

Student name: \_\_\_\_\_

**TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.**

1) Amazon is able to achieve operational excellence because it not only has the technology to coordinate personal buyers, it also has an effective HR hiring program that selects and trains the best employees.

- true
- false

2) To build a sustainable competitive advantage, companies should focus on a single strategy.

- true
- false

3) Establishing a sustainable competitive advantage is the key to long-term financial performance.

- true
- false

4) It is not always necessary to go through all the steps in the marketing planning process.

- true
- false

5) A mission statement describes the specific actions a firm will take to achieve its goals.

- true
- false

6) The step during which marketers segment the market, target those market segments, and position products is known as the control phase.

- true
- false

7) Kaiko's Place is a surfer-themed restaurant chain in Hawaii. Most of its customers are tourists. In a SWOT analysis for Kaiko's Place, the possibility that the recession might cut back on tourism in Hawaii would be considered a weakness.

- true
- false

8) Firms use segmentation, targeting, and promotion to choose the consumer groups they wish to pursue with its marketing efforts.

- true
- false

9) Value-based marketing requires that firms charge a price that customers perceive as giving them a good value for the product they receive.

- true
- false

10) Miles manages the electrical turbine engine division of General Electric Corporation. He makes most decisions independently, without consulting headquarters. Miles manages a strategic business unit.

- true
- false

11) The strategic planning process always proceeds sequentially.

- true
- false

12) SanDisk's MP3 player product line (called the Sansa) has a low relative market share. The MP3 player market is expected to decline over the next few years. In Boston Consulting Group (BCG) portfolio analysis, the Sansa would be considered a dog.

- true
- false

13) Within portfolio analysis, a star represents a high-growth market with high market share products.

- true
- false

14) Corinne works for an online movie streaming company. Her task is to find ways to push out the company's current movie offerings to countries in Europe. She is pursuing a market development strategy.

- true
- false

15) Product penetration is one of the four major growth strategies.

- true
- false

**MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.**

16) If a firm wants to develop a sustainable competitive advantage, it should

- A) begin an aggressive campaign to buy up competitors.
- B) copy the innovative features of other firms that are attractive to customers.
- C) examine its operations and customer relations to identify significant things competitors cannot easily copy.
- D) increase its marketing budget so that it outspends its competitors.
- E) arrange to meet with competitors to discuss how to avoid direct competition.

**17)** Niro Music Source Inc. is considered the best in the industry in terms of human resource management and its excellent supply chain that assures the company will deliver products on time. Which macro strategy does this company demonstrate to achieve a sustainable competitive advantage?

- A) locational excellence
- B) customer excellence
- C) operational excellence
- D) product excellence
- E) planning excellence

**18)** When Kennedy arrived in the middle of the night at the Ritz-Carlton, she was exhausted and her suit was wrinkled from her 10-hour plane trip. The night clerk found someone to dry clean Kennedy's suit and have it ready for her morning presentation. She has been a loyal Ritz-Carlton customer ever since. Ritz-Carlton demonstrated the macro strategy of

- A) customer excellence.
- B) operational excellence.
- C) product excellence.
- D) promotional excellence.
- E) global excellence.

**19)** When Molly and her family visited Disney World last month, she was amazed that every staff member she talked to was able to answer her question regardless of whether it was about a hotel, restaurant, parade time, or fireworks display. She was very impressed. Which type of excellence does this represent?

- A) operational
- B) locational
- C) customer
- D) product
- E) service

**20)** Some banks offer special accounts designed to attract junior high school students. Savings in these accounts are generally small amounts, which cost banks more to maintain than they are worth; however, bankers know that consumers are creatures of habit and hope that these young people will become adult customers. These banks recognize

- A) that operational excellence is an important macro strategy.
- B) the lifetime value of customers.
- C) that product excellence leads to loyal customers.
- D) the importance of making decisions based on short-term results.
- E) that if customers bring in some revenue, costs do not matter.

**21)** Nordstrom, an upscale department store, has a well-known reputation for going the extra mile to serve its customers. This reputation for excellent customer service will *most likely* result in

- A) product design excellence.
- B) mission statement satisfaction.
- C) sustainable price decreases.
- D) a sustainable competitive advantage.
- E) producer excellence.

**22)** Firms achieve \_\_\_\_\_ through efficient procedures and excellent supply chain management.

- A) customer excellence
- B) locational excellence
- C) customer loyalty
- D) value-based pricing
- E) operational excellence

**23)** Which macro strategy allows Amazon to guarantee free two-day shipping to its prime members?

- A) manufacturing excellence
- B) product excellence
- C) branding excellence
- D) operational excellence
- E) locational excellence

**24)** For many years, Southwest Airlines distinguished itself as the low-cost airline. Now, many other low-cost competitors have entered the market. Similarly, Southwest was one of the first airlines to offer online ticketing. Now, all airlines have online ticketing. These examples suggest that

- A) no single strategy is likely to be sufficient to build a sustainable competitive advantage.
- B) a situation analysis does not accurately predict a firm's strengths.
- C) customer excellence cannot be achieved.
- D) product excellence is the only true source of a sustainable competitive advantage.
- E) innovation is pointless because competitors will develop copycat offerings.

**25)** Customers around the world know Pepsi and consider it a primary "go-to" brand if they want a refreshing drink. This positioning reflects Pepsi's careful implementation of

- A) locational excellence strategy.
- B) operational excellence strategy.
- C) targeting strategy and the marketing mix.
- D) strategic business unit control.
- E) supply chain management.

**26)** The automobile manufacturing industry closely watches annual consumer satisfaction surveys. For years, Japanese car companies consistently had the highest levels of customer satisfaction, creating a(n) \_\_\_\_\_ for these companies.

- A) strategic marketing plan
- B) clear mission statement
- C) operational advantage
- D) sustainable competitive advantage
- E) diversification strategy

**27)** Miranda is analyzing opportunities for her company. What decision is *least* likely to provide the company with a sustainable competitive advantage?

- A) lowering prices
- B) having a well-known brand name
- C) achieving high levels of customer satisfaction
- D) using patented technology
- E) creating an efficient supply chain

**28)** Sasha's Sandwich Shop rewards customers with five points every time they purchase a lunch entrée. Once customers earn 25 points, they receive a free lunch entrée. What tactic is this business using to achieve customer excellence?

- A) using a good physical location
- B) relying on an effective price structure
- C) creating customer loyalty
- D) focusing on human resource management
- E) developing an Internet presence

**29)** Gabriela's is a women's clothing retailer headquartered in Spain with stores located in many countries. Gabriela's has developed a "quick response" system that allows store merchandise to be adjusted rapidly to fit changing customer preferences. Every aspect of Gabriela's operation is optimized for this system, making it difficult for competitors like The Gap to duplicate. Gabriela's has established

- A) customer loyalty.
- B) locational excellence.
- C) a diversification growth strategy.
- D) a sustainable competitive advantage.
- E) a related diversification opportunity.

**30)** Vivien has been a loyal customer of her hair salon for years—just like most of the other patrons. She believes that her stylist, the salon owner, is the best in the business. Not only does the salon provide excellent beauty services, it also features an exceptional, timely staff that always puts the customer first. Furthermore, the salon, which is right in the heart of town, is easily accessible. Vivien’s salon has earned

- A) a sustainable competitive advantage.
- B) a customer retention program.
- C) an opportunity to grow.
- D) a loyal customer following.
- E) the benefits of a locational excellence.

**31)** Customer retention programs are based on what concept?

- A) Customer excellence is the easiest macro strategy to follow.
- B) Customer relationships should be viewed from a lifetime value perspective rather than on a transaction-by-transaction basis.
- C) It is important to maximize profits in the first few months of a customer relationship.
- D) Segmentation, targeting, and positioning analysis should not be rushed.
- E) Firms must spend large amounts of money to retain customers.

**32)** Most banks implement customer retention programs aimed at their best customers. They do this because they know that retaining customers usually results in



- A) a product development growth strategy.
- B) an operational advantage.
- C) opportunities for diversification.
- D) increased long-term profits.
- E) more clearly defined market segments.

**33)** Some universities, recognizing the convenience of distance learning, have begun to offer fully online, accredited degree programs. These universities are *most likely* pursuing which macro strategy?

- A) customer excellence
- B) locational excellence
- C) operational excellence
- D) product excellence
- E) purchase excellence

**34)** One example of a customer loyalty program is

- A) a "frequent diner" restaurant card that offers a free appetizer for every \$100 spent.
- B) a quantity discount offered for large purchases at an office supply store.
- C) access to seasonal sales on top-selling items.
- D) an "everyday low price" policy on all products at a grocery store.
- E) an extensive customer service training program.

**35)** Singapore Airlines seeks to differentiate itself from competing airlines, in part through innovative design of its airplane seats and in-flight entertainment systems. Through continuous innovation in these areas, Singapore Airlines is pursuing a(n) \_\_\_\_\_ macro strategy.

- A) customer excellence
- B) global excellence
- C) locational excellence
- D) operational excellence
- E) product excellence

**36)** Over the last few months, Carlos and his colleagues have analyzed the current business situation and identified target markets for his firm's personal care products. Finally, they developed the products, prices, distribution, and promotion that should appeal to each of those target markets. In doing so, Carlos has also identified what he believes is an advantage his competitors cannot match. Carlos and his colleagues have been developing

- A) a business mission statement.
- B) a strategic vision.
- C) team-building exercises.
- D) a marketing strategy.
- E) competitive assessments.

**37)** Ted's Tire Store sets itself apart from competitors by the extra attention it pays to its customers. To retain customer loyalty, it provides fast, courteous service in a clean, professional-looking environment. Ted's has used this strategy for over 40 years, expanding to 15 outlets. Ted's Tire Store uses a \_\_\_\_\_ macro strategy.

- A) supply chain excellence
- B) locational excellence
- C) product excellence
- D) diversification excellence
- E) customer excellence

**38)** What is considered the *best* way to build a sustainable competitive advantage using product excellence?

- A) being the first to offer customers desired features, even if competitors can copy them easily
- B) positioning the product using a clear, distinctive brand image
- C) having the most features on each model
- D) focusing on being cutting edge and continually eliminating older features that are still in use by customers
- E) copying the market leader's features, but at a lower cost

**39)** A competitive advantage based on location is often sustainable because

- A) mobile marketing has not yet proven its value for most customers.
- B) real estate prices have been dropping.
- C) few marketers are aware of its importance yet.
- D) location cannot be easily duplicated.
- E) the Internet has diminished the importance of brick-and-mortar stores.

**40)** Four companies dominate the cereal industry. These firms produce in large volumes, promote heavily, and control access to the supermarket shelves through "slotting allowances," which are payments to retailers in return for shelf space. These combined factors have allowed these four firms to create \_\_\_\_\_ over the competition.

- A) identical marketing mixes
- B) customer excellence
- C) a sustainable competitive advantage
- D) product excellence
- E) locational excellence

**41)** Which actions would be the *most likely* to support and enhance an operational excellence macro strategy?

- A) Singapore Airlines installing more comfortable seats in the economy-class cabins of its airplanes
- B) 3M Corporation implementing new software to improve communication with its suppliers
- C) Adidas inviting customer suggestions to guide the design of the next generation of shoes
- D) Nike opening hundreds of new company stores in high-traffic shopping areas
- E) McDonald's lowering prices on its coffee drinks

**42)** Because it was able to deliver merchandise overnight, in the required quantities, and at a lower delivery cost than its competitors, Sam's Sports Shack was given exclusive rights to sell clothing with school logos for the school district. Sam's Sports Shack demonstrates \_\_\_\_\_ excellence.

- A) product
- B) place
- C) customer
- D) operational
- E) locational

**43)** During which phase of the marketing planning process does a firm evaluate performance using marketing metrics?

- A) planning phase
- B) implementation phase
- C) production phase
- D) control phase
- E) strategy phase

**44)** What is the third step in the marketing planning process?

- A) define the business mission
- B) identify and evaluate opportunities
- C) evaluate using a matrix
- D) implement marketing mix and allocate resources
- E) perform situation analysis

**45)** In mid-2010, Hewlett-Packard Company (HP) acquired Palm Computing Inc., a manufacturer of personal devices and smartphones. Before deciding to acquire the company, strategic planners at HP spent time thinking about how Palm and HP would "fit" together, and how the acquisition might change HP's core goals and objectives. The strategic planners were engaged in which step of the marketing planning process?

- A) perform situation analysis
- B) implement marketing mix and allocate resources
- C) identify and evaluate opportunities
- D) evaluate performance
- E) define the business mission

**46)** After defining the business mission, what should a firm do next to develop a marketing plan?

- A) conduct an STP analysis
- B) perform a situation analysis
- C) develop a positioning strategy
- D) select a target market
- E) implement the four Ps

**47)** Mallory has been hired as the new marketing manager at Luscious Chocolate Company. Prior to taking the job, Mallory researched the company and founds its mission statement. What is one of the questions the mission statement should answer?

- A) What does the company need to do to accomplish goals and objectives?
- B) What is the company's policy on diversifying its portfolio?
- C) What are the specific markets the company wants to reach?
- D) How many competitors does the company have?
- E) Where is the company located?

**48)** It is Nathan's job to evaluate the performance of the marketing strategy his company used to promote its new line of tennis shoes and recommend any changes the company should make. Which step of the marketing plan is Nathan responsible for?

- A) implementation phase
- B) production phase
- C) control phase
- D) planning phase
- E) objective phase

**49)** Trista is charged with assessing her company's external environment as part of a SWOT analysis. Trista will study her company's

- A) strengths and weaknesses.
- B) sales history and profit margins.
- C) pension and retirement plans.
- D) product specifications.
- E) opportunities and threats.

**50)** Matt pointed out to the board of directors that having the popular teen music group as the company's celebrity endorser has boosted sales by 22% in the 12-18 age bracket. When using a SWOT analysis, the teen music group would be classified as a(n)

- A) strength.
- B) option.
- C) opportunity.
- D) weakness.
- E) threat.

**51)** Manufacturers that use just-in-time manufacturing systems coordinate closely with suppliers to ensure that materials and supplies arrive just before they are needed in the manufacturing process. While just-in-time systems can offer major advantages in terms of inventory costs, they must be carefully managed. If a firm found that its just-in-time system was badly managed, leading to frequent manufacturing delays due to missing parts, this would represent a(n) \_\_\_\_\_ in a SWOT analysis.

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

**52)** For U.S. businesses with strong export capabilities, expansion of U.S. trade agreements with other countries creates

- A) weaknesses.
- B) opportunities.
- C) strengths.
- D) threats.
- E) strategic plans.

**53)** In 2006, Ford Motor Company announced it would severely cut back its automobile production. For parts companies supplying Ford its parts, this represented a(n)

- A) weakness.
- B) opportunity.
- C) strength.
- D) threat.
- E) strategic plan.

**54)** In a SWOT analysis, increasing gasoline prices would represent a potential \_\_\_\_\_ for manufacturers of electric cars.

- A) internal weakness
- B) external threat
- C) external opportunity
- D) operational advantage
- E) marketing mix

**55)** Which factor, listed in a situation analysis for a major U.S. auto manufacturer, is the *best* example of a threat as identified by a SWOT analysis?

A) The factory that manufactures a new, popular car cannot build enough vehicles to meet the demand, while other factories have excess capacity.

B) Recent consumer studies have indicated that Chinese consumers prefer American cars.

C) A New York law firm has filed a \$10 million class action suit against the company on behalf of car owners whose gas tanks exploded.

D) Due to outdated engine technology, the company's cars get lower gas mileage than those of major competitors.

E) The company has lower manufacturing costs than its key competitors, allowing it to sell its cars at low prices.

**56)** Which factor, listed in a situation analysis for a major U.S. auto manufacturer, is the *best* example of an opportunity as identified by a SWOT analysis?



- A) The factory that manufactures a new, popular car cannot build enough vehicles to meet the demand, while other factories have excess capacity.
- B) Recent consumer studies have indicated that Chinese consumers prefer American cars.
- C) A New York law firm has filed a \$10 million class action suit against the company on behalf of car owners whose gas tanks exploded.
- D) Due to outdated engine technology, the company's cars get lower gas mileage than those of major competitors.
- E) The company has lower manufacturing costs than its key competitors, allowing it to sell its cars at low prices.

**57)** During a SWOT analysis, a company should assess the opportunities and uncertainties of the marketplace due to changes in several CDSTEP factors. The "E" in this acronym stands for which factor?

- A) ethical
- B) environmental
- C) ecological
- D) economic
- E) elemental

**58)** The process of dividing the market into groups of customers with different needs, wants, or characteristics is called

- A) target marketing.
- B) market segmentation.
- C) positioning.
- D) allocation.
- E) value capture.

**59)** \_\_\_\_\_ involves the process of defining the marketing mix variables so that target customers have a clear, distinctive, desirable understanding of what the product does or represents in comparison with competing products.

- A) Target marketing
- B) Market segmentation
- C) Market positioning
- D) Allocation
- E) Value capture

**60)** A former advertising campaign for GEICO Insurance used the slogan "So easy, even a caveman could do it" to emphasize the ease of buying insurance on GEICO's website—implying it was simpler than using a competitor site. This campaign was part of GEICO's

- A) mission statement.
- B) market segmentation plan.
- C) product strategy.
- D) customer excellence strategy.
- E) positioning strategy.

**61)** Julius is asked to conduct an STP analysis for his firm. The first step he should perform in this analysis is to

- A) develop a business mission statement.
- B) choose the best target markets.
- C) reposition existing segments.
- D) divide the marketplace into subgroups.
- E) conduct a SWOT analysis.

**62)** The recent whole foods trend has led to the opening of a new organic foods market in town. In response, the long-standing neighborhood grocery decided to stock and sell a line of organic food products. In doing this, the grocery was most *likely* trying to

- A) gain government subsidies.
- B) attract a different market segment.
- C) reduce its costs.
- D) save the environment.
- E) offset cost-based pricing pressure.

**63)** When considering new products, marketers at Savory Seasonings ask themselves, "What would Kate think?" Kate is a fictional character representing 25- to 50-year-old educated, upper-income women who rarely watch television but read a lot. "Kate" represents Savory Seasoning's primary

- A) internal strength.
- B) positioning strategy.
- C) strategic business unit.
- D) target market segment.
- E) sustainable competitive advantage.

**64)** After identifying various market segments that her company could pursue, Lydia evaluated each segment's attractiveness based on size, income, and accessibility. Lydia was involved in

- A) target marketing.
- B) situation analysis.
- C) diversification.
- D) positioning.
- E) market penetration estimation.

**65)** LeBron James, Stephen Curry, and other athletes are paid huge sums of money by companies for celebrity endorsements. If endorsements by these athletes create a clear understanding among consumers of the companies' products in comparison to competing products, they can help with the firm's \_\_\_\_\_ strategy.

- A) product excellence
- B) targeting
- C) positioning
- D) segmentation
- E) customer excellence

**66)** \_\_\_\_\_ involves the process of defining the marketing mix variables so that target customers have a clear, distinctive, desirable understanding of what a product does or represents in comparison with competing products.

- A) Targeting
- B) Market segmentation
- C) A situational analysis
- D) Market positioning
- E) A SWOT analysis

**67)** Starbucks is known for understanding its customers. As such, it has developed multiple varieties of products that match the needs and wants of its different market segments. By offering everything from espresso drinks to teas to pastries, Starbucks is engaging in a(n) \_\_\_\_\_ strategy.

- A) value-based promotions
- B) market segmentation
- C) positioning
- D) operational excellence
- E) target marketing

**68)** Many small businesses whose competitors are national franchises advertise "we are locally owned" or "we have been here since 1951." This is part of these firms'

- A) business mission.
- B) market segmentation strategy.
- C) positioning strategy.
- D) customer excellence strategy.
- E) target market.

**69)** Among Internet users, some do research online, some shop, some look for entertainment, and many do all three. Each of these groups have different wants and needs and would be called a

- A) strategic group.
- B) strategic business unit.
- C) market segment.
- D) cash cow.
- E) marketing metric.

**70)** Coca-Cola sells two different zero-calorie versions of Coke: Diet Coke and Coke Zero (now known as Coca-Cola Zero Sugar). It has chosen to attempt to appeal to men with Coke Zero. In addition to launching an ad campaign featuring men enjoying Coke Zero, Coca-Cola also designed a masculine-looking can for Coke Zero, with bold red lettering on a black background. This specially designed can is an example of

- A) positioning.
- B) targeting.
- C) segmentation.
- D) a market segment.
- E) market penetration.

**71)** Delta Airlines is among the companies experimenting with selling products and services on their Facebook pages. The idea is to make purchasing even easier for customers who may spend large portions of the day with Facebook active on their computers or mobile devices. There is no need even to navigate to Delta's website—users can book a trip in Delta's "Ticket Agent" application without ever leaving Facebook. Which element of the marketing mix does this represent?

- A) product and value creation
- B) price and value capture
- C) place and value delivery
- D) promotion and value communication
- E) positioning and value promotion

**72)** Candice has been directed by her regional marketing manager to cut prices on seasonal items, place an ad in the local paper, and tell distributors to reduce deliveries for the next month. Which step of the strategic marketing planning process is Candice engaged in?

- A) evaluate performance
- B) define the business mission
- C) perform situation analysis
- D) implement marketing mix and allocate resources
- E) identify and evaluate opportunities

**73)** Suppose your university made a sizable investment in its career services—additional counselors, increased efforts to bring in recruiters, and other services aimed at helping students find jobs. In terms of implementing the marketing mix, the university is enhancing the

- A) segmentation strategy.
- B) place strategy.
- C) place delivery.
- D) promotion communication.
- E) product value

**74)** Creating value for a consumer product via place decisions involves

- A) putting the product in the front of the store.
- B) designing creative displays to capture consumers' attention.
- C) pricing products differently at different stores.
- D) making sure the product is available where and when customers will want it.
- E) focusing exclusively on Internet sales to reduce supply chain costs.

**75)** In recent years, cellular (mobile) service providers have worked hard to eliminate "dead zones," providing customers with service wherever they traveled. By working to make the network available in more locations, cellular service companies were focusing on \_\_\_\_\_ value creation.

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

**76)** The idea of value-based marketing requires firms to charge a price that

- A) covers costs and generates a modest profit.
- B) includes the value of the effort the firm put into the product or service.
- C) captures the value customers perceive that they are receiving.
- D) prioritizes customer excellence above operational excellence.
- E) matches competitors' prices.

**77)** Amazon makes sure its customers can download their Kindle e-books easily from its website when and where they want them. In so doing, it is focusing on creating value through

- A) product.
- B) place.
- C) promotion.
- D) price.
- E) process.

**78)** In value-based marketing, the promotion element of the four Ps communicates the \_\_\_\_\_ to customers through a variety of media.

- A) mission statement
- B) operational excellence strategy
- C) value proposition
- D) relative market value
- E) target market definition

**79)** When marketers use a variety of communication disciplines—advertising, personal selling, sales promotion, public relations, direct marketing, and online marketing including social media—in combination to communicate a value proposition to the customer, it is referred to as

- A) integrated marketing communications.
- B) multimedia marketing.
- C) diverse marketing communications.
- D) comprehensive promotion.
- E) managed marketing communications.

**80)** Businesses use metrics in order to

- A) lower production costs.
- B) eliminate inventory costs.
- C) evaluate a strategy and quantify a trend.
- D) recognize a market and develop a new product.
- E) implement personal selling strategies.



**81)** John sees that his company's quarterly sales and profits are significantly above projections and says, "That's great. Let's keep doing what we've been doing." John is ignoring the \_\_\_\_\_ step of the marketing planning process.

- A) evaluate performance
- B) define the business mission
- C) perform situation analysis
- D) implement marketing mix and resources
- E) identify and evaluate opportunities

**82)** The first objective in the evaluate performance phase of the marketing planning process is to

- A) determine whether to raise or lower prices.
- B) adjust advertising allocations.
- C) find ways to cut costs.
- D) review implementation programs and results using metrics.
- E) consider changing the target market.

**83)** As it pertains to the marketing plan, understanding the causes of performance, regardless of whether that performance exceeded, met, or fell below the firm's goals is important because it

- A) enables firms to make appropriate adjustments.
- B) allows managers to demonstrate their effectiveness.
- C) offers insights into crafting an appropriate mission statement.
- D) should always be followed by eliminating underperforming SBUs.
- E) allows firms to better assess customer loyalty.

**84)** After conducting STP analysis for her custom auto parts store and developing strategies for each of the four Ps, Stephanie now has to make \_\_\_\_\_ decisions.

- A) competitive response
- B) resource allocation
- C) market growth
- D) product line
- E) mission statement

**85)** George owns four dry cleaning stores in the suburbs of Orlando, Florida. He recently updated his STP analysis and has finished adjusting his marketing mix based on the STP results. His next strategic marketing decision will *most likely* involve determining

- A) how Disney World crowds will impact his business.
- B) which employees to promote or fire.
- C) how to allocate resources among his four stores.
- D) what new government regulations might create opportunities or threats.
- E) when to shift from a customer excellence to an operational excellence strategy.

**86)** Which statement regarding marketing metrics is true?

- A) Metrics are used at the beginning of the planning process.
- B) They are only reliable for comparing results among SBUs.
- C) They cannot be used to project the future.
- D) They quantify a trend, dynamic, or characteristic.
- E) They make it difficult for a firm to appropriately adjust to its marketing plan.

**87)** A product that is in a high-growth market but has a low market share would be classified as a \_\_\_\_\_ on the BCG matrix.

- A) ladder
- B) dog
- C) cash cow
- D) star
- E) question mark

**88)** In most companies, portfolio management is typically done at the SBU or \_\_\_\_\_ level of the firm.

- A) corporate
- B) product line
- C) customer care
- D) sales representative
- E) accounting

**89)** A(n) \_\_\_\_\_ is a group of products that consumers may use together or perceive as similar in some way.

- A) SBU
- B) STP
- C) product line
- D) market segment
- E) promotional service

**90)** Tiana is assessing several of her firm's products using the Boston Consulting Group (BCG) approach. She is assessing the strength in a particular market and is looking at the sales of each of the products and the sales of the largest firm in the industry. Tiana is determining

- A) the product's relative market share.
- B) the market growth rate.
- C) a source of competitive advantage.
- D) the impact of population shifts on future demand.
- E) cash equivalent values for each product.

**91)** To determine how attractive a particular market is using the BCG portfolio analysis, \_\_\_\_\_ is(are) established as the vertical axis.

- A) competitive intensity
- B) sales dollars
- C) market size
- D) market growth rate
- E) market profit potential

**92)** In BCG portfolio analysis, products in low-growth markets that have received heavy investment and now have excess funds available to support other products are called

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

**93)** The global athletic footwear market is expected to experience only very slow growth over the next several years. Nike is the market leader. According to Boston Consulting Group portfolio analysis, how should Nike treat its athletic shoe business?

- A) Nike will probably have to invest heavily in the athletic shoe business, including extensive promotions and new production facilities.
- B) Nike should consider exiting the athletic shoe market.
- C) Nike should stop investing in its athletic shoe business; it has already reaped all the benefits it is likely to receive.
- D) Nike's athletic shoe business still requires some investment, but it is likely to produce excess resources that can be invested in other divisions of the company.
- E) Nike should invest in the athletic shoe market only if it helps boost the sales of other products in fast-growing markets.

**94)** The growth rate for the iMac desktop, which has a small relative market share in the desktop market, has slowed down in recent years. Although sales have dropped by approximately 3 percent, it remains popular among graphic designers. Given these conditions, in which quadrant of the BCG matrix would the iMac *most likely* fall?

- A) upper left quadrant because although its growth rate has dropped, it still remains popular among graphic designers
- B) upper right quadrant because although it has a small relative market share, it is part of a high-growth market
- C) lower left quadrant because although its sales have dropped, it still has high market share among graphic designers
- D) upper left quadrant because it is a heavy resource investment
- E) lower right quadrant because it is in a low-growth market and has a relatively low market share

**95)** Javier was thrilled to learn his company has decided to invest a great deal of money in the product he is managing. He knows that even with its recent high rate of growth and the fact that it dominates its market, he needs more money to establish it firmly. Using the BCG portfolio analysis, Javier's product would be classified as a(n)

- A) star.
- B) cash cow.
- C) question mark.
- D) dog.
- E) anchor.

**96)** Using the BCG portfolio analysis, a "dog" should be phased out unless

- A) its marketing manager is a champion of the product.
- B) additional resources could increase its relative market share slightly.
- C) it complements or boosts the sales of another product.
- D) the market has a small chance of rebounding.
- E) None of the choices is correct. Dogs should be phased out.

**97)** In the context of the BCG matrix, which group requires the most significant resources to maintain its market share?

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

**98)** What is one of the four major growth strategies that marketers typically utilize?

- A) market penetration
- B) target development
- C) segment analysis
- D) market assimilation
- E) product growth

**99)** Anna decides to add new sales representatives and increase advertising to increase sales in her existing market for her current line of security systems. Anna is pursuing a \_\_\_\_\_ growth strategy.

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

**100)** A \_\_\_\_\_ growth strategy employs the existing marketing offering to reach new market segments.

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

**101)** Webber Enterprises sells its business language dictionary to college students throughout the United States. Joseph Webber, the owner, wants to start selling the book to international students abroad. Webber wants to pursue a \_\_\_\_\_ growth strategy.

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

**102)** After success with its Netflix series *Jessica Jones* and *Daredevil*, Marvel launched two additional series, *Iron Fist* and *Luke Cage*. By doing this, Marvel employed a \_\_\_\_\_ strategy.

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

**103)** B&D is a small, local, heating and air conditioning business. The company views the nearby military base as a potential source of growth since B&D already installs and services the type of equipment the military would require. B&D is considering a \_\_\_\_\_ growth strategy.

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

**104)** Many states create licensing requirements for a variety of professionals (such as lawyers and accountants) designed to restrict entry into their market by professionals from other states. This practice limits \_\_\_\_\_ growth strategies for these types of businesses.

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

**105)** Marketers who design and offer new products and services to their existing customers are pursuing a \_\_\_\_\_ growth strategy.

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

**106)** Customer relationship software allows bank service representatives to quickly determine which types of accounts, loans, and credit cards a customer currently has. With this information, the service representative can determine what *other* bank services that same customer could potentially enroll in or purchase. This growth strategy is an example of

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

**107)** Isabelle phoned her insurance agent to renew her auto insurance policy. On that same call, the agent attempted to sell her one of the firm's new life insurance policies. The agent was pursuing a \_\_\_\_\_ growth strategy.



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

**108)** Introducing newly developed products or services to a market segment the company is not currently serving is called

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

**109)** The many successful movies produced by Disney are evidenced not only in the movies themselves, but in the various merchandise that features the characters from each movie. This merchandise can range from clothing to electronics to household items. Which type of growth strategy does this merchandise represent?

- A) market development
- B) product development
- C) logistic analysis
- D) market penetration
- E) related diversification

**110)** Abercrombie & Fitch, a clothing retailer, includes a "SHARE" link on the product pages of its website. This link encourages an Abercrombie customer to post a link (perhaps showing a new style of jeans) on Facebook or Twitter. Abercrombie & Fitch hopes that the customer's friends (who are probably very much like current customers) will click the link, visit the page, and make purchases. This is an example of a \_\_\_\_\_ growth strategy.

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

**111)** Sodexo is a food services corporation that caters to school cafeterias, university dining halls, mess halls at military bases, and other large-scale food service facilities. If Sodexo were to begin selling individual frozen meals in supermarkets, it would be pursuing a \_\_\_\_\_ growth strategy.

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

**112)** Henson Electric is interested in diversifying into the frozen foods industry. The board of directors sees this as a risky move since the company can't capitalize on any of its existing markets or core strengths. Which type of growth strategy is Henson Electric considering?

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

**113)** In 2007, Apple first introduced the iPhone, which combined a cellular telephone, a camera, and Internet access. By doing this, the company pursued a(n) \_\_\_\_\_ growth strategy.

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

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

**114)** Why would a firm want to achieve a sustainable competitive advantage?

**115)** The text states, "Viewing customers with a lifetime value perspective rather than on a transaction-by-transaction basis is key to modern customer retention programs." Create an example demonstrating a lifetime value perspective. Why is customer retention almost always a profitable marketing strategy?

**116)** One of the benefits of taking marketing courses is the opportunity to apply marketing concepts to marketing yourself. When selling yourself, you are a product including all the skills, aptitudes, and attitudes you bring to the market. What can you do to give yourself a sustainable competitive advantage in the marketplace?

**117)** Suppose that you and a friend decide to turn your favorite sports activity—inline skating—into a business. You plan to design a line of fashionable clothing that integrates elbow and kneepads. For each of the four macro strategies, briefly describe the most important thing your company should do if you intend to focus on that strategy. Your answers should be specific to the inline skating business.

**118)** Your marketing professor, Dr. Ottoman, has been asked to participate in the university's strategic marketing planning process. During the planning phase of the process, what questions will Dr. Ottoman likely ask? Be specific to the university's strategic marketing planning process.

**119)** Every summer, university administrators attempt to estimate how many students will show up in the fall. When August arrives, they hire part-time instructors and reassign faculty to teach the courses students want. In the spring, administrators often go on a retreat to consider how to do things differently next year. What phase of the strategic planning process do they engage in during each of the three seasons (summer, fall, and spring)?

**120)** Conduct a brief SWOT analysis of your prospects of finding a good job related to your major when you graduate (if you already have such a job, think about finding a job with more responsibility. Be sure to include at least one factor representing each of the four major sections of a SWOT analysis, and be sure to label each factor to indicate which of those four sections it belongs in.

**121)** Nike, the prominent athletic shoe manufacturer, relies heavily on athlete sponsorships to build demand for its products. Spectators at major sporting events—both those attending in person and those watching at home—frequently see the Nike "swoosh" logo worn by elite athletes. Given the vast worldwide audience for Olympics broadcasts, an Olympic year gives Nike increased exposure. On a Nike situation analysis in an Olympic year, would you consider this exposure to be a strength or an opportunity? Explain your reasoning; be specific.

**122)** Your marketing professor, Dr. Smith, has been asked to participate in the university's strategic marketing planning process. After completing the planning phase of the process, Dr. Smith has been asked to assist with the STP analysis. What questions will Dr. Smith ask during the STP analysis? Be specific to the university's strategic marketing planning process.

**123)** You and your friend Taylor work in different parts of a large firm. In a recent analysis, your area was labeled a "cash cow" and hers was labeled a "question mark." What things would you do differently in your area than Taylor would do in hers?

**124)** Boston Consulting Group's portfolio analysis classifies a company's products or product lines into a two-by-two matrix. What are the bases of classification and what are the products or product lines in each of the four quadrants called? What marketing strategies are usually considered for each of the four classifications?

**125)** Your new sales manager, who previously worked for Boston Consulting Group, directs each sales rep to "toss out the dogs," "exploit the stars," and "milk the cows." Translate this into everyday English: What is the sales manager asking the sales reps to do?

**126)** In July 2010, Microsoft discontinued the Kin, its social networking phone, after just six weeks of disappointing sales. During what step of the strategic marketing planning process would Microsoft have made the decision to stop offering the product?

**127)** After finishing his marketing degree, Beau inherited the family Shrimp Shack restaurant. The restaurant is a small, local institution that beach visitors have been coming to for decades. Beau wants to make his business grow and is considering either a market penetration or market development strategy. Describe what Beau will likely do if he pursues either strategy.

**128)** The Blooming Arbor is a one-location nursery business, selling plants and flowers for home gardeners. The new owners want to grow through either a product development or diversification strategy. What will the owners likely do if they pursue either strategy?

**129)** When catalog companies send sale catalogs to their current customers, which type of growth strategy are they pursuing?

**130)** Explain how Marvel, the superhero entertainment giant, employed a market penetration strategy using its existing marketing mix and focusing its efforts on existing customers.

**131)** When musicians and their concert promoters offer CDs of a live concert immediately after the concert ends, what type of growth strategy are they pursuing?



## Answer Key

Test name: chapter 2

- 1) TRUE
- 2) FALSE
- 3) TRUE
- 4) TRUE
- 5) FALSE
- 6) FALSE
- 7) FALSE
- 8) FALSE
- 9) TRUE
- 10) TRUE
- 11) FALSE
- 12) TRUE
- 13) TRUE
- 14) TRUE
- 15) FALSE
- 16) C
- 17) C
- 18) A
- 19) C
- 20) B
- 21) D
- 22) E
- 23) D
- 24) A
- 25) C
- 26) D

- 27) A
- 28) C
- 29) D
- 30) A
- 31) B
- 32) D
- 33) B
- 34) A
- 35) E
- 36) D
- 37) E
- 38) B
- 39) D
- 40) C
- 41) B
- 42) D
- 43) D
- 44) B
- 45) E
- 46) B
- 47) A
- 48) C
- 49) E
- 50) A
- 51) A
- 52) B
- 53) D
- 54) C
- 55) C
- 56) B

- 57) D
- 58) B
- 59) C
- 60) E
- 61) D
- 62) B
- 63) D
- 64) A
- 65) C
- 66) D
- 67) C
- 68) C
- 69) C
- 70) A
- 71) C
- 72) D
- 73) E
- 74) D
- 75) A
- 76) C
- 77) B
- 78) C
- 79) A
- 80) C
- 81) A
- 82) D
- 83) A
- 84) B
- 85) C
- 86) D

- 87) E
- 88) B
- 89) C
- 90) A
- 91) D
- 92) B
- 93) D
- 94) E
- 95) A
- 96) C
- 97) D
- 98) A
- 99) C
- 100) B
- 101) B
- 102) A
- 103) B
- 104) B
- 105) E
- 106) C
- 107) A
- 108) D
- 109) E
- 110) C
- 111) D
- 112) D
- 113) E

114) Establishing a sustainable competitive advantage makes it hard for competitors to enter a market or attract a firm's customers. The advantage should be difficult to copy and should be something that can be maintained over time.

115) Answers to the first part will vary but should demonstrate how much business a customer brings in over a lifetime. For example, a customer spending \$4 at Starbucks, five days per week, for 20 years equals \$20,800. Customer retention is profitable because it costs more to get new customers than to retain existing ones.

116) A sustainable competitive advantage is something you can persistently do better than the competition. Skills including statistical analysis, ability to use technology, communication, and accounting are all important and valuable. Aptitudes including rational thinking and problem solving are lifelong abilities that can benefit any organization. Attitudes such as persistence, a sense of humor, and teamwork are valuable in any business environment. But, as best-selling author Stephen Covey suggests, we must always "sharpen the saw," meaning continually grow and learn in order to be successful and maintain a sustainable competitive advantage.

117) There are many correct answers; here is a sample. To make this question easier, you could ask the student to provide an idea for just one or two of the macro strategies. Product excellence: Focus on continually improving the products and making them the most advanced ones on the market, perhaps using stylish yet durable fabrics that won't be damaged in a fall. Then work to develop a clear positioning statement for your brand. Customer excellence: Offer outstanding service, perhaps including live chat on the website as well as no-hassle returns if the customer changes his or her mind about a purchase. Operational excellence: Develop close relationships with suppliers of fabric and other raw materials and with retailers. Locational excellence: In addition to having a top-notch website, try to get your products into as many retail stores as possible, probably focusing on sporting goods stores.

118) Answers will vary, but should begin with a discussion of creating or revising the university's mission statement, leading to questions such as: What type of university are we? What does the university need to accomplish its goals and objectives? Additionally, discussion of the mission statement will likely lead to questions concerning how the university can build a sustainable competitive advantage. Dr. Ottoman will also assist with the situation analysis, which will include internal examination of the current status of the university, asking questions such as: What are the university's strengths and weaknesses? Questions about external forces, threats, and opportunities will also be asked during the SWOT analysis.

119) Summer—planning; fall—implementation; spring—control.

120) To make sure the students clearly classify the factors, you might want to provide an answer space with four sections; in each one, include a blank line for the name of the section and additional space for the factor. Students will come up with a variety of answers depending on their individual situations. They will probably need to do some speculation for opportunities and threats. Here is a sample: Strengths—students might mention internship experience, past work experience, classes taken, personal characteristics, or personal contacts Weaknesses—possibilities include lack of experience, inability to relocate, or a low GPA Opportunities—could include expected growth in the field, a new firm starting up in the area that will be hiring, or a shortage of graduates in the field Threats—could include the recession, a glut of graduates in the field, or reduced demand for professionals in the field

121) A reasonable argument can be made for this being a strength or an opportunity, so this is about the rationale offered. This could be viewed as a strength in that Nike's logo is ubiquitous and well recognized, and customers in Nike's target markets will be reminded of the many sports for which Nike offers shoes and apparel. It could also be viewed as an opportunity to strengthen Nike's position overseas (due to international viewership) and to increase awareness of the breadth of Nike's products (due to increased viewership of niche sports that ordinarily don't get much attention).

122) STP analysis includes segmentation, targeting, and positioning. Dr. Smith will ask questions such as: What basis for segmentation should be used? Should the university's market be divided based on age, income, geographic area, or maybe educational interests? After segmentation, which segments can be pursued profitably, or targeted? Many market segments will likely be identified, but Dr. Smith will often have to ask, Can we effectively and efficiently reach that group of potential consumers? (For example, one university considered providing educational services to a local prison but ran into a host of problems making it impossible to target that market.) Last, Dr. Smith will ask questions about how the university intends to position itself in the various market segments: What products or services are going to be promoted? How are the university's products and services different from what competitors are offering? Where and how can the university build on existing strengths?

123) There are many possible answers, but students should be able to describe both cash cows and question marks as well as understand the different kinds of strategies, the use of resources, and the future of each unit.

124) The two bases of classification are relative market share (high-low) and market growth rate (high-low). This leads to four quadrants labeled stars, cash cows, dogs, and question marks. Stars: high market share/high growth rate. Usually require continued promotion efforts and expansion of production capacity. Cash cows: high market share/low growth rate. Sources of funding for other parts of the firm. They typically require modest promotional and production support. Dogs: low market share/low growth rate. Candidates to be phased out unless they are needed to complement or boost sales of other products. Question marks: low market share/high growth rate. Candidates for strategic marketing planning, assessing potential for growth.



125) Your sales manager wants you to stop selling those products that are in slow-growth markets and in which the company has a small relative market share. The manager also wants you to spend more time and effort selling products that are in high-growth markets and in which the company has a high market share. Finally, you should continue to sell but not put additional effort into high relative market share, low-market-growth products, referred to as cash cows.

126) Step 5—Evaluate performance using marketing metrics. Some students might also answer "Control phase." Strictly speaking, this is a phase and not a step; however, Step 5 is the only step of the process that fits into the Control phase, so you may want to accept both as correct answers. If you want to make this question more difficult, you can add to the question the following: What should Microsoft have done before deciding to discontinue the product? The Microsoft should have determined the causes for the disappointing sales to determine whether or not another action (perhaps a different target market, a price adjustment, or a revised promotion plan) could put sales back on track.

127) If Beau pursues a market penetration strategy, he will likely expand advertising and promotion, maybe adding billboards, promoting specials, adding hours, and likely expanding the restaurant to serve more customers. If Beau pursues a market development strategy, he will attempt to serve new market segments. Since his product is a restaurant, market development would likely include opening additional locations in other areas, offering the same menu.

128) If they pursue a product development strategy, they will offer new products or services to the firm's current target market. A nursery could logically provide a landscape design consulting service, landscape maintenance service, soil and pest testing service, or add additional products such as indigenous plants. If they pursue a diversification strategy, they would market new products or services to a market segment they are not currently serving. Targeting landscape design or maintenance services for commercial customers would be one type of diversification.

129) Market penetration, because the companies are trying to sell additional products (marked down) to current customers.

130) Answers will vary but should include the following: To further penetrate its current customer base, the super-hero entertainment giant Marvel has expanded its movie offerings. In collaboration with several production companies, as well as talented directors and well-known star actors, Marvel has helped bring the X-Men, Spiderman, Superman, Iron Man, and other popular characters to the big screen, where they confront some relevant, modern-day topics such as discrimination, environmental destruction, and international wars—before ultimately kicking tail and saving the city. These films have grossed massive profits. Marvel has further increased its market penetration by expanding the distribution of its films. Today, Marvel movies can be seen in theaters, accessed on Xfinity, and viewed on DVDs available in discount stores, grocery stores, and a host of other stores, including book and comic stores.

131) Product development, because the CD is a new product (just recorded) and it's being sold to current customers.