

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

- 1) The text discusses trends in strategies used by contemporary relationship marketers and designed to build deeper, more direct and enduring relationships with customers. Which of the following is NOT one of these trends as discussed in the text? 1) _____
- A) using techniques to identify and retain the most profitable customers
 - B) providing incentives for the least profitable customers to leave the company
 - C) providing deep discounts to the most profitable customers
 - D) using electronic communications channels to enter into engaging, customised dialogues with customers
 - E) reducing the company's dependence on mass media communications such as TV and radio

Answer: C

- Explanation: A)
B)
C)
D)
E)

- 2) Which of the following is NOT a source from which buyer's form performance expectations about the company's product? 2) _____
- A) from the opinions of friends
 - B) from the company's competition
 - C) from past buying experiences
 - D) from the company's marketing information
 - E) none of the above

Answer: E

- Explanation: A)
B)
C)
D)
E)

- 3) If a dissatisfied customer makes a written complaint and receives no reply from the company, which of the following is the most likely outcome? 3) _____
- A) The customer is highly likely to defect or switch to a competing company/brand.
 - B) The customer's satisfaction levels are likely to remain unchanged.
 - C) The customer will be less satisfied than if they had not complained at all.
 - D) The customer will have an increased likelihood of using a blog, social network or product review website to write of their experiences with the company.
 - E) The customer will have an increased likelihood of engaging in negative word-of-mouth recommendations.

Answer: C

- Explanation: A)
B)
C)
D)
E)

- 4) When buying a lawnmower, Cherry will form her product expectations based on: 4) _____
- A) how well the same brand of mower cuts the grass in her neighbour's yard.
 - B) how easy it was to operate her previous mower.
 - C) how well she expects the mower to cut the grass in her yard.
 - D) a comparison of the mower she plans on buying with its competition.
 - E) all of the above

Answer: E

- Explanation: A)
B)
C)
D)
E)

- 5) Companies that habitually attempt to both raise customer expectations while delivering product performance to match are practising: 5) _____
- A) total value assessment.
 - B) total delivered value.
 - C) total customer satisfaction.
 - D) total quality management.
 - E) total marketing value.

Answer: C

- Explanation: A)
B)
C)
D)
E)

- 6) A summary of key marketing performance measures, typically produced in a single display, is known as: 6) _____
- A) a marketing control panel.
 - B) a marketing roadmap.
 - C) marketing metrics.
 - D) a marketing dashboard.
 - E) marketing traffic lights.

Answer: D

- Explanation: A)
B)
C)
D)
E)

- 7) According to an example provided in the text, the ANZ Bank offered to pay customers \$5 if they were required to wait more than five minutes for service. This tactic was not successful because: 7) _____
- A) the demands of speedy service provision created high levels of stress for employees, leading to employee dissatisfaction.
 - B) customers began to focus on the time resulting in perceptions of even longer waiting times.
 - C) the Bank had to pay too many customers with serious consequences for profitability.
 - D) five minutes was not within the typical ANZ customer's zone of tolerance.
 - E) a rival bank enjoyed average wait times that were below the five minute threshold.

Answer: B

Explanation: A)
B)
C)
D)
E)

- 8) Which of the following factors would a marketer NOT normally consider when estimating the real value of a customer lifetime? 8) _____
- A) the cost of maintaining the relationship with this type of customer
 - B) the average profit contribution from a purchase
 - C) the likely future purchase pattern of this type of customer
 - D) the customer's frequency of purchase in each period
 - E) the customer's discretionary spending for the product category

Answer: E

Explanation: A)
B)
C)
D)
E)

- 9) When customers experience difficulty evaluating products or services prior to making a purchase, such as is the case with professional services, there is evidence that: 9) _____
- A) customers will rate the quality higher and be more satisfied.
 - B) customers will rate the quality lower and be less satisfied.
 - C) customers will seek out more information about the product.
 - D) customers will defer their judgements and postpone purchase.
 - E) none of the above

Answer: A

Explanation: A)
B)
C)
D)
E)

10) The value of the entire stream of purchases that a customer generates during the time s/he does business with a company is called: 10) _____

- A) the customer's cost-benefit ratio.
- B) the customer's value-added portfolio.
- C) the customer's lifetime value.
- D) the customer's profit margin analysis.
- E) all of the above

Answer: C

Explanation: A)
B)
C)
D)
E)

11) Select the term that best completes the following sentence. 11) _____

Many industry-specific terms are used to describe share of customer. Banks compete for a "share of wallet" by capturing more of the customer's financial transactions; fashion stores want to increase their "share of closet;" car manufacturers want to increase their "share of _____."

- A) garage
- B) road
- C) highway
- D) transport
- E) car

Answer: A

Explanation: A)
B)
C)
D)
E)

12) The _____ holds that the organisation's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being. 12) _____

- A) selling concept
- B) integrated marketing concept
- C) production concept
- D) relationship marketing concept
- E) social responsibility marketing concept

Answer: E

Explanation: A)
B)
C)
D)
E)

13) Global Shop Direct is an Australian direct marketing company that offers a diverse range of consumer products including fitness equipment, fashion and household gadgets. Its core marketing activity involves intensive mass market promotions such as TV advertising, infomercials and a web presence all designed to encourage customers to place an order by telephone via a 1300 phone number. Global Shop Direct's marketing philosophy is best described as which of the following?

13) _____

- A) Selling philosophy
- B) Product philosophy
- C) Marketing philosophy
- D) Production philosophy
- E) none of the above

Answer: A

Explanation: A)
B)
C)
D)
E)

14) IBM is a company that goes out of its way to understand why customers might have switched to other brands. It regularly interviews lapsed customers and brand switchers probing for the reasons customers have for NOT purchasing IBM products or services. This type of activity is BEST described as:

14) _____

- A) an early warning detection system.
- B) satisfaction research.
- C) a value gap analysis.
- D) marketing research.
- E) exit interviews.

Answer: E

Explanation: A)
B)
C)
D)
E)

15) Rick Johnson trains his company's sales force to go after the consumer. He repeatedly asks his team to bear in mind the essential fact that it is the sales team's responsibility to rouse the consumer's interest and make him feel that he needs the product. A true salesman is one who can convert an indifferent consumer walking into the store into a new customer. Johnson believes in the _____ concept.

15) _____

- A) social responsibility
- B) selling
- C) product
- D) marketing
- E) production

Answer: B

Explanation: A)
B)
C)
D)
E)

16) Beyond standard performance measures such as ROI and sales, marketers are increasingly using customer-centred measures of marketing impact. Which of the following is NOT a customer-centred measure of marketing impact? 16) _____

- A) customer equity
- B) customer retention
- C) customer lifetime value
- D) share of market
- E) customer acquisition

Answer: D

Explanation: A)
B)
C)
D)
E)

17) Webmax Inc. produced and marketed cameras. After considerable research and development, they developed a new digital camera that had an array of new features. Webmax was so sure about the new offering that they even reduced their marketing budget. What marketing philosophy characterises Webmax's orientation towards the marketplace? 17) _____

- A) product orientation
- B) production orientation
- C) holistic marketing orientation
- D) selling orientation
- E) marketing orientation

Answer: A

Explanation: A)
B)
C)
D)
E)

18) When restaurants and hotels provide forms which guests can use to check off their likes and dislikes, they are using which type of method for tracking customer satisfaction? 18) _____

- A) exit interviews
- B) complaint and suggestion systems
- C) mystery shopping
- D) lost customer analysis
- E) none of the above

Answer: B

Explanation: A)
B)
C)
D)
E)

- 19) Direct marketer, Guthy Renker Australia, markets a number of skincare products including Pro-Activ, Reclaim, Meaningful Beauty, Sheer Cover and Wen haircare. A distinctive feature of Guthy Renker's direct sales approach is that customers are offered deep discounts on the initial order along with a choice of free products to be sent with the first shipment. Following purchase, customers automatically become members of the relevant Guthy Renker product club which establishes a relationship between the company and the consumer. On a quarterly basis, the company sends three months' supply of the product and invoices club members for the goods. Members always retain the option of returning the goods and terminating their membership at any time. This "club concept" used in association with direct sales is based on the philosophy that:
- A) consumers are unlikely to value the benefit of club membership unless it is accompanied by incentives such as discounts and free samples.
 - B) to win new customers, aggressive sales tactics along with attractive incentives are required.
 - C) intensive advertising and promotion is required to attract new customers and sell the benefits of club membership.
 - D) short-term costs associated with customer acquisition are worthwhile when customers stay with the company long enough to repay the cost of attracting them.
 - E) none of the above

19) _____

Answer: D

Explanation: A)
B)
C)
D)
E)

- 20) The process whereby companies deliver value by involving and engaging the customer in brand creation and brand communications is known as:
- A) synchronous marketing interface.
 - B) value co-creation.
 - C) consumer generated content.
 - D) customer-centered relationship marketing.
 - E) none of the above

20) _____

Answer: B

Explanation: A)
B)
C)
D)
E)

- 21) Which of the following items provide marketers with an indication of customer satisfaction?
- A) customer intentions to re-purchase
 - B) customer willingness to recommend a product or service
 - C) a numeric scale, say 1-7 points, in which the customer assigns a number that reflects their overall level of satisfaction
 - D) all of the above
 - E) none of the above

21) _____

Answer: D

Explanation: A)
B)
C)
D)
E)

- 22) The marketing concept holds that: 22) _____
- A) a better product will by itself lead people to buy it without much effort from the sellers.
 - B) consumers and businesses, if left alone, won't buy enough of the organisation's products.
 - C) a new product will not be successful unless it is priced, distributed, and sold properly.
 - D) a firm should find the right products for its customers, and not the right customers for its products.
 - E) customers who are coaxed into buying a product will most likely buy it again.

Answer: D

Explanation: A)
B)
C)
D)
E)

- 23) The total combined customer lifetime values of a company's current and existing customers is known as: 23) _____
- A) customer equity.
 - B) the Drake equation.
 - C) company profits.
 - D) share of market.
 - E) triple bottom line.

Answer: A

Explanation: A)
B)
C)
D)
E)

- 24) When a manager telephones his or her own company to see how the company handles the call, it is a variation of which method of measuring customer satisfaction? 24) _____
- A) complaint and suggestion system
 - B) lost customer analysis
 - C) customer satisfaction surveys
 - D) mystery shopping
 - E) none of the above

Answer: D

Explanation: A)
B)
C)
D)
E)

- 25) Kelly Kinsel felt good about her day's work. A customer had been upset with the performance of one of the products Kelly serviced. At first, the customer threatened to never buy from the company again. But Kelly made good on their "replacement on demand" policy, and now the customer had what he wanted. Kelly knew she had saved more than a single sale. Kelly's pride is most likely linked to her knowledge of: 25) _____
- A) customer lifetime value.
 - B) customer recruitment.
 - C) customer total cost.
 - D) customer churn.
 - E) none of the above

Answer: A

Explanation: A)
B)
C)
D)
E)

- 26) The process of estimating how much a customer spends per purchase, how often s/he buys from the company, and how long the company can expect the customer to continue to buy is used to estimate the: 26) _____
- A) customer attractiveness index.
 - B) customer marketability value.
 - C) customer lifetime value.
 - D) customer preference quotient.
 - E) none of the above

Answer: C

Explanation: A)
B)
C)
D)
E)

- 27) According to Peter Drucker, a marketing organisation's first task is to: 27) _____
- A) create customers.
 - B) return a profitable bottom line.
 - C) deliver high levels of customer satisfaction.
 - D) retain profitable customers.
 - E) none of the above

Answer: A

Explanation: A)
B)
C)
D)
E)

- 28) Which of the following statements about profitability analysis is true? 28) _____
- A) Cross-selling refers to selling unprofitable products to profit-making customers.
 - B) Very profitable customers rarely need much attention.
 - C) Companies might benefit from encouraging unprofitable customers to switch to competitors.
 - D) Companies should never raise prices on unprofitable products.
 - E) all of the above

Answer: C

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

- 29) Which of the following strategies would NOT normally be considered in an effort to increase share of customer? 29) _____
- A) a programme designed to up-sell by shifting current customers to the company's premium brands
 - B) a programme designed to cross-sell the company's other products and services to current customers
 - C) Companies can offer greater variety to current customers.
 - D) all of the above
 - E) none of the above

Answer: D

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

- 30) One of the problems marketers face regarding customer retention is that classic marketing theory and practice emphasises: 30) _____
- A) reducing distribution costs rather than curtailing advertising.
 - B) creating transactions rather than relationships.
 - C) reselling to customers rather than finding new ones.
 - D) product image over product value.
 - E) all of the above

Answer: B

- Explanation:
- A)
 - B)
 - C)
 - D)
 - E)

31) The Niketown running club that organises twice weekly evening runs for Nike customers is an example of a _____. 31) _____

- A) consumer-generated marketing programme
- B) club marketing programme
- C) frequency marketing programme
- D) structural benefit provided for top customers
- E) basic customer relationship

Answer: B

Explanation: A)
B)
C)
D)
E)

32) Doug Dobbins liked his subcompact minicar, the Micro. The Micro didn't have much pickup and wasn't very attractive but it was easy to park and got great mileage. That's all I want in a car, thought Doug. From Doug's response, we can infer that the makers of the Micro have: 32) _____

- A) achieved an acceptable level of customer satisfaction.
- B) offered the lowest total customer cost.
- C) maximised customer satisfaction.
- D) all of the above
- E) none of the above

Answer: A

Explanation: A)
B)
C)
D)
E)

33) Which of the following statements best summarises the marketing philosophy? 33) _____

- A) Achieving organisational goals depends on offering products that offer the most in terms of quality, performance and innovative features.
- B) Encouraging customers to purchase an organisation's products requires large scale selling and promotional efforts.
- C) Management should focus on improving production and distribution efficiencies in order to offer consumers products that are readily available and highly affordable.
- D) Achieving organisational goals depends on understanding the target market's needs and wants and delivering satisfaction better than competitors.
- E) A company's marketing decisions should consider consumers' wants, the company's requirements, and consumers' and society's long-run interests.

Answer: D

Explanation: A)
B)
C)
D)
E)

- 34) Total customer satisfaction is conceptualised as the relationship between: 34) _____
- A) past experience and present experience.
 - B) advertised outcomes and real outcomes.
 - C) perceived performance and expectation.
 - D) expected value and total customer benefit.
 - E) customer attitude and salesperson's attitude.

Answer: C

Explanation: A)
B)
C)
D)
E)

- 35) Select the pair of words or phrases that best completes the following sentence. 35) _____
- With respect to a company's marketing performance, customer equity may be a superior measure than market share or current sales. Whereas sales and market share reflect the _____; customer equity reflects the _____.
- A) customer satisfaction; customer loyalty
 - B) competitive pressure; internal effort
 - C) sales effort; marketing effort
 - D) profitability; ROMI
 - E) past; future

Answer: E

Explanation: A)
B)
C)
D)
E)

- 36) The Australian air carrier, QANTAS, offers frequent passengers a programme marketed as QANTAS Club with a range of customer benefits including: express check in, priority baggage, extra baggage allowances, access to QANTAS lounges, opportunities to upgrade flight seats, frequent flyer points that can be exchanged for defined goods and services and discounted rates on supplementary services such as QANTAS meeting rooms. QANTAS Club is BEST described as which of the following? 36) _____
- A) a hybrid programme incorporating both club and frequency marketing elements
 - B) a frequency marketing programme
 - C) a club marketing programme
 - D) a customer recognition programme
 - E) none of the above

Answer: A

Explanation: A)
B)
C)
D)
E)

37) Return on marketing investment (ROMI) is very difficult to measure because: 37) _____

- A) marketers cannot agree on a consistent unit of measurement for ROMI.
- B) marketers cannot agree on a universal definition of ROMI.
- C) the benefit of marketing expenditure may not be felt for many years.
- D) ROMI is often overlooked in favour of simpler, more readily available measures.
- E) marketing and management are engaged in a protracted dispute over the superiority of ROI versus ROMI as a performance measure.

Answer: C

Explanation: A)
B)
C)
D)
E)

38) A company that enjoys high levels of loyalty from its most profitable market segments would be said to have high levels of: 38) _____

- A) share of purse.
- B) brand equity.
- C) share of wallet.
- D) customer equity.
- E) share of mind.

Answer: D

Explanation: A)
B)
C)
D)
E)

39) Companies provide rewards to customers who buy often and in substantial amounts. These reward schemes are referred to as: 39) _____

- A) frequency programmes.
- B) benefit programmes.
- C) quality programmes.
- D) profitability programmes.
- E) satisfaction programmes.

Answer: A

Explanation: A)
B)
C)
D)
E)

- 40) To understand the concept of customer value, it is important to remember that: 40) _____
- A) customers are value-maximisers.
 - B) most customers are unaware of the actual value they receive in consuming products.
 - C) some customers are more important than others.
 - D) all of the above
 - E) none of the above

Answer: A

- Explanation: A)
B)
C)
D)
E)

- 41) A person, household or company whose revenues over time exceed by an acceptable amount the company costs of attracting, selling and servicing them is defined as a(n): 41) _____
- A) total quality customer.
 - B) appreciating customer.
 - C) profitable customer.
 - D) value-added customer.
 - E) none of the above

Answer: C

- Explanation: A)
B)
C)
D)
E)

- 42) Brunswick Trucking Inc. asks its customers to fill out a form on which they are asked to list what they liked and disliked about the company's service. The trucking company also has a toll-free number its customers can call to provide immediate feedback. The trucking company is using _____ to track and measure customer satisfaction. 42) _____
- A) a complaint and suggestion system
 - B) a customer satisfaction survey
 - C) a value gap analysis
 - D) a value-assessment network
 - E) an exit interview

Answer: A

- Explanation: A)
B)
C)
D)
E)

43) _____ involves creating, maintaining and enhancing strong relationships with customers and other stakeholders. 43) _____
A) Just-in-time marketing
B) Turbomarketing
C) Relationship marketing
D) Customer Relations
E) Product value marketing

Answer: C

Explanation: A)
B)
C)
D)
E)

44) The best tool for a discount store to use to determine how its retail clerks respond to customers in wheelchairs would be to: 44) _____
A) use role playing.
B) conduct several customer satisfaction surveys.
C) institute a complaint and suggestion system.
D) do exit interviews with customers.
E) use mystery shoppers.

Answer: E

Explanation: A)
B)
C)
D)
E)

45) An evaluation comparison between a product's performance and the buyer's expectations is the basis for determining: 45) _____
A) customer loyalty.
B) customer delivered value.
C) total customer value.
D) customer satisfaction.
E) none of the above

Answer: D

Explanation: A)
B)
C)
D)
E)

- 46) Companies derive many benefits from highly satisfied customers. According to the text, which of the following is NOT one of these benefits? 46) _____
- A) Satisfied customers are more likely to purchase the company's other brand offerings.
 - B) Satisfied customers are more likely to remain loyal for longer.
 - C) Satisfied customers are more efficient decision-makers.
 - D) Satisfied customers are less price sensitive.
 - E) Satisfied customers are more likely to spread favourable messages about the company or its products.

Answer: C

- Explanation: A)
B)
C)
D)
E)

- 47) Select the term that best completes the following sentence. 47) _____
According to a recent study reported in the text found that _____ of consumers say that they would rather get the best brand than the best price.
- A) 65 per cent
 - B) 35 per cent
 - C) 90 per cent
 - D) 55 per cent
 - E) 75 per cent

Answer: D

- Explanation: A)
B)
C)
D)
E)

- 48) Many companies partner with external organisations such as suppliers and distributors in their efforts to deliver their brand offerings to the market. Collectively, these partnerships are known as: 48) _____
- A) horizontally integrated network.
 - B) value delivery network.
 - C) external marketing network.
 - D) vertically integrated network.
 - E) none of the above

Answer: B

- Explanation: A)
B)
C)
D)
E)

49) Brand exchanges generated by consumers themselves are known as: 49) _____
A) consumer value co-creation.
B) social networks.
C) consumer generated marketing.
D) consumer delivery value networks.
E) none of the above

Answer: C

Explanation: A)
B)
C)
D)
E)

50) _____ with a purchase depends upon the product's performance relative to a buyer's 50) _____
expectations.
A) Customer loyalty
B) Customer delivered value
C) Customer satisfaction
D) Customer purchase intention
E) all of the above

Answer: C

Explanation: A)
B)
C)
D)
E)

51) Acme company has organised a series of seminars for its employees. These seminars are designed 51) _____
to educate staff about the company's new mission and strategic plan. These seminars are BEST
described as:
A) capacity planning and development.
B) employee education programmes
C) human resource development.
D) internal marketing.
E) corporate promotion and advertising.

Answer: D

Explanation: A)
B)
C)
D)
E)

- 52) Which of the following statements BEST encapsulates the underlying logic of customer lifetime value? 52) _____
- A) Companies should continually strive to increase the value of its products and services for the lifetime of a defined market segment.
 - B) Companies should focus their efforts on locating and serving the interests of the most profitable market segments.
 - C) Companies should seek to profit from both individual transactions and the overall relationship with a customer.
 - D) Companies should use de-marketing to reduce the size of less profitable market segments.
 - E) Companies should be prepared to make little profit from individual transactions and instead focus on the value generated by the term of its relationship with a customer.

Answer: E

Explanation: A)
B)
C)
D)
E)

- 53) Online retailer, Amazon.com, offers its customers music, videos, gifts, toys, consumer electronics, and office products, among other product items. Based on the customer's prior purchase history, the company recommends related CDs, books, or videos that might be of interest. This helps Amazon.com capture a greater _____. 53) _____
- A) value proposition
 - B) customer base
 - C) share of customer
 - D) social network
 - E) customer ownership

Answer: C

Explanation: A)
B)
C)
D)
E)

- 54) According to the text, employee satisfaction with a company is important because: 54) _____
- A) employee satisfaction is an important societal responsibility.
 - B) satisfied employees are less likely to engage in industrial action.
 - C) satisfied employees are less likely to demand salary increases.
 - D) employee satisfaction is associated with customer satisfaction.
 - E) none of the above

Answer: D

Explanation: A)
B)
C)
D)
E)

55) Totally satisfied customers are more likely to be:

55) _____

- A) reliable.
- B) delighted.
- C) complete.
- D) accountable.
- E) loyal.

Answer: E

Explanation: A)
B)
C)
D)
E)

56) When buyers make decisions which do not appear to maximise value, which of the following can be a plausible explanation?

56) _____

- A) The buyer may have standing decision rules in effect, such as buy the lowest priced offer.
- B) The buyer may be determining value differently than is the seller.
- C) The sale may be based upon an on-going relationship between buyer and seller.
- D) all of the above
- E) none of the above

Answer: D

Explanation: A)
B)
C)
D)
E)

57) One reason for emphasising total customer satisfaction is that:

57) _____

- A) customers who are merely satisfied may easily switch suppliers.
- B) even failing to meet high goals will lead to better products and better customer satisfaction.
- C) it costs much more to satisfy customers but generally gives firms good reputations.
- D) all of the above
- E) none of the above

Answer: A

Explanation: A)
B)
C)
D)
E)

58) In a customer-centred organisation, one of the most difficult areas for marketing managers to measure is: 58) _____

- A) share of customer.
- B) ROMI of sales activity.
- C) ROMI of social media.
- D) brand equity.
- E) ROMI of advertising expenditure.

Answer: C

Explanation: A)
B)
C)
D)
E)

59) Marketers at Johnny Inc. believe in putting their customers ahead of everything else. Their products are carefully designed to meet customer requirements and the entire focus is on achieving customer satisfaction. Johnny Inc., follows the _____ concept in doing business. 59) _____

- A) production
- B) social responsibility
- C) product
- D) selling
- E) marketing

Answer: E

Explanation: A)
B)
C)
D)
E)

60) At its most basic level, the need for customer retention stems from the fact that: 60) _____

- A) market share is derived from winning new customers.
- B) intrusion marketing costs more than attraction marketing.
- C) low growth industries make brand switching very easy.
- D) all of the above
- E) none of the above

Answer: B

Explanation: A)
B)
C)
D)
E)

61) When Campbell Soup sets high standards for suppliers and then selects only those few who are willing to meet those standards, their joint effort to constantly improve performance is an example of a(n): 61) _____
A) horizontally integrated manufacturing.
B) customer value delivery network.
C) joint venture.
D) value added production synergy.
E) integrated production operations management.

Answer: B

Explanation: A)
B)
C)
D)
E)

62) Which of the following is NOT one of the alternative philosophies or orientations under which organisations design and carry out marketing activities? 62) _____
A) societal philosophy
B) natural philosophy
C) selling philosophy
D) marketing philosophy
E) production philosophy

Answer: B

Explanation: A)
B)
C)
D)
E)

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

63) Partners in the value delivery network comprise the company, its suppliers, its distributors and its customers. 63) _____

Answer: True False

Explanation:

64) While marketers must ensure that customer's orders are filled and delivered correctly, it is not up to marketers to follow-up on customer satisfaction. 64) _____

Answer: True False

Explanation:

65) Customer satisfaction is based on a comparison of the consumer's pre-purchase expectations and their actual perceptions of the product or service. 65) _____

Answer: True False

Explanation:

66) Customers will always select the product that provides the greatest value at the lowest price. 66) _____

Answer: True False

Explanation:

- 67) A customer's lifetime value can be considered as the sum total of all profits a given customer provides for the company over the entire length of time that the customer buys from the company. 67) _____
 Answer: True False
 Explanation:
- 68) A company that enjoys high levels of loyalty, especially among its most profitable customers would be said to enjoy high levels of customer equity. 68) _____
 Answer: True False
 Explanation:
- 69) If a customer feels that no product offers real value, one option is that the customer may forgo the purchase altogether. 69) _____
 Answer: True False
 Explanation:
- 70) Total customer satisfaction is mainly an image-based promotional device, since it costs no more to recruit new customers than to retain satisfied ones. 70) _____
 Answer: True False
 Explanation:
- 71) More companies today are partnering with external organisations such as suppliers and distributors to improve the performance of the value delivery network. 71) _____
 Answer: True False
 Explanation:
- 72) Activities typically associated with internal marketing include: training, empowerment and employee incentives. 72) _____
 Answer: True False
 Explanation:
- 73) Basically, there is no cost difference between retaining current customers and acquiring new ones. 73) _____
 Answer: True False
 Explanation:
- 74) Frequency marketing programmes offer customers membership of a club which enables them to access special services and are designed to recognise the customer's worth to the business. 74) _____
 Answer: True False
 Explanation:
- 75) The customer's conscious evaluation of a product or service feature, or of the product or service itself is known as customer satisfaction. 75) _____
 Answer: True False
 Explanation:
- 76) If a customer has very high expectations and the product falls short of those expectations, the customer will always be dissatisfied. 76) _____
 Answer: True False
 Explanation:

- 77) Customer satisfaction refers to an objective measure of a product's fitness for purpose. 77) _____
 Answer: True False
 Explanation:
- 78) When product performance exceeds customer expectations, there are two possible outcomes: the customer may be either highly satisfied or highly dissatisfied. 78) _____
 Answer: True False
 Explanation:
- 79) The factors that influence customer satisfaction include: past buying experiences; the information and promises made by marketing organisations and what customers think is fair value based on the price they paid. 79) _____
 Answer: True False
 Explanation:
- 80) Just as brand equity is a measure of the company's accumulated investment in building a brand identity, consumer equity is a measure of the company's accumulated investment in developing new market segments. 80) _____
 Answer: True False
 Explanation:
- 81) Customer satisfaction is a measure used to evaluate services but is not normally used to evaluate products. 81) _____
 Answer: True False
 Explanation:
- 82) Return on marketing investment (or marketing ROI) is the net return from a marketing investment divided by the costs of the marketing investment. 82) _____
 Answer: True False
 Explanation:
- 83) To increase share of customer, companies can offer greater variety to current customers or they can create programmes to cross-sell and up-sell to market more products and services to existing customers. 83) _____
 Answer: True False
 Explanation:
- 84) Satisfaction isn't always a good predictor of customer loyalty. 84) _____
 Answer: True False
 Explanation:
- 85) Basically, retaining current customers is less expensive than acquiring new ones. 85) _____
 Answer: True False
 Explanation:
- 86) Internal marketing refers to in-house market analysis. 86) _____
 Answer: True False
 Explanation:

- 87) Frequency marketing programmes are just one of the techniques used by marketers to strengthen the bond between the company and the customer. 87) _____
 Answer: True False
 Explanation:
- 88) Customer satisfaction is a global concept that refers to the customer's overall evaluation of a product performance or a service encounter and is formed after consumption. It is not normally used to evaluate product component parts or steps of the service delivery process. 88) _____
 Answer: True False
 Explanation:
- 89) The value proposition is stated in the price of a product and is readily recognised by the typical consumer. 89) _____
 Answer: True False
 Explanation:
- 90) Traditional thinking was that marketing is done only by marketing, sales and customer-support people. However, modern thinking is that every functional area can interact with customers and therefore have some role to play in the company's marketing responsibilities. 90) _____
 Answer: True False
 Explanation:
- 91) Club marketing programmes offer customer members special benefits and create member communities. 91) _____
 Answer: True False
 Explanation:
- 92) The value chain is a tool used to identify ways to create more customer value. 92) _____
 Answer: True False
 Explanation:
- 93) It is accurate to say that for customer centred companies, marketing is responsible for designing and managing a superior value-delivery system to reach target customer segments. 93) _____
 Answer: True False
 Explanation:
- 94) Internal marketing refers to a diverse range of activities designed to ensure that employees share an understanding of organisational goals, mission and purpose. 94) _____
 Answer: True False
 Explanation:
- 95) Customer satisfaction is an excellent predictor of customer loyalty. 95) _____
 Answer: True False
 Explanation:
- 96) In terms of share of customer, "share of throat" is to the beverage market just as "share of stomach" is to the food industry. 96) _____
 Answer: True False
 Explanation:

97) Frequency marketing programmes offer customers a reward such as price discounts, free upgrades or the opportunity to trade points for gifts, as a means of building a relationship with the customer. 97) _____

Answer: True False

Explanation:

98) If a customer expects a product to be poor but purchases it anyway due to lack of choice, and the product turns out to perform better than expected, the customer will always be highly satisfied or delighted. 98) _____

Answer: True False

Explanation:

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

99) A key challenge for modern marketers is whether "to meet or beat expectations." Comment on this statement and explain why it is so difficult to beat expectations in the long term.

Answer: Managing customer expectations is indeed a key challenge for contemporary marketers. However, for a variety of reasons it is difficult to beat expectations in the long term.

Firstly, customer expectations are not formed in isolation. Instead they reflect the customer's experiences with all companies in a category. A company that seeks to exceed expectations, without reference to competitor activities, cannot really ascertain how well they are meeting or beating the customer's expectations.

Secondly, delivering on acceptable levels of customer expectations is something that can be readily copied by competitors.

Thirdly, customer expectations are not fixed and immutable. Instead they are dynamic and change over time as consumers acquire more experiences with the company and its competitors. Standards that would be acceptable at one point in time, may become minimal acceptable standards when more and more competitors begin to provide the same product features or services.

Fourthly, customer expectations are highly subjective and vary across market segments, or even individual customers. It is very difficult to ascertain what product features or service levels would be required to beat expectations for all customers at all times.

Finally, it may be possible to "beat expectations" by provide the highest level of product/service in the category at all times. But this is likely to come at a high cost and ultimately may not be profitable.

For all these reasons, marketers tend to think about maximising satisfaction rather than delivering "ideal" quality at all times.

100) List and describe any two (2) methods for assessing customer satisfaction.

Answer: Methods used to measure customer satisfaction as discussed in the text include:

1. Surveys (questionnaires administered to a defined sample of respondents)

Questions that are typically included in the survey include:

- Repurchase intention
- Willingness to recommend the marketing organisation and brand to other people
- Overall ratings of satisfaction on a numeric scale (say 1-7)—sometimes also known as global satisfaction scores
- Open ended questions designed to elicit reasons why a customer might not recommend the organisation

Standard marketing texts such as the *Marketing Research Handbook* provide users with reliable survey instruments that have been used by experienced researchers to measure customer satisfaction and many other marketing concepts.

2. Complaints Systems (encouraging customers to give feedback via web, 1800 phone numbers, suggestion boxes etc). These systems provide timely information and can help companies to resolve problems quickly. They can help to identify emerging problems before they become acute problems. Complaints systems can be effective when companies make it easy for customers to provide feedback.

3. Exit interviews with lapsed members or customers who have defected to another organisation. The objective of this type of research method is to learn the reasons why customers have switched.

101) Define and describe the value delivery network.

Answer: Every commercial endeavour consists of a collection of activities and partnerships performed to design, produce, market, deliver and support the organisation's products.

The value delivery network is an extension of the value chain concept discussed in chapter one.

The value delivery network recognises the complexity of the modern company-customer interface and acknowledges that few companies can attain mastery of all the activities required to get products and services to market. As a consequence, modern companies consider which partners, whether internal or external, can add value in efficient ways to deliver customer value. A customer-centred company will seek to develop partnerships with other departments or organisations who can deliver the greatest value in the most efficient ways. A value delivery network may consist of many partners including the organisation itself, its suppliers, distributors and, ultimately, customers who all work to improve overall customer satisfaction.

102) Compare and contrast frequency marketing programmes and club marketing programmes.

Answer: Both frequency marketing and club marketing programmes are tools that can be used to strengthen bonds between customers and companies. Both might be considered by management when thinking about relationship marketing programmes.

However, there are some subtle differences between frequency marketing and club marketing. The main differences can be found in the type of bond and the type of customers that would be attracted by each.

Frequency marketing programmes offer a tangible reward typically in the form of discounts or gifts that can be exchanged for frequency points that the customer has earned. Such programmes are more likely to appeal to price-sensitive consumers or to segments that place a high value on material possessions.

Club marketing programmes offer more intangible benefits that accrue to members. Benefits include such things as access to special services or membership communities. For example, the Royal Automobile Club of Victoria (RACV) and other motoring clubs based in different states offer members access to travel services, insurance, car testing, newsletters and other services. Such services are more likely to appeal to customers who place a value on being recognised as a valuable member and the sense of belonging that comes from being part of a club.

103) Define customer value and discuss its relationship to customer satisfaction and company profitability.

Answer: Customer value may be defined as the difference between total customer value and total customer cost. This is the customer delivered value. Issues relating to satisfaction include customer loyalty, lifetime customer value and costs of replacing lost customers. Issues relating to profit include costs of recruitment versus retention, lifetime customer value, and quality improvements as a means of reducing operating costs.

Answer Key
Testname: C2

- 1) C
- 2) E
- 3) C
- 4) E
- 5) C
- 6) D
- 7) B
- 8) E
- 9) A
- 10) C
- 11) A
- 12) E
- 13) A
- 14) E
- 15) B
- 16) D
- 17) A
- 18) B
- 19) D
- 20) B
- 21) D
- 22) D
- 23) A
- 24) D
- 25) A
- 26) C
- 27) A
- 28) C
- 29) D
- 30) B
- 31) B
- 32) A
- 33) D
- 34) C
- 35) E
- 36) A
- 37) C
- 38) D
- 39) A
- 40) A
- 41) C
- 42) A
- 43) C
- 44) E
- 45) D
- 46) C
- 47) D
- 48) B
- 49) C
- 50) C

Answer Key
Testname: C2

- 51) D
- 52) E
- 53) C
- 54) D
- 55) E
- 56) D
- 57) A
- 58) C
- 59) E
- 60) B
- 61) B
- 62) B
- 63) TRUE
- 64) FALSE
- 65) TRUE
- 66) FALSE
- 67) TRUE
- 68) TRUE
- 69) TRUE
- 70) FALSE
- 71) TRUE
- 72) TRUE
- 73) FALSE
- 74) FALSE
- 75) TRUE
- 76) FALSE
- 77) FALSE
- 78) FALSE
- 79) TRUE
- 80) FALSE
- 81) FALSE
- 82) TRUE
- 83) TRUE
- 84) TRUE
- 85) TRUE
- 86) FALSE
- 87) TRUE
- 88) FALSE
- 89) FALSE
- 90) TRUE
- 91) TRUE
- 92) TRUE
- 93) TRUE
- 94) TRUE
- 95) FALSE
- 96) TRUE
- 97) TRUE
- 98) FALSE

Answer Key

Testname: C2

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Answer Key

Testname: C2

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