kits. And, although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The company's need to refit their factory would fall in which quadrants of the grid?

- A. Quadrant A
- B. Quadrant B**
- C. Quadrant C
- D. Quadrant D
- E. Quadrants A and D

The cost and disruption would be unfavorable internal factors, quadrant B.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Application

Topic: SWOT Analysis

230. (p. 35) See Figure 2-8 above. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that resulted in a loss of power. It is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits. Before going ahead with this decision there were several factors that had to be taken into consideration: They have a great reputation with their flashlights and don't want to ruin it. Their physical plant could be refitted relatively easily to make small generators, but it would be rather costly. They would have to rely on someone else to manufacture and package the survival kits. And, although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The projected number of hurricanes would fall in which quadrants of the grid?

- A. Quadrant A
- B. Quadrant B
- C. Quadrant C
- D. Quadrant D
- E. Quadrants C and D**

The weather is beyond their control, if the hurricanes affect the area as expected, or if there are more than expected, then they would be favorable external factors. If there are fewer hurricanes than expected, then they would be unfavorable external factors, either quadrant C or D.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Application

Topic: SWOT Analysis

231. (p. 35) See Figure 2-8 above. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that resulted in a loss of power. It is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits. Before going ahead with this decision there were several factors that had to be taken into consideration: They have a great reputation with their flashlights and don't want to ruin it. Their physical plant could be refitted relatively easily to make small generators, but it would be rather costly. They would have to rely on someone else to manufacture and package the survival kits. And, although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The need to rely on another company to supply the survival kits would fall in which quadrant (s) of the grid?

- A. Quadrant A
- B. Quadrant B
- C. Quadrant C
- D. Quadrant D**
- E. Quadrants C and D

This represents an external potentially unfavorable factor. The flashlight firm would have to rely on an outside source supplier over which they would have limited control (deadlines, quality control, changes in materials costs, etc.) and there is a greater potential of competition from other sources that provide the materials in the kit, quadrant D.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Application

Topic: SWOT Analysis

232. (p. 35) Aggregating prospective buyers into groups or segments that (1) have common needs and (2) will respond similarly to a marketing action is referred to as _____.

- A. aggregation marketing
- B. market segmentation**
- C. market clustering
- D. customer profiling
- E. mass marketing

Key term definition-market segmentation

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Knowledge

Topic: Market Segmentation

233. (p. 35) Market segmentation refers to

- A. identifying small groups of customers with dissimilar needs but grouping them together through a single advertising campaign.
- B. aggregating prospective buyers into groups and selecting only those whose needs cannot be met by competitors' products.
- C. aggregating prospective buyers into groups or segments that have common needs and will respond similarly to a marketing action.**
- D. aggregating different products into more reasonable product groupings to better serve consumers' needs.
- E. differentiating products within a product line by unique criteria to attract the greatest number of potential customers.

Key term definition-market segmentation

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Knowledge

Topic: Market Segmentation

234. (p. 35) What is the marketing term for aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action?

- A. aggregation marketing
- B. market segmentation**
- C. market clustering
- D. profiling
- E. mass marketing

Key term definition-market segmentation

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Knowledge

Topic: Market Segmentation

235. (p. 35) To develop a successful marketing plan for soda, _____ would most likely be used to group consumers on the basis of whether they wanted sugar-free and caffeine-free soda, caffeine-free sugared soda, or regular soda with sugar and caffeine.

- A. aggregation marketing
- B. market segmentation**
- C. market clustering
- D. profiling
- E. mass marketing

Market segmentation is the term for aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Application

Topic: Market Segmentation

236. (p. 36) Marketing goal setting involves setting measurable _____ to be achieved, possibly for a specific market, a specific product or brand, or an entire marketing program.

- A. financial limits
- B. marketing objectives**
- C. quality standards
- D. production quotas
- E. research and development aspirations

Goal setting involves setting measurable marketing objectives to be achieved possibly for a specific market, a specific product or brand, or an entire marketing program.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: Goal Setting

237. (p. 36) Those characteristics of a product that make it superior to competitive substitutes are referred to as

- A. consumer standards.
- B. perceptual segments.
- C. marketing selectives.
- D. points of difference.**
- E. product stereotypes.

Key term definition-points of difference

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Knowledge

Topic: Points of Difference

238. (p. 36) Points of difference refer to

- A. talking points in an advertisement that emphasize product benefits.
- B. actions responsible for the planning gap.
- C. situations where two departments within the same company have opposing views as to how a product should be managed.
- D.** unique strengths relative to competitors that provide superior returns, often based on quality, time, cost, or innovation.
- E. benefits obtained through graft, nepotism, or collusion to gain an edge in the marketplace.

Key term definition-points of difference

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Knowledge

Topic: Points of Difference

239. (p. 36) At which step of the planning stage of the strategic marketing process does a firm develop its marketing mix (the 4Ps)?

- A. situation analysis
- B. goal setting
- C.** marketing program
- D. sales forecasting
- E. market segmentation

The marketing program represents the "how" part of the strategic marketing process. At this point, an organization develops both its marketing mix and budget.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: Marketing Program

240. (p. 36) The _____ element of the marketing mix includes features, brand name, packaging, service, and warranty.

- A.** product
- B. pricing
- C. promotion
- D. place
- E. services

The product element of the marketing mix includes features, brand name, packaging, service, and warranty.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: Marketing Program – Product Element

241. (p. 37) The second phase of the strategic marketing process is the _____, which involves carrying out the marketing plan that emerges from the planning phase.

- A. motivational phase
- B. strategic phase
- C. planning phase
- D.** implementation phase
- E. evaluation phase

Implementation, the second phase of the strategic marketing process, involves carrying out the marketing plan that emerges from the planning phase.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Implementation Phase

242. (p. 37) The phase of the strategic marketing process when a firm obtains resources, designs the marketing organization, develops schedules, and actually executes the marketing program occurs during the

- A. planning phase.
- B. implementation phase.**
- C. evaluation phase.
- D. strategic marketing analysis.
- E. SWOT analysis.

The four components of the implementation phase include (1) obtaining resources, (2) designing the marketing organization, (3) developing schedules, and (4) actually executing the marketing program designed in the planning phase.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Implementation Phase

243. (p. 37) The four major elements of the implementation phase of the strategic marketing process include (1) obtaining resources, (2) designing the marketing organization, (3) developing schedules, and (4) _____

- A. segmenting the market and selecting target markets.
- B. establishing a business mission and designing measurable goals and objectives.
- C. identifying deviations in the marketing plan and acting on them.
- D. executing the marketing program designed in the planning phase.**
- E. obtaining resources and developing schedules.

The four components of the implementation phase include (1) obtaining resources, (2) designing the marketing organization, (3) developing schedules, and (4) actually executing the marketing program designed in the planning phase.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Implementation Phase

244. (p. 38) A marketing _____ is defined as the means by which a marketing goal is to be achieved. It is characterized by a specified target market and the marketing program to reach it.

- A. plan
- B. tactic
- C. strategy**
- D. concept
- E. action program

Key term definition-marketing strategy

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Knowledge

Topic: Market Strategy

245. (p. 38) Marketing strategy refers to

- A.** the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.
- B. the long-term decisions made to implement the marketing program and the monitoring of those decisions.
- C. a technique that managers use to quantify performance measures and growth targets to analyze its clients' strategic business units (SBUs) as though they were a collection of separate investments.
- D. a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
- E. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.

Key term definition-marketing strategy

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Knowledge

Topic: Marketing Strategy

246. (p. 38) The term marketing strategy is used to address both the _____ and _____.

- A. product characteristics; target market selected
- B.** target market; marketing program
- C. subjective; objective (evaluation of the program and its goals)
- D. revenue generated; percentage of market share
- E. feasibility; time required to implement

A marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Marketing Strategy

247. (p. 38) A marketing strategy is the means by which a marketing goal is to be achieved. Two factors that usually characterize a marketing strategy are

- A. specific goals and organizational objectives.
- B. a detailed marketing plan and marketing budget.
- C. marketing strategies and marketing tactics.
- D.** a specified target market and a marketing program to reach it.
- E. marketing programs and deviation control.

A marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it. The term implies both the end sought (target market) and the means to achieve it (marketing program).

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Marketing Strategy

248. (p. 38) Which of the following statements reflects both of the key elements in developing a marketing strategy for L. M. Schofield, Inc., a company that produces specialized concrete surfaces for heavily trafficked areas such as retail outlets and amusement parks?

- A. Buy ads in all the major trade journals aimed at businesses in the entertainment and/or sports industry.
- B. Communicate using direct mail about the various walking surfaces Schofield can create for contractors who are building riding and walking paths.**
- C. Design a sample ad and test it using visitors attending a trade show.
- D. Hire six new sales representatives for the Midwest regional office and train them on all aspects of strategy.
- E. Create a focus group to decide on what surface to use for a religious-theme park in Brazil.

Alternative "b" is the only answer, which both identifies a target market (contractors building riding and walking paths) and describes the program to reach it (direct mail to communicate the variety of surfaces). All the other answers are examples of marketing tactics only.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Application

Topic: Marketing Strategy

249. (p. 38) Marketing tactics refer to

- A. the long-term decisions made to implement the marketing program and the monitoring of those decisions.
- B. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.**
- C. the steps taken to develop an effective marketing plan.
- D. the development of marketing strategies to achieve the organization's marketing objectives.
- E. the refinement of the organization's mission based on the results obtained from a marketing audit.

Key term definition-marketing tactics

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Knowledge

Topic: Marketing Tactics

250. (p. 38) The detailed day-to-day operational decisions essential to the overall success of marketing strategies are referred to as _____.

- A. marketing plans
- B. marketing tactics**
- C. marketing programs
- D. marketing campaigns
- E. marketing procedures

Key term definition-marketing tactics

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Knowledge

Topic: Marketing Tactics

251. (p. 38) Compared to marketing strategies, marketing tactics generally involve actions that **A.** are detailed day-to-day operational decisions.

- B. are long term and need to be carefully developed rather than short term.
- C. involve upper levels of management rather than front-line managers.
- D. are general rather than specific in nature.
- E. have been successfully implemented in the past.

Marketing tactics are detailed day-to-day operational decisions essential to the overall success of marketing strategies. Actions must be taken as conditions change and special situations occur. They may or may not have been previously implemented.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Marketing Tactics

252. (p. 38) David and Cecilia Stanford, owners of Prairie Herb vinegars, decided to offer the product in 5-ounce and 13-ounce sizes as well as in a 16-ounce European glass bottle. They decided to sell the vinegar only through the mail and to price the smaller bottles at \$4.45 and the largest bottles at \$13.25. They were determining Prairie Herb's marketing A. tactics.
B. missions.
C. visions.
D. strategies.
E. operational procedures.

Marketing tactics are detailed day-to-day operational decisions essential to the overall success of marketing strategies.

*AACSB: Analytical
Bloom's: Application
Difficulty Level: Medium
Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.
Level of Learning: Application
Topic: Marketing Tactics*

253. (p. 38) The two major aspects of the evaluation phase of the strategic marketing process are
A. segmenting the market and selecting target markets.
B. establishing a business mission and designing measurable goals and objectives.
C. designing the marketing mix and setting the budget.
D. identifying deviations from goals and acting on the deviations.
E. executing the marketing plan and designing the marketing organization.

The evaluation phase of the strategic marketing process seeks to keep the marketing program moving in the direction set for it. Accomplishing this requires the marketing manager to (1) compare the results of the marketing program with the goals in the written plans to identify deviations and (2) act on these deviations correcting negative deviations and exploiting positive ones.

*AACSB: Analytical
Bloom's: Comprehension
Difficulty Level: Medium
Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.
Level of Learning: Application
Topic: Evaluation Phase*

254. (p. 39) The difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place is referred to as

- A. the contribution margin.
- B. the marginal space.
- C. the breakeven point.
- D. the planning gap.**
- E. differential location.

Text term definition-planning gap

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Knowledge

Topic: Planning Gap

255. (p. 39) Planning gap refers to

- A. the difference between projected total costs and realized total revenues.
- B. the difference between projected total costs and total profits.
- C. the difference between projected marginal revenue and actual marginal revenue changes that occur as the result of an environmental force.
- D. the percentage point difference between a firm and its next largest competitor in terms of market share.
- E. the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place.**

Text term definition-planning gap

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Knowledge

Topic: Planning Gap

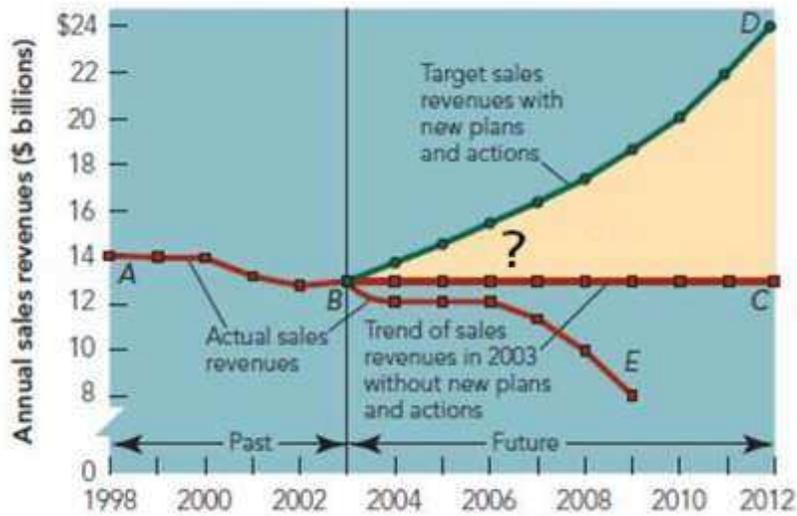


FIGURE 2-9

256. (p. 39) The question mark in Figure 2-9 above represents

- A. the contribution margin.
- B. the marginal space.
- C. the breakeven point.
- D.** the planning gap.
- E. differential location.

A planning gap is the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Planning Gap

257. (p. 39) As the CEO of the company the sales revenues of which are shown in Figure 2-9 above, you are most likely

- A. proud of your accomplishments between 2003 and 2012.
- B. feeling good because the results are precisely on track with plan.
- C. going to reward your subordinates for outstanding performance.
- D. worried that the board might fire you.
- E.** devising a new plan since the prior plan is clearly not working.

When evaluation shows that actual performance fails to meet expectations, managers need to take corrective actions such as devising a new plan.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Application

Topic: Planning Gap

258. (p. 39) Based on the information in Figure 2-9 above, between 2003 and 2012 the planning gap

- A.** is widening.
- B. is becoming narrower.
- C. is staying the same.
- D. size cannot be determined.
- E. began in 2003.

A planning gap is the difference between the projection of the path to reach a new goal (line BD) and the projection of the path of the results of a plan already in place (line BC). This difference is widening.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Planning Gap

259. (p. 39) Evergreen Air Center is the world's largest parking lot for unwanted commercial aircraft. Airlines pay from \$750 to \$5,000 monthly for the storage services provided by Evergreen. Prior to September 2001, the company had 140 discarded airplanes at its Arizona facilities and was growing at a rate of about six planes monthly with about two a month sold for parts and/or scrap metal. After calamity struck the airline industry in September 2001, the airlines have retired over a thousand planes—many of which found their way to Evergreen. Now the actual number of planes stored at Evergreen differs significantly from the prediction based on previous behavior. This difference is referred to as

- A. the contribution margin.
- B. the marginal space.
- C. the breakeven point.
- D. the planning gap.**
- E. differential location.

A planning gap is the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Application

Topic: Planning Gap

260. (p. 39-40) After examining a planning gap, firms typically attempt to

- A. decide if the time horizon should be increased or decreased.
- B. perform a SWOT analysis with their major competitor as the focus.
- C. use statistical trend analysis to interpret the results.
- D. exploit a positive deviation and correct a negative deviation.**
- E. adopt a product-market focus.

A planning gap is the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place. The ultimate purpose of the firm's marketing program is to "fill in" this planning gap—to move its future sales revenue line from the plan to the more challenging target.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Planning Gap

261. (p. 42) The Betty Crocker marketing team that developed Warm Delights challenged the food scientists at General Mills to make an indulgent, delicious, and gooey dessert. So they wanted which of these characteristics in the dessert?

- A. no cleanup
- B. a single portion
- C. quick preparation
- D. consistent great taste
- E.** all of the above

The Betty Crocker marketing team challenged the food scientists at General Mills to create a great tasting, easy to prepare, single-serve cake treat that had no clean-up.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Video Case: General Mills

262. (p. 42) The primary target market for Warm Delights is _____.

- A. empty-nesters
- B.** on-the-go women
- C. college students with microwaves
- D. young marrieds who often have unexpected company
- E. families with small children wanting after-school treats

The Warm Delights team targeted the on-the-go women who want a small, personal treat.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Video Case: General Mills

263. (p. 43) Which of the following types of test marketing techniques were primarily used in market research for General Mills Warm Delights?

- A. free coupons
- B. product sampling
- C. continuity programs
- D. double back product refunds
- E. test marketing on the shelves of real supermarkets**

The Warm Delights product was tested by putting Warm Delights on the shelf in real stores.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Video Case: General Mills

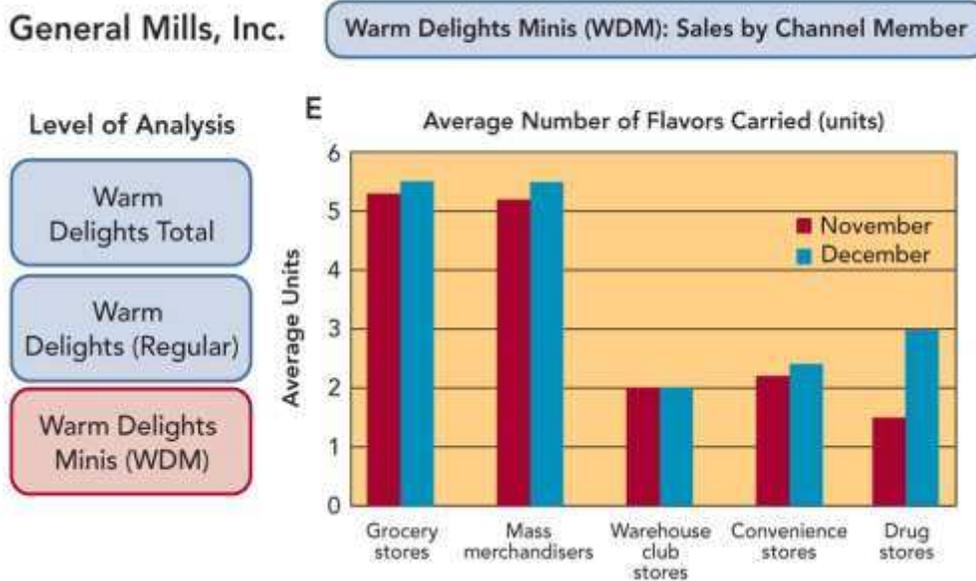


FIGURE 2-10

264. (p. 42-43) The bar graph in Figure 2-10 above demonstrates

- A. the total amount spent by customers from November to December.
- B. preference of Warm Delights Minis over Warm Delights (regular).
- C. shopping preferences of customers amongst different channel members.
- D. the level of analysis for sales results for the total Warm Delights sales.
- E.** differences in the numbers of Warm Delight Minis flavors carried by different outlets for two months of the year.

Bar chart E. This bar chart shows the average number of flavors of Warm Delights Minis carried by each store in the channel, the maximum possible being 6.0. But note that the Warm Delights Minis went from having only 1.4 flavors carried by the average drugstore in November to 3.0 in December, a trend worth investigating.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Video Case: General Mills

265. (p. 42-43) The bar graph in Figure 2-10 above for drug stores would most likely cause marketers to

- A. put more product into drugstores and remove product from club stores.
- B.** find out why customers prefer more flavors in drug stores in December and exploit that information.
- C. reduce the choices to keep drug stores more in line with other distribution outlets.
- D. investigate shopping preferences of customers amongst different channel members.
- E. take corrective actions that would allow drug stores to sell as much as grocery stores.

This bar chart shows the average number of flavors of Warm Delights Minis carried by each store in the channel, the maximum possible being 6.0. But note that the Warm Delights Minis went from having only 1.4 flavors carried by the average drugstore in November to 3.0 in December, a trend worth investigating.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Video Case: General Mills

266. (p. 42-43) The three "buttons" on the left-hand column, in Figure 2-10 above,

A. rank the overall sales of the products.

B. allow the information to be displayed separately for three different levels of warm Delight soles: Minis, Regular, and Total.

C. highlight that while overall sales are up, Warm Delights Minis are performing below expectations.

D. highlight that while overall sales are up, Warm Delights Minis are performing well above expectations.

E. block information for Warm Delights Minis to be viewed except by those with special authority.

The three "buttons" in the left-hand column titled "Level of Analysis" in Figure 2-10 show that this marketing dashboard can present the situation for any one of three levels in the Warm Delights product line. The three buttons show the analysis can be done for: *Warm Delights Total*—the entire Warm Delights product line *Warm Delights (Regular)*—only for the regular size packages of Warm Delights, and *Warm Delights Minis*—only for the single-serve size packages of the brand—the Warm Delights Minis.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Video Case: General Mills

Short Answer Questions

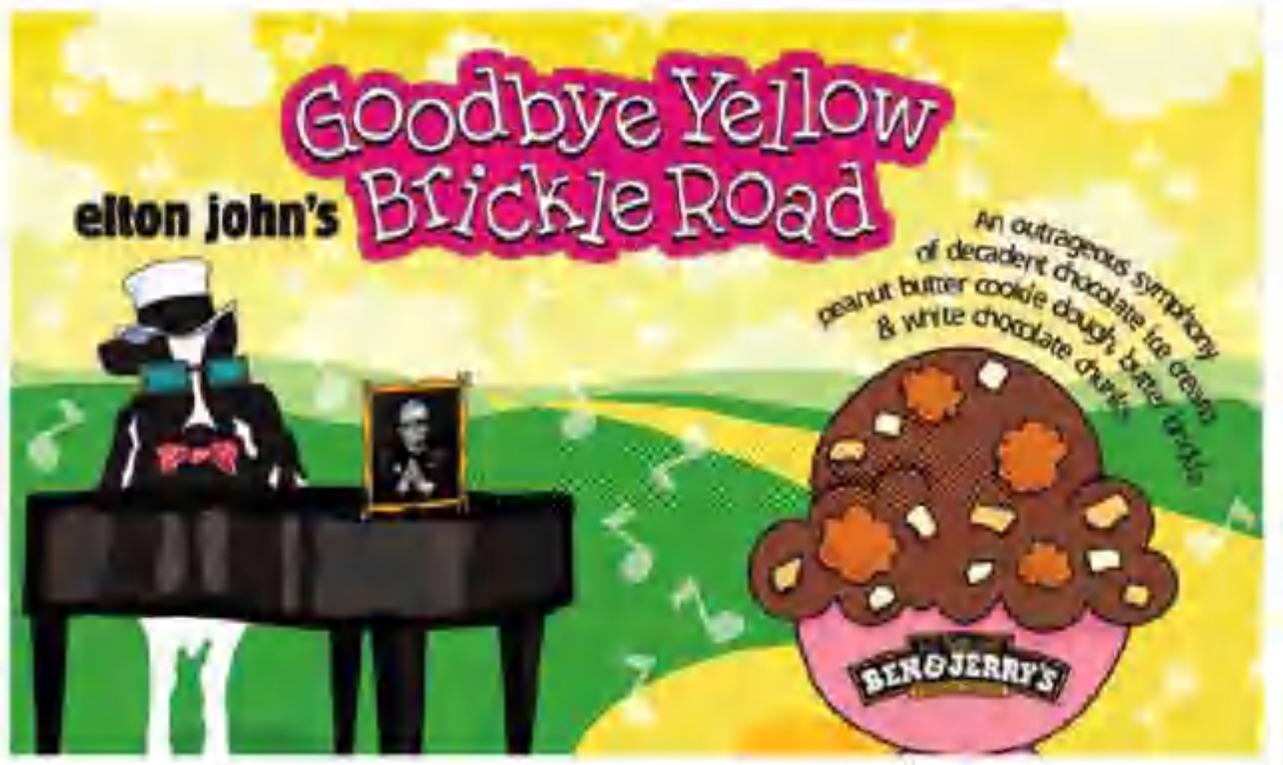


FIGURE 2-11

267. (p. 20) Ben & Jerry's introduces products like its Goodbye Yellow Brick Road ice cream flavor (see Figure 2-11 above) for a limited time each year as a response to its mission which consists of three interrelated parts. Name them.

Ben & Jerry's mission consists of 3 interrelated parts which are

- (1) Social mission – to operate the company in a way that actively recognizes the central role that business plays in society by initiating innovative ways to improve the quality of life locally, nationally and internationally.
- (2) Product mission – to make, distribute and sell the finest quality all natural ice cream and euphoric concoctions with a continued commitment to incorporating wholesome, natural ingredients and promoting business practices that respect the Earth and the Environment.
- (3) Economic mission – to operate the Company on a sustainable financial basis of profitable growth, increasing value for our stakeholders and expanding opportunities for development and career growth for our employees.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Chapter Opening Example: Ben & Jerry's

268. (p. 23) Describe the three organizational levels in an organization and the general responsibilities for each.

The three levels are

- (1) corporate level where the top management directs overall strategy for the entire organization.
- (2) strategic business unit (strategic business units refers to a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers) level where business unit managers set a more specific direction for their businesses to exploit value-creating opportunities.
- (3) functional level where groups of specialists actually create value for the organization. (The term "department" generally refers to these specialized functions such as marketing and finance.)

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Three Levels in Organizations

269. (p. 23) Using Figure 2-1 above, identify and briefly describe the five levels typically found in large organizations.

The five levels are

(1) Board of directors (A) – oversees the three levels of strategy in organizations (corporate, business unit, and functional).

(2) Corporate level (B)-where the top management directs overall strategy for the entire organization.

(3) Business unit-level (C) (strategic business units refers to a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers) level-where business unit managers set a more specific direction for their businesses to exploit value-creating opportunities.

(4) Functional level (D)-where groups of specialists actually create value for the organization.

(5) Departments (E)-The term "department" generally refers to specialized functions such as information systems, finance, research and development, marketing, manufacturing and human resources).

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Three Levels in Organizations

270. (p. 24) There is a General Motors plant in Spring Hill, Tennessee, that is devoted solely to the production of Saturn cars. At which organizational level is this plant operating? Explain your answer.

The Saturn plant operates as a business unit of General Motors. It is an organization that markets a set of related products (in this case various Saturn models) to a clearly defined group of customers (people who want to own Saturn cars).

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Application

Topic: Business Unit

271. (p. 24) What is a cross-functional team and how is it used?

When developing marketing programs for new offerings or for improving existing ones, an organization's senior management may form cross-functional teams. These consist of a small number of people from different departments who are mutually accountable to accomplish a task or a common set of performance goals. Sometimes these teams will have representatives from outside the organization, such as suppliers or customers, to assist them.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-01 Describe two kinds of organizations and the three levels of strategy in them.

Level of Learning: Comprehension

Topic: Cross-Functional Teams

272. (p. 24) According to Figure 2-2 above, what are the three elements today's visionary organization must do to be forward looking and successful in its marketing environment?

Management experts stress that to be successful, today's organizations must be visionary—must both anticipate future events and respond quickly and effectively. This requires a visionary organization to (1) specify its foundation (why does it exist), (2) set a direction (what will it do), (3) and formulate strategies (how will it do it). An organization's foundation is its philosophical reason for being –why it exists.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Strategy in Visionary Organizations

273. (p. 25) List potential stakeholders for the college or university that you attend.

Students' answers will vary, but each answer should recognize that there are both external and internal stakeholders for each organization. Their lists could include students, deans, instructors, and the community in which the institution is located, boards or governments that regulate campus activities, guest speakers, and graduates.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Stakeholders

274. (p. 25) What is a corporate mission? What are some elements of a well-written mission statement?

By understanding its core values, an organization can take steps to define its mission, a statement of the organization's function in society, often identifying its customers, markets, products, and technologies. Today, often used interchangeably with vision, a mission statement should be clear, concise, meaningful, inspirational, and long-term. A good mission should be a clear, challenging, and compelling picture of an envisioned future.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Corporate Mission



FIGURE 2-12

275. (p. 25) Medtronic is the world leader in producing heart pacemakers and other medical devices. Figure 2-12 above is a mural displayed in their headquarters. Earl Bakken, its founder, wrote Medtronic's mission statement when it was launched a half century ago (and which today remains virtually unchanged). Use this figure to describe how the image relates to their corporate mission.

A good mission statement should be clear, concise, meaningful, inspirational, and long-term. It also needs to be clear, challenging, and provide a compelling picture of an envisioned future. Medtronic's mission statement and mural meets these requirements of a good mission statement.

Medtronic's mission statement reads: "To contribute to human welfare by application of biomedical engineering in the research, design, manufacture, and sale of instruments or appliances that alleviate pain, restore health, and extend life. When viewing the mural, people see this "rising figure" which depicts Medtronic's mission statement.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Corporate Mission

276. (p. 25) Write three possible versions of a corporate mission statement for a community college.

By understanding its core values, an organization can take steps to define its mission, a statement of the organization's function in society, often identifying its customers, markets, products, and technologies. Difference in mission statements could vary greatly. For example, one mission could be "to create an environment where all local citizens have access to enhanced educational experiences" or "prepare students to competitively enter other institutions of higher learning upon graduation, or "provide alternative certification programs for students wishing to have post-high school education without attending a traditional four year college".

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Corporate Mission



FIGURE 2-13

277. (p. 26) What "business" is a railroad firm in (Figure 2-14 above)? Why?

In his famous "Marketing Myopia" article, Theodore Levitt argues that senior managers of 20th century American railroads defined their business too narrowly, proclaiming, "We are in the railroad business!" This myopic focus caused these firms to lose sight of who their customers were and what they needed. Thus, railroads only saw other railroads as direct competitors and failed to develop strategies to compete with airlines, barges, pipelines, and trucks – firms whose offerings carry both goods and people. As a result, many railroads merged or went bankrupt. Railroads would have fared better if they had realized they were in "the transportation business."

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Organizational Direction

278. (p. 26-27) Name and briefly describe the seven types of corporate goals.

The seven types of corporate goals are:

- (1) Profit. Economic theory assumes a firm seeks to maximize long-run profit.
- (2) Sales Revenue. A firm may elect to maintain or increase its sales level, even though profitability may not be maximized.
- (3) Market Share. A firm may choose to maintain or increase its market share--sometimes at the expense of greater profits.
- (4) Quality. A firm may target the highest quality.
- (5) Customer Satisfaction. Customers are the reason the organization exists, so their perceptions and actions are of vital importance.
- (6) Employee welfare. An organization may recognize the critical importance of its employees by having an explicit goal stating its commitment to good employment opportunities and working conditions for them.
- (7) Social responsibility. A firm may seek to balance the conflicting goals of consumers, employees, and stockholders to promote overall welfare of all these groups, even at the expense of profits.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Comprehension

Topic: Corporate Goals

279. (p. 27) The logistics industry has sales of \$800 billion per year. If a third party logistics provider had sales of \$8 billion, what would its market share be? Be sure to define market share and show your work in your answer.

Market share is the ration of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself. In this case, the sales of the firm itself (\$8 billion) divided by the sales revenue of all firms in the industry (\$800 billion) means that the third party logistics provider in question has a 1% market share.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-02 Describe how core values; mission; organizational culture; business; and goals are important to organizations.

Level of Learning: Application

Topic: Market Share

280. (p. 27-28) Define "marketing dashboard" and "marketing metric" and explain how these terms are related.

A marketing dashboard is the visual display on a single computer screen of the essential information related to achieving a marketing objective. Often it is an Internet-based display with real-time information, and active hyperlinks to further detail. With a marketing dashboard, a marketing manager glances at a graph or table and makes a decision whether or not to take action, or often to do more analysis to understand the problem better. Each performance variable is a marketing metric, a measure of the quantitative value or trend of a marketing activity or result. These are displayed on the marketing dashboard.

AACSB: Analytical

Bloom's: Knowledge

Difficulty Level: Medium

Learning Objective: 02-03 Explain why managers use marketing dashboards and metrics.

Level of Learning: Knowledge

Topic: Marketing Dashboard/Marketing Metrics

281. (p. 30) Explain the difference between "competencies" and "competitive advantage" in an organizational setting.

An organization's core competencies are its special capabilities, including skills, technologies, and resources that distinguish it from other organizations and that provide value to its customers. Exploiting these competencies can lead to success, particularly if other organizations cannot copy them.

Competencies should be distinctive enough to provide a competitive advantage, a unique strength relative to competitors, often based on quality, time, cost, or innovation.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: Competencies and Competitive Advantage

282. (p. 31) One of the most recognized approaches to business portfolio analysis is the Boston Consulting Group's growth-share matrix. By dividing each dimension into high and low categories, the matrix contains four cells as shown in Figure 2-6 above. Identify and explain each quadrant represented by A, B, C, and D in the four quadrants of the matrix.

BCG has given specific names and descriptions to the four quadrants in its growth-share matrix. They are as follows:

Cash Cows—(lower left quadrant) have a dominant share of a slow growth market; they typically generate large amounts of cash to invest in other SBUs.

Stars—(upper left quadrant) have a high share of high-growth markets; they may not generate enough cash to support their own needs to support future growth.

Question Marks—(upper right quadrant) are SBUs with a low share of high growth markets; they require large amounts of money just to maintain their market share.

Dogs—(lower right quadrant) have a low share of low-growth markets; although they may generate enough cash to sustain themselves, they hold little promise of becoming winners for the firm.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Growth-Share Matrix

283. (p. 33) The Boston Consulting Group's business portfolio analysis model can be used to guide a firm as it tries to change its relative market share (the factor on the horizontal axis). What are the strengths and weakness of this model?

The primary strength of business portfolio analysis lies in forcing a firm to place each of its SBUs in the growth-share matrix, which in turn suggests which SBUs will be cash producers and cash users in the future. Weaknesses of this analysis arise from the difficulty in (1) getting the needed information and (2) incorporating competitive information into business portfolio analysis.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: BCG Growth-Share Matrix

284. (p. 33) Identify and explain the four market-product strategies represented by each quadrant (A, B, C, and D) shown in the diversification analysis graphic shown above in Figure 2-7 above.

The market-product strategies include

(1)Market penetration (A) – is a marketing strategy to increase sales of current products in current markets.

(2)Market development (B) – is a marketing strategy to sell current products to new markets.

(3)Product development (C) – is a marketing strategy of selling new products to current markets.

(4)Diversification (D) – is a marketing strategy of developing new products and selling them in new markets.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-04 Discuss how an organization assesses where it is now and seeks to be.

Level of Learning: Comprehension

Topic: Diversification Analysis

285. (p. 34-39) Identify and describe the three phases of the strategic marketing process.

The three phases of the strategic marketing process are: planning, implementation, and evaluation.

(1) Planning Phase includes

- situation (SWOT) analysis to identify industry trends, analyze competitors, assess own company, and research customer
- market-product focus and goal setting, which involves setting market and product goals, selecting target markets, finding points of difference, and positioning the product
- marketing program development, which involves developing the program's marketing mix, and developing the budget by estimating revenues, expenses, and profits

(2) Implementation Phase involves

- obtaining resources
- designing the marketing organization
- planning schedules
- executing the marketing program

3) Evaluation Phase involves

- comparing the results of the marketing program plans to the results achieved to identify deviations
- acting to correct negative deviations, and exploit positive ones

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: Strategic Marketing Process

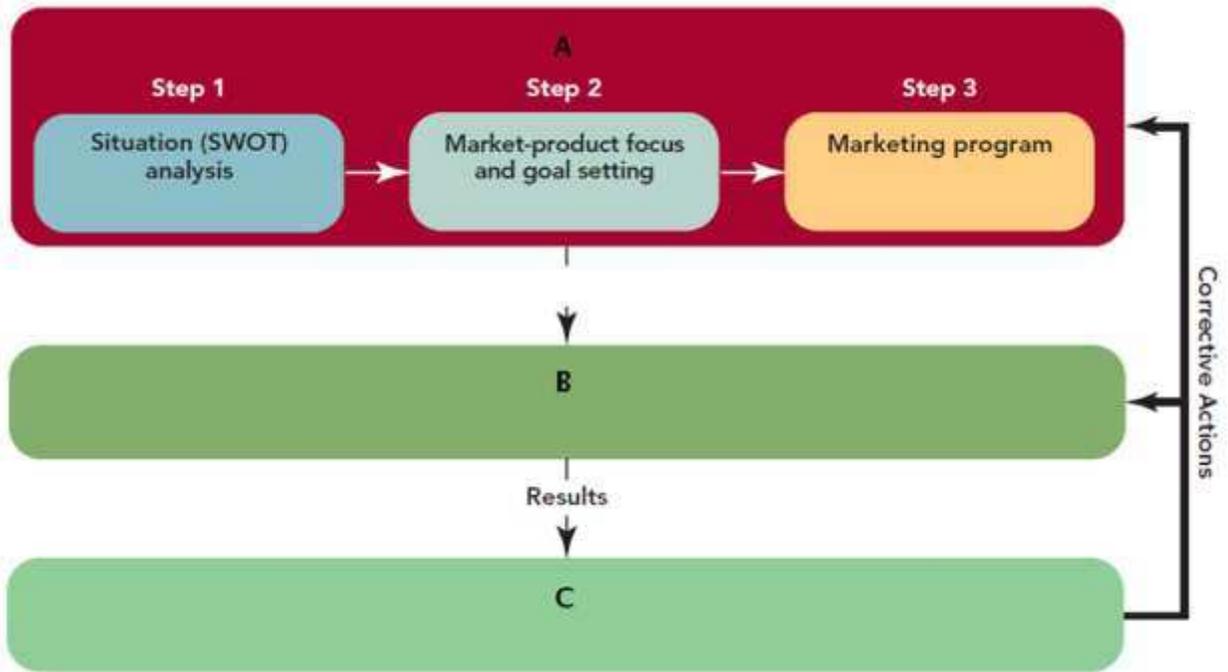


FIGURE 2-14

286. (p. 34-40) Identify and briefly describe the three vital phases of the strategic marketing process. Name them according to cells identified as A, B, and C shown in Figure 2-14 above.

Planning phase (A)-three steps in the planning phase of the strategic marketing process (1) situation (SWOT) analysis, (2) market-product focus and goal-setting, and (3) the marketing program.

Implementation phase (B) – involves carrying out the marketing plan that emerges from the planning phase. There are four components of the implementation phase: (1) obtaining resources, (2) designing the marketing organization, (3) developing planning schedules, and (4) actually executing the marketing program designed in the planning phase.

Evaluation phase (C) – seeks to keep the marketing program moving in the direction set for it. Accomplishing this requires the marketing manager to (1) compare the results of the marketing program with the goals in the written plans to identify deviations and (2) act on these deviations – correcting negative deviations and exploiting positive ones.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: Strategic Marketing Process

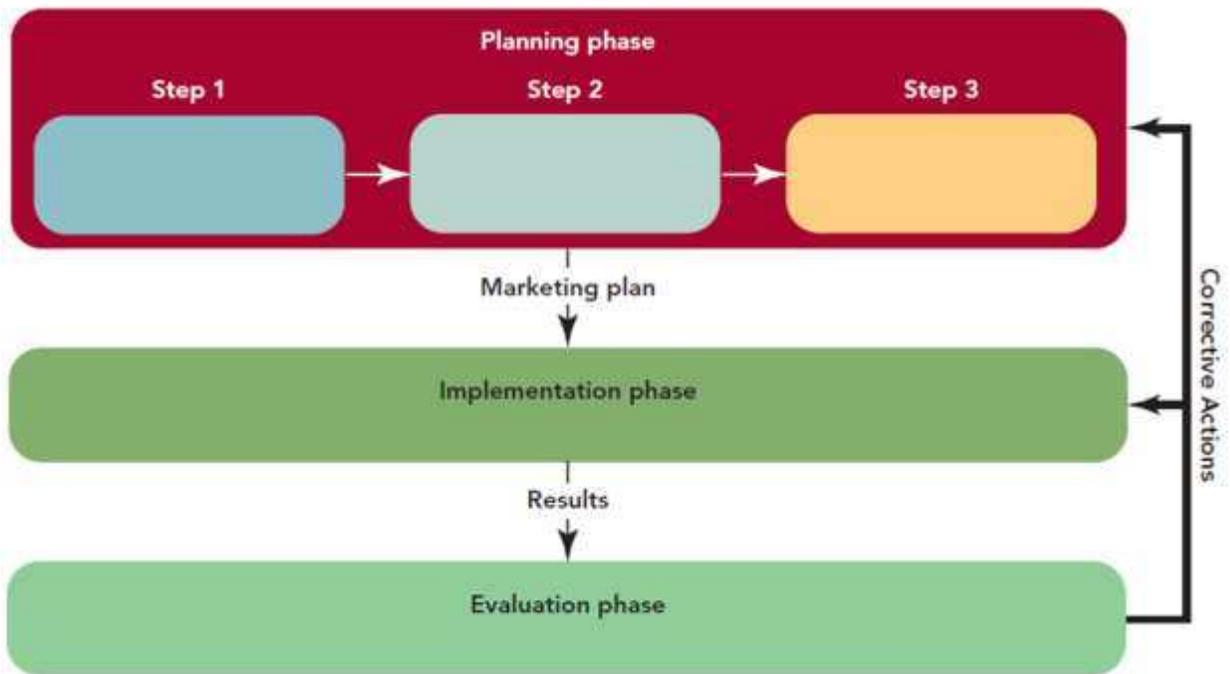


FIGURE 2-15

287. (p. 34-40) Identify the three steps in the planning phase of the strategic marketing process shown in Figure 2-15 above. Name them according to cells A, B, and C.

Cell A: Situation (SWOT) analysis – organization's appraisal of its internal strengths and weaknesses and its external opportunities and threats.

Cell B: Market-product focus and goal setting – determining which products will be directed toward which customers. This decision is often based on market segmentation, which involves aggregating prospective buyers into groups, or segments, that (1) have common needs and (2) will respond similarly to a marketing action. This enables an organization to identify the segments on which it will focus its efforts – its target market segments – and develop specific marketing programs to reach them.

Cell C: Marketing program – involves developing the program's marketing mix (the 4 Ps) and its budget.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: Strategic Marketing Process

288. (p. 35) According to Figure 2-8, a marketer uses SWOT analysis to appraise its internal and external marketing environment. Identify what the acronym "SWOT" means and explain each element of the marketing matrix.

The acronym "SWOT" stands for: Strengths, Weaknesses, Opportunities, and Threats. The SWOT analysis is based on an exhaustive study of four areas that form the foundation upon which the firm builds its marketing program: (1) identify trends in the organization's industry, (2) analyze the organization's competitors, (3) assess the organization itself, (4) research the organization's present and prospective customers.

Cell A: internal strengths

Cell B: internal weaknesses

Cell C: external opportunities

Cell D: external threats

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: SWOT Analysis

289. (p. 35) Identify and describe the four factors in a SWOT analysis and give examples for Ben & Jerry's Homemade ice cream that help it identify the critical strategy-related factors that could have major effects on it.

The four factors in a SWOT analysis include: Internal Strengths and Weaknesses, and external Opportunities and Threats.

Examples for Ben & Jerry's are:

- (1) internal strengths, such as prestigious, well known brand name among U.S. consumers, complements Unilever's existing ice cream brands, widely recognized for its social mission, values, and actions
- (2) internal weaknesses-B & Js social responsibility actions could reduce focus, need for experienced managers to help growth, modest sales and profits in recent years
- (3) external opportunities, such as growing demand for quality ice cream in overseas markets, increasing U.S. demand for 100-calorie novelties like cones and bars, may U.S. firms successfully use product and brand extensions
- (4) external threats, such as consumer concern with sugary fatty desserts, competition with General Mills' and Nestle' brands, increasing competition in international markets

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: SWOT Analysis-Ben & Jerry's

290. (p. 35) A campus service organization annually raises money through the sale of T-shirts. How could it use market segmentation to increase sales of the shirts? Be sure to include a definition of market segmentation in your answer.

Market segmentation involves aggregating prospective buyers into groups, or segments that (1) have common needs and (2) will respond similarly to a marketing action. Students' examples will vary. The service organization may decide to sell shirts to two segments, current students and local residents. A marketing plan should be developed for both segments since the marketing plan will not necessarily be identical for each. For example, while the price and product may be the same, the place the shirts are sold to the students would be the campus bookstore, while the local residents may buy the shirts in a local clothing store. The promotion for the shirts aimed at students may be flyers posted in the dorms and ads in the college newspaper. The promotion aimed at the locals may be an ad in the local community newspaper and flyers posted in the grocery store.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Application

Topic: Market Segmentation

291. (p. 37) A campus service organization annually raises money through the sale of T-shirts. What are the major components of the marketing program it should use to increase sales? Give one example of each.

A marketing program should include product, price, promotion, and place strategies. Students' examples will vary. The product strategy would include packaging and design of shirts. Promotion strategy would encompass how the group plans to communicate information about the sale to other students. Price strategy would include list price and any quantity discounts. Place strategy would include how the shirts will arrive at the point of sale and selection of the point of sale.

AACSB: Analytical

Bloom's: Application

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Application

Topic: The Marketing Program

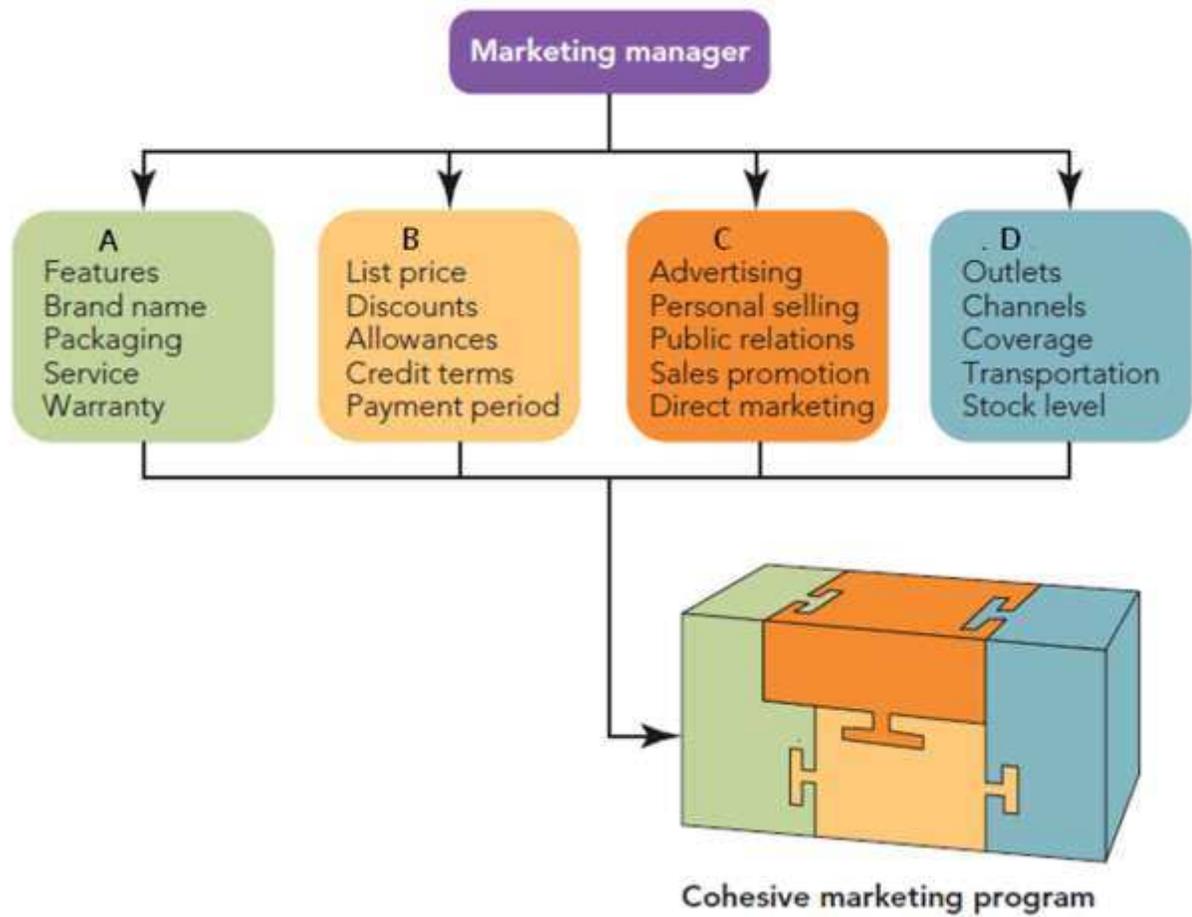


FIGURE 2-16

292. (p. 36) According to Figure 2-16 above, identify and describe the four marketing mix elements (A, B, C, and D) that must be blended to product a cohesive marketing program.

The principal components under each of the four Ps. (1) Product: features, brand name, packaging, service, and warranty. (2) Price: list price, discounts, allowances, credit terms, and payment period. (3) Promotion: advertising, personal selling, sales promotion, public relations, and direct marketing. (4) Place: outlets, channels, coverage, transportation, and stock level. The instructor should probably not expect students to recall every item, but can set a reasonable number of items correctly identified, according to his or her expectations.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: The Marketing Program

293. (p. 36) What are the marketing mix elements that compose a cohesive marketing program?

Text Figure 2-8 illustrates the principal components under each of the four Ps. (1) Product: features, brand name, packaging, service, and warranty. (2) Price: list price, discounts, allowances, credit terms, and payment period. (3) Promotion: advertising, personal selling, sales promotion, public relations, and direct marketing. (4) Place: outlets, channels, coverage, transportation, and stock level. The instructor should probably not expect students to recall every item, but can set a reasonable number of items correctly identified, according to his or her expectations.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Learning: Comprehension

Topic: The Marketing Program

294. (p. 37-38) What are the four components of the implementation phase of the strategic marketing process?

There are four components of the implementation phase: (1) obtaining resources, (2) designing the marketing organization, (3) developing and planning schedules, and (4) actually executing the marketing program designed in the planning phase.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Strategic Marketing Process-Implementation

295. (p. 38) What is the difference between marketing strategies and marketing tactics?

A marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it; it implies both the end sought (target market) and the means to achieve it (marketing program).

Marketing tactics, on the other hand, are detailed day-to-day operational decisions essential to the overall success of marketing strategies, such as writing advertising copy or selecting the amount for temporary price reductions. Marketing strategies and marketing tactics blend into each other. Effective marketing program implementation requires concern for both.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Marketing Strategies and Tactics

296. (p. 38) What is the purpose of the evaluation phase of the strategic marketing process? How is it accomplished?

The evaluation phase of the strategic marketing process seeks to keep the marketing program moving in the direction set for it. Accomplishing this requires the marketing manager to (1) compare the results of the marketing program with goals in the written plans to identify deviations and (2) act on these deviations—correcting negative deviations and exploiting positive ones.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Evaluation Phase

297. (p. 39) Explain what a planning gap is and what is used to close it.

A planning gap is the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place. To increase the sales from the current projection to the new, higher projection, a marketing plan should be used.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Planning Gap

298. (p. 39) According to Figure 2-9 above, what is the area represented by BDC (the "?" called)?

This wedge-shaped gap is called the planning gap, the difference between the projection of the path to reach a new goal (line BD) and the projection of the path of the results of a plan already in place (BC). The ultimate purpose of the firm's marketing program is to "fill in" this planning gap. To increase the sales from the current projection (BC) to the new, higher projection (BD), a marketing plan should be used.

AACSB: Analytical

Bloom's: Comprehension

Difficulty Level: Medium

Learning Objective: 02-06 Describe the elements of the implementation and evaluation phases of the strategic marketing process.

Level of Learning: Comprehension

Topic: Planning Gap