***Core: Marketing, 8e* (Kerin)**

**Appendix A**

1) In order to launch a start-up firm, Arthur K. Kydd believes that the firm needs to have a real product with

A) a distinctive point of difference that satisfies customer needs.

B) a prototype to test in the real world.

C) a list of all the other ideas you have, including this one.

D) some of your own money to demonstrate your belief that this product is a winner.

E) friends in the industry that you wish to enter.

Answer: A

Explanation: "If you have a real product with a distinctive point of difference that satisfies the needs of customers, you may have a winner," says Arthur R. Kydd, who has helped launch more than 60 start-up firms.

Difficulty: 1 Easy

Bloom's: Remember

AACSB: Analytical Thinking

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2) Arthur R. Kydd has helped launch more than 60 start-up firms and believes if you have a real product with a distinctive point of difference that satisfies the needs of customers, you may have a winner. The way to demonstrate this to him is to

A) create a prototype and test it in the real world.

B) submit a quality résumé that demonstrates the likelihood of future success.

C) develop a well-written marketing or business plan.

D) make a list of all the other ideas you have, including this one.

E) ask for an informal interview.

Answer: C

Explanation: If you have a real product with a distinctive point of difference that satisfies the needs of customers, you may have a winner. And you get a real feel for this in a well-written marketing or business plan.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

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3) A(n) \_\_\_\_\_\_\_\_ is a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.

A) marketing plan

B) mission statement

C) operation plan

D) business plan

E) marketing dashboard

Answer: A

Explanation: Key term definition—marketing plan.

Difficulty: 1 Easy

Bloom's: Remember

AACSB: Analytical Thinking

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4) There is no single generic marketing plan that can apply to all organizations or all institutions. Rather, the specific format for a marketing plan for an organization depends on the following: the industry, the kind and complexity of the organization, and

A) the financial investment needed.

B) the time frame.

C) available resources.

D) the target audience and purpose.

E) the competition.

Answer: D

Explanation: No single generic marketing plan applies to all organizations and all situations. Rather, the specific format for a marketing plan for an organization depends on the following: the target audience and purpose, the kind and complexity of the organization, and the industry.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

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5) Which of the following statements about marketing plans is most accurate?

A) A marketing plan has little or no value unless it projects plans at least 10 years into the future.

B) It is important to use the exact market plan format regardless of the product or industry.

C) Although sales figures will vary greatly, the marketing plan for a small family-owned food store will be almost identical to the marketing plan of a large supermarket chain, if written correctly.

D) Although the target audience and purpose affect the design of a marketing plan, the type of industry plays a relatively small, if any, role in its design.

E) No single generic marketing plan applies to all organizations and all situations.

Answer: E

Explanation: No single generic marketing plan applies to all organizations and all situations. Rather, the specific format for a marketing plan for an organization depends on the following: the target audience and purpose, the kind and complexity of the organization, and the industry.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

6) The format for a marketing plan for an organization depends on which of these?

A) the time frame

B) the competition

C) the available resources

D) the kind and complexity of the organization

E) the financial investment needed

Answer: D

Explanation: The specific format for a marketing plan for an organization depends on the following: the target audience and purpose, the kind and complexity of the organization, and the industry.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

7) Elements in a marketing plan depend on who the audience is and what its purpose is. For example, the marketing plan for an internal audience would

A) be informally written.

B) contain specific financial details.

C) point the direction for future marketing activities.

D) explain organization and structure.

E) provide biographical information of key players.

Answer: C

Explanation: Elements included in a particular marketing plan depend heavily on (1) who the audience is and (2) what its purpose is. A marketing plan for an internal audience seeks to point the direction for future marketing activities and is sent to all individuals in the organization who must implement the plan or who will be affected by it. See Figure A-1 in the textbook.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

8) Elements in a marketing plan depend on who the audience is and what the purpose is. For example, the marketing plan for an external audience would

A) give a broad general overview.

B) function as a sales document.

C) be more informally written.

D) be directed to the people who would be affected by it.

E) be directed to the people who must implement the plan.

Answer: B

Explanation: Elements included in a particular marketing plan depend heavily on (1) who the audience is and (2) what its purpose is. A marketing plan for an external audience, such as friends, banks, venture capitalists, or potential investors for the purpose of raising capital, has the additional function of being an important sales document. See Figure A-1 in the textbook.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

9) The target audience and purpose affect the format of a business or marketing plan. For example, an element such as the level of detail should reflect

A) the kind and complexity of the organization.

B) the educational background of the key personnel.

C) the investment potential of the investors.

D) how well you know your audience.

E) whether the plan is for a product or service.

Answer: A

Explanation: A neighborhood restaurant has a less detailed marketing plan than Apple, which serves international markets. The restaurant's plan would be relatively simple and directed at serving customers in a local market. In Apple's case, because there is a hierarchy of marketing plans, various levels of detail would be used—such as the entire organization, the strategic business unit, or the product/product line. Elements included in a particular marketing plan depend heavily on the kind and complexity of the organization.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

10) The industry within which a product will compete should affect the format of an organization's business or marketing plan. However, since the complexities of products can differ greatly,

A) the size of the potential workforce included in their plans differs.

B) the investment potential of investors included in their plans differs.

C) the experience of the key personnel demonstrated in their plans differs.

D) the time periods likely to be covered by their plans differ.

E) the knowledge of technical language used in their plans differs.

Answer: D

Explanation: Both the restaurant serving a local market and Apple, selling electronic devices globally, analyze elements of their industry. However, their geographic scopes are far different, as are the complexities of their offerings and, hence, the time periods likely to be covered by their plans. A one-year marketing plan may be adequate for the restaurant, but Apple may need a five-year planning horizon because product development cycles for complex, new electronic devices may be many years.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

11) A(n) \_\_\_\_\_\_\_\_ is a road map for the entire organization for a specified future period of time, such as one year or five years.

A) marketing dashboard

B) strategic plan

C) operation plan

D) business plan

E) marketing metric

Answer: D

Explanation: Key term definition—business plan.

Difficulty: 1 Easy

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

12) A key difference between a marketing plan and a business plans is that

A) a marketing plan is used for consumer products and a business plan is used for industrial products.

B) a marketing plan contains a greater degree of detail regarding research and development, operations, and manufacturing activities of the organization.

C) a business plan contains a greater degree of detail regarding research and development, operations, and manufacturing activities of the organization.

D) a marketing plan covers a greater length of time for its financial projections.

E) a business plan covers a greater length of time for its financial projections.

Answer: C

Explanation: A key difference between a marketing plan and a business plan is that the business plan contains details on the research and development (R&D)/operations/manufacturing activities of the organization.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

13) Which of the following statements regarding marketing and business plans is most accurate?

A) In contrast to a marketing plan, a business plan is a road map for the entire organization for a specified future period of time, such as one year or five years.

B) In contrast to a business plan, a marketing plan is a road map for the entire organization for a specified future period of time, such as one year or five years.

C) A marketing plan contains a greater degree of detail regarding research and development, operations, and manufacturing activities of the organization.

D) A business plan is used for industrial products and a marketing plan is used for consumer products.

E) A business plan is used for manufactured products and a marketing plan is used for services.

Answer: A

Explanation: In contrast to a marketing plan, a business plan is a road map for the entire organization for a specified future period of time, such as one year or five years.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

14) While several different groups of stakeholders are likely to read a business or marketing plan, which group is likely to be the most critical of these documents?

A) prospective employees

B) potential customers

C) potential suppliers

D) future distributors, wholesalers, and retailers

E) possible investors or lenders

Answer: E

Explanation: Lenders and prospective investors reading a business or marketing plan that is used to seek new capital are probably the toughest audiences to satisfy.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

15) Which of the following is one of the six questions most lenders and prospective investors expect to be answered in a marketing or business plan?

A) Does the prospective product meet all government safety standards?

B) Who is your competition and what are they doing?

C) Who will be your key suppliers?

D) Is there something unique or distinctive about the product?

E) What are your taxes?

Answer: D

Explanation: The six most-asked questions are the following: (1) Is the business or marketing idea valid? (2) Is there something unique or distinctive about the product or service that separates it from substitutes and competitors? (3) Is there a clear market for the product or service? (4) Are the financial projections realistic and healthy? (5) Are the key management and technical personnel capable, and do they have a track record in the industry within which they must compete? (6) Does the plan clearly describe how those providing capital will get their money back and make a profit?

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

16) All of the following are questions most lenders and prospective investors expect to be answered in a marketing or business plan *except* which?

A) Is the business or marketing idea valid?

B) Who is your competition and what are they doing?

C) Are the financial projections realistic and healthy?

D) Are the key management and technical personnel capable, and do they have a track record in the industry within which they must compete?

E) Is there something unique or distinctive about the product or service that separates it from substitutes and competitors?

Answer: B

Explanation: The six most-asked questions are the following: (1) Is the business or marketing idea valid? (2) Is there something unique or distinctive about the product or service that separates it from substitutes and competitors? (3) Is there a clear market for the product or service? (4) Are the financial projections realistic and healthy? (5) Are the key management and technical personnel capable, and do they have a track record in the industry within which they must compete? (6) Does the plan clearly describe how those providing capital will get their money back and make a profit?

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

17) There are no magic one-size-fits-all guidelines for writing successful marketing and business plans. Which writing and style guideline below still generally applies?

A) Use different color fonts or paper to represent different sections of your plan.

B) Use informal language unless you plan to borrow at least $100,000.

C) Include as an attachment the résumés for all key players in your management team.

D) Set a firm date by which you will require an answer from a potential investor, after which you will take your plan somewhere else.

E) Use visuals where appropriate.

Answer: E

Explanation: There are no magic one-size-fits-all guidelines for writing successful marketing and business plans. Still, the following writing and style guidelines generally apply: (1) use a direct, professional writing style; (2) be positive and specific to convey potential success; (3) use numbers for impact; (4) use bullet points for succinctness and emphasis; (5) use A-level and B-level headings; (6) use visuals where appropriate; (7) shoot for a plan 15 to 35 pages in length excluding financial projections and appendices; and (8) use care in layout, design, and presentation.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

18) There are no magic one-size-fits-all guidelines for writing successful marketing and business plans. All of the writing and style guidelines below still generally apply *except* which?

A) Use a direct, professional writing style.

B) Be positive and specific to convey potential success.

C) Shoot for a plan that is 15 to 35 pages in length, excluding financial projections and appendixes.

D) Include as an attachment the résumés for all key players in your management team.

E) Use bullet points for succinctness and emphasis, along with A-level and B-level headings.

Answer: D

Explanation: There are no magic one-size-fits-all guidelines for writing successful marketing and business plans. Still, the following writing and style guidelines generally apply: (1) use a direct, professional writing style; (2) be positive and specific to convey potential success; (3) use numbers for impact; (4) use bullet points for succinctness and emphasis; (5) use A-level and B-level headings; (6) use visuals where appropriate; (7) shoot for a plan 15 to 35 pages in length excluding financial projections and appendices; and (8) use care in layout, design, and presentation.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

19) Which of the following statements is written in the best writing style for a business or marketing plan?

A) We have found three different groups that could benefit from our new software.

B) Because teachers, social workers, and nurses can use this software, it will offer great opportunities.

C) There are three potential target markets for this software: teachers, social workers, and nurses.

D) There is a target market of teachers; there is a target market of social workers; and there is a target market of nurses as well, who might benefit if we get the opportunity to bring this product to the public.

E) The fact that there are three different "money makers" to shoot for should be a selling point.

Answer: C

Explanation: A well-written plan should use a direct, professional writing style. It should use appropriate business terms (target markets not groups), active rather than passive voice, and should avoid the use of jargon.

Difficulty: 3 Hard

Bloom's: Apply

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

20) Which of the following statements is best suited for a business or marketing plan?

A) This will be a fantastic, once in a lifetime opportunity in the amazing world of chocolate lovers.

B) This product offers a unique opportunity to meet the needs of consumers who love the flavor of chocolate but who are allergic to cocoa.

C) What could be better than chocolate? Nothing! That's why this is a phenomenal opportunity for those who really understand the exciting world of chocolate.

D) We are not kidding. This new noncocoa chocolate candy is simply irresistible; everyone we gave a sample to fell in love with it.

E) The fact that this chocolate-flavored candy does not contain cocoa should be a selling point.

Answer: B

Explanation: There are no magic one-size-fits-all guidelines for writing successful marketing and business plans. Still, the following writing and style guidelines generally apply: Use a direct, professional writing style. Use appropriate business terms without jargon. Present and future tenses with active voice ("I will write an effective marketing plan") are generally better than past tense and passive voice ("An effective marketing plan was written by me").

Difficulty: 3 Hard

Bloom's: Apply

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

21) Which of the following statements regarding bullet points in a marketing plan is most accurate?

A) Avoid using bullet points whenever possible because they distract the reader.

B) If possible, change the shape of the bullet point (circle, star, square, etc.) whenever you change topics.

C) Bullet points should be used with all major headings to help draw attention to them.

D) Bullet points enable key points to be highlighted effectively in a list form.

E) Bullet points make it easier to highlight points that require long explanations.

Answer: D

Explanation: Use bullet points for succinctness and emphasis. Bullets enable key points to be highlighted effectively.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

22) It is helpful to use A-level (the first level) and B-level (the second level) headings under the numbered section headings of marketing and business plans. These headings should

A) help readers make easy transitions from one topic to another.

B) only be used in marketing plans and not in business plans.

C) only be used in business plans and not in marketing plans.

D) be used sparingly, otherwise they lose their cohesiveness and effectiveness.

E) continue in traditional outline form all the way through E-level (the fifth level) if needed, but no further.

Answer: A

Explanation: Use A-level (the first level) and B-level (the second level) headings under the numbered section headings to help readers make easy transitions form one topic to another. This also forces the writer to organize the plan more carefully.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

23) Which of the following statements regarding visuals is most accurate?

A) Visuals should not be used unless they are in black and white; color is not considered professional in a formal business plan.

B) Visuals should be used sparingly because it is assumed that if you cannot explain an idea in words, you don't have a sufficient grasp of your product.

C) Visuals such as illustrations, graphs, and charts are acceptable; photos are less professional and should be avoided.

D) Visuals such as photos, illustrations, graphs, and charts enable massive amounts of information to be presented succinctly.

E) Visuals should appear in the appendices of the plan, never in the body of the plan itself.

Answer: D

Explanation: Use visuals where appropriate. Photos, illustrations, graphs, and charts enable massive amounts of information to be presented succinctly.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

24) Which of the following statements regarding business or market plan page length is most accurate?

A) As a quick rule of thumb, there should be one page for every $10,000 required in the projected budget.

B) The length of a business plan should never be less than 30 pages or greater than 35 pages.

C) The length of the body of the plan should be between 15 and 20 pages including financial projections and appendices.

D) For every page in the body of the work, there should be at least one additional page in the appendix to complement it.

E) Although general guidelines suggest a length of 15 to 35 pages, the length of the plan should reflect the complexity of the product.

Answer: E

Explanation: Shoot for a plan 15 to 35 pages in length, excluding financial projections and appendices. An uncomplicated small business may require only 15 pages, while a high-technology start-up may require more than 35 pages.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

25) In addition to quality content, a plan's layout and design are also important. Which of the following statements is most accurate?

A) Fonts that are serif type should be used within the body of the plan and sans serif type should be used with charts and graphs.

B) Fonts that are sans serif are easier to read and should be used in the body of the plan.

C) Ink-jet printers are preferable to laser printers.

D) The font size should change with the importance of the material. Important material should be at least 14 points and go as small as 10.5 points for less important details.

E) There should be a different font style for each new section within the plan, provided no more than five distinct fonts are used.

Answer: A

Explanation: Use care in layout, design, and presentation. Use 11- to 12-point type in the text. Use a serif type in the text because it is easier to read and sans serif in graphs and charts.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

26) The table of contents is usually found

A) as an attachment with the letter of transmittal.

B) on the cover of the plan.

C) immediately after the executive summary.

D) between the executive summary and the company description.

E) immediately before the executive summary.

Answer: E

Explanation: The table of contents is placed immediately before the executive summary.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

27) The single most important section of the marketing plan (usually only two pages long) that "sells" the plan to readers is called the

A) executive summary.

B) strategic plan.

C) vision statement.

D) overview of financial projections.

E) synopsis.

Answer: A

Explanation: The executive summary is seen by many experts as the single most important element in the plan, the two-page executive summary sells the plan to readers through its clarity and brevity.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

28) The primary purpose of the Paradise Kitchen's company description section of the marketing plan was to

A) assure the investors of the company's financial health.

B) introduce all the members and key players in the organization.

C) describe the product's competition.

D) explain how the organization will be structured.

E) highlight the recent history and successes of the organization.

Answer: E

Explanation: The company description highlights the recent history and recent successes of the organization.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

29) Paradise Kitchen's strategic focus and plan section of the marketing plan contained three key elements

A) mission, goals, and core competency/sustainable competitive advantage.

B) mission, goals, and organizational structure.

C) executive summary, company description, and financial overview.

D) organizational structure, core competency/sustainable competitive advantage, and forecast of potential profits.

E) organization's key players, organizational structure, and competency/sustainable competitive advantage.

Answer: A

Explanation: The strategic focus and plan sets the strategic direction for the entire organization, a direction with which proposed actions of the marketing plan must be consistent. The section covers three aspects of corporate strategy: mission, goals, and core competency/sustainable competitive advantage.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

30) The qualitative mission statement focuses the activities of Paradise Kitchens for its

A) brands.

B) competitors.

C) regulators.

D) stakeholders.

E) ideas.

Answer: D

Explanation: The qualitative mission statement focuses the activities of Paradise Kitchens for the stakeholder groups to be served.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

31) To the company's knowledge, Paradise Kitchens is known for being the only premium-quality frozen \_\_\_\_\_\_\_\_ sold in U.S. grocery stores.

A) desserts

B) pizza

C) chili

D) sushi

E) waffles

Answer: C

Explanation: To the company's knowledge, Howlin' Coyote is the only premium-quality authentic Southwestern/Mexican style, frozen chili sold in U.S. grocery stores.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

32) It can be inferred from the Paradise Kitchens mission statement that the firm will most likely use \_\_\_\_\_\_\_\_ pricing strategy.

A) a penetration

B) an above-market

C) a prestige pricing

D) a specialty product

E) a cost-plus

Answer: B

Explanation: According to the Paradise Kitchens mission statement, it will "market lines of high-quality Southwestern/Mexican food products at premium prices that satisfy consumers in this fast-growing food segment while providing challenging career opportunities for employees and above-average returns to stockholders." The premium price and above-average returns to stockholders would be indications of above-market pricing strategy.

Difficulty: 3 Hard

Bloom's: Apply

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

33) Which of the following goals uses parallel construction?

A) Make the best nonbattery flashlight possible, make the brand name known in every household in the United States, and make the flashlight the official flashlight of every state-owned hospital in the United States.

B) To make the finest bicycles in the professional racing field, to attain sponsorship from at least three top Olympic riders, and obtain a return on equity of at least 15 percent.

C) Enter three major markets in the next three years, maintain a market share above 20 percent, while continuing to provide the best customer service according to industry polls.

D) To increase market share by at least 10 percent each year for the next five years, reduce employee turnover by 20 percent within the next five years, and to obtain a return on equity of at least 15 percent for each of the next five years.

E) Generate sales of $100 million, generate ROI of 20 percent, and maintaining selling costs at 10 percent of sales.

Answer: A

Explanation: Parallel structure improves readability. The introduction to each goal is the same—each uses the verb "make."

Difficulty: 3 Hard

Bloom's: Apply

AACSB: Knowledge Application

Accessibility: Keyboard Navigation

34) Which of the following statements regarding the use of photos in the body of a marketing plan is most accurate?

A) Photos should always appear in black and white or they lose their effectiveness.

B) Photos should always appear in color, regardless of the additional cost, since the overall effect is more professional that simply black-and-white images.

C) Photos should include a brief caption that ties them to the text and highlights the reason for being included.

D) If a photo is important enough to be included in the body of a marketing plan, it should require no further information.

E) Photos should never take up more than one-eighth of the page if they are used in the body of a marketing plan rather than in an appendix.

Answer: C

Explanation: A brief caption on photos and sample ads ties them to the text and highlights the reason for being included. Photos or sample ads can illustrate key points effectively, even if they are not in color.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

35) For the benefit of its audience, Paradise Kitchens divided its goals into

A) product and process.

B) product and service.

C) internal and external.

D) employee and customer.

E) financial and nonfinancial.

Answer: E

Explanation: The goals section of the Paradise Kitchens marketing plan sets both the nonfinancial and financial targets—where possible in quantitative terms—against which the company's performance will be measured.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

36) To translate its core competencies into a sustainable competitive advantage, Paradise Kitchens will work closely with key

A) lenders and venture capitalists.

B) suppliers and distributors.

C) advertising agencies and public relations firms.

D) federal and state regulators to import tariff free ingredients.

E) Hispanic spokespeople to get the word out.

Answer: B

Explanation: To translate its core competencies into a sustainable competitive advantage, Paradise Kitchens will work closely with key suppliers and distributors.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

37) Ideally, each numbered section should start \_\_\_\_\_\_\_\_ to improve readability.

A) with all capital letters

B) in a font size at least three points larger than the body of the text

C) on a new page

D) either capitalized and bolded or italicized and underlined

E) with a brief introduction of what will be discussed

Answer: C

Explanation: To improve readability, each numbered section usually starts on a new page.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

38) Shorter tables or graphs

A) must start at the top of a new page so as not to create page break problems.

B) can be inserted anywhere in the page of text in a plan and do not have figure numbers.

C) should not be used since words would be more effective in describing the content than a table or graph.

D) be at least two inches but not more than five inches high.

E) are more for style than for substance.

Answer: B

Explanation: Short tables or graphs are often inserted in the text without figure numbers because they don't cause serious problems with page breaks.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

39) The effectiveness of a table is determined by its ability to

A) include every possible piece of information available.

B) catch the reader's attention with its design and sophistication.

C) create a powerful visual metaphor.

D) summarize a large amount of information in a short amount of space.

E) clarify difficult financial information or calculations.

Answer: D

Explanation: Effective tables seek to summarize a large amount of information in a short amount of space.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

40) The situation analysis section of a marketing plan is a snapshot to answer the question,

A) Where are we now?

B) What is the competition doing?

C) How will our organization change?

D) What is happening in the industry?

E) Where are we going?

Answer: A

Explanation: The situation analysis section of a marketing plan is a snapshot to the answer for the question, Where are we now? See Chapter 2.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

41) The SWOT analysis section of a marketing plan identifies a company's

A) new technological innovations.

B) strengths, weaknesses, opportunities, and threats.

C) marketing program.

D) barriers to entry.

E) sustainable competitive advantages.

Answer: B

Explanation: The SWOT analysis section of a marketing plan identifies strengths, weaknesses, opportunities, and threats to provide a solid foundation that is the springboard to identify subsequent actions in the marketing plan. See Chapter 2.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

42) For readability and clarity, Paradise Kitchens presents its SWOT analysis section of a marketing plan as a figure (Figure 1. SWOT Analysis for Paradise Kitchens). It is divided into two sections

A) Company Analysis; Industry Analysis.

B) Internal Factors: Opportunities and Threats; External Factors: Strengths and Weaknesses.

C) Internal Factors: Strengths and Weaknesses; External Factors: Opportunities and Threats.

D) Financial Factors; Nonfinancial Factors.

E) Domestic Issues; Global Issues.

Answer: C

Explanation: The SWOT analysis section of a marketing plan identifies an organization's strengths, weaknesses, opportunities, and threats to provide a solid foundation that is the springboard to identify subsequent actions in the marketing plan. The top section of Figure 1. SWOT Analysis for Paradise Kitchens addresses Internal Factors: Strengths and Weaknesses and External Factors: Opportunities and Threats.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

43) Which of the following does Paradise Kitchens consider a strength?

A) many lower-quality, lower-price competitors

B) lack the economies of scale of huge competitors

C) Consumer income is high and convenience is important to U.S. households.

D) more households "eating out" and bringing prepared take-out into the home

E) unique, high-quality, high-price products

Answer: E

Explanation: "Unique, high-quality, high-price products" is an internal strength. See Figure 1. SWOT Analysis for Paradise Kitchens.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

44) Which of the following did Paradise Kitchens considered a weakness?

A) unique, high-quality, high-price products

B) many lower-quality, lower-price competitors

C) Technical breakthroughs enable smaller food producers to achieve the same economies of scale available to large competitors.

D) Consumer income is high and convenience is important to U.S. households.

E) more households "eating out" and bringing prepared take-out into the home

Answer: B

Explanation: "Many lower-quality, lower-price competitors" represents an internal weakness. See Figure 1. SWOT Analysis for Paradise Kitchens.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

45) Which of the following did Paradise Kitchens considered an opportunity?

A) unique, high-quality, high-price products

B) many lower-quality, lower-price competitors

C) lack the economies of scale of huge competitors

D) Consumer income is high and convenience is important to U.S. households.

E) more households "eating out" and bringing prepared take-out into the home

Answer: D

Explanation: "Consumer income is high and convenience is important to U.S. households" is an external opportunity. See Figure 1. SWOT Analysis for Paradise Kitchens.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

46) Which of the following did Paradise Kitchens considered a threat?

A) unique, high-quality, high-price products

B) many lower-quality, lower-price competitors

C) Technical breakthroughs enable smaller food producers to achieve many economies available to large competitors.

D) Consumer income is high and convenience is important to U.S. households.

E) more households "eating out" and bringing prepared take-out into the home

Answer: E

Explanation: "More households 'eating out' and bringing prepared take-out into the home" is an external threat. See Figure 1. SWOT Analysis for Paradise Kitchens.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

47) Paradise Kitchens included a detailed figure to highlight its SWOT analysis. However,

A) there was no further explanation or written summary.

B) it was complemented by a short, but more in-depth, discussion of important points.

C) it failed to perform a situation analysis.

D) it did not include an industry analysis.

E) it also included a page-long explanation of each of the four factors.

Answer: B

Explanation: Effective figures and tables seek to summarize a large amount of information in a short amount of space. The text discussion of Figure 1 (the SWOT Analysis table) elaborates on its more important elements.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

48) The industry analysis section of a marketing plan provides perspective for information regarding

A) the competition, the economy, and the company's customers.

B) the company, the economy, and the company's customers.

C) current trends, the competition, and the economy.

D) current trends, projected changes, competitive advantages.

E) the competition, the company, and the company's customers.

Answer: E

Explanation: The industry analysis section of a marketing plan provides the backdrop for the subsequent more detailed analysis of the competition, the company, and the company's customers. Without an in-depth understanding of the industry, the remaining analysis many be misdirected.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

49) Paradise Kitchens analyzed two key trends in its industry, which were

A) frozen foods and microwavable foods.

B) Mexican foods and South American foods.

C) eating out and take-out.

D) frozen foods and Mexican foods.

E) larger portion size and vegetarian meals.

Answer: D

Explanation: Paradise Kitchens identified two key trends in its industry analysis: frozen foods and Mexican foods.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

50) Paradise Kitchens used external secondary data to provide evidence that there is a growing trend in frozen prepared foods. According to its marketing plan, prepared frozen meals accounted for around \_\_\_\_\_\_\_\_ percent of the total frozen food market.

A) 5

B) 17

C) 25

D) 32

E) 41

Answer: C

Explanation: Prepared frozen meals, which are defined as meals or entrees that are frozen and require minimal preparation, accounted for about one-quarter of the total frozen food market.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

51) Paradise Kitchens uses external secondary data to reinforce its position that there is a growing trend in the consumption of Mexican foods among U.S. households. According to its marketing plan, Mexican foods, such as burritos, enchiladas, and tacos, are consumed in approximately \_\_\_\_\_\_\_\_ percent of American households.

A) 35

B) 47

C) 66

D) 79

E) 86

Answer: C

Explanation: Currently, Mexican foods, such as burritos, enchiladas, and tacos, are used in two-thirds (66 percent) of American households.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

52) According to the Paradise Kitchens marketing plan, two-thirds of American households consume Mexican foods. This information is used to infer that there is a more favorable attitude on the part of all Americans toward

A) Southwestern flavors and other regional foods in general.

B) spicy foods that include red chili peppers.

C) ethnic foods and regional cuisine.

D) bean products, cheese products, and tortillas.

E) heartier foods that are simple to prepare.

Answer: B

Explanation: Currently, Mexican foods, such as burritos, enchiladas, and tacos, are used in two-thirds of American households. These trends reflect a more favorable attitude on the part of all Americans toward spicy foods that include red chili peppers.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

53) As part of its competitor analysis section of its marketing plan, Paradise Kitchens discussed the chili market, which represents over $500 million in annual sales. Chili products fall into two categories, which are

A) canned chili and dry chili.

B) frozen and canned chili.

C) pre-made and ready-to-make chili kits.

D) Mexican chili and "Americanized" chili.

E) chili with meat (con carne) and vegetarian chili with beans.

Answer: A

Explanation: The products fall primarily into two groups: canned chili (75 percent of sales) and dry chili (25 percent of sales).

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

54) In terms of paragraph style, most readers prefer

A) block style because the appearance of the text is cleaner.

B) block style because it seems more professional.

C) block style because it lends itself better to financial documents.

D) indented paragraphs because they make longer documents easier to read.

E) indented paragraphs because they are more in keeping with professional business prose.

Answer: D

Explanation: Most readers find indented paragraphs in marketing plans and long reports are easier to follow.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

55) Paradise Kitchens uses the following type face/font style choices: **Customer Analysis** (B-level: **bold**) and ***Customer Characteristics*** (C-level: ***bold/italics***) to indicate that

A) ***Customer Characteristics*** and **Customer Analysis** are synonymous and can be used interchangeably.

B) **Customer Analysis** is a subcategory of ***Customer Characteristics***.

C) **Customer Analysis** is the name of a secondary source and ***Customer Characteristics*** refers to internally collected primary data.

D) **Customer Analysis** is the formal marketing term and ***Customer Characteristics*** is the layman's term.

E) ***Customer Characteristics*** is a subcategory of **Customer Analysis**.

Answer: E

Explanation: The "B-heading" of **Customer Analysis** has a more dominant typeface and position than the lower-level "C-heading" of ***Customer Characteristics***. These headings introduce the reader to the sequence and level of topics covered within each major "A level" section.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

56) The company analysis section of a marketing plan provides details of the company's strengths and marketing strategies that will enable it to achieve its mission and goals. Paradise Kitchens lists a major strength as

A) a stable financial base.

B) strong connections to the Hispanic community.

C) co-ownership in a chain of small grocery stores.

D) the professional food industry experience of the cofounders.

E) national "chili cook-off" titles.

Answer: D

Explanation: The company analysis section of a marketing plan provides details of the company's strengths and marketing strategies that will enable it to achieve the mission and goals identified earlier. Paradise Kitchens lists a major strength as the professional food industry experience of the cofounders.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

57) The two key elements of the customer analysis section of the Paradise Kitchens marketing plan are

A) customer characteristics plus health and nutrition concerns.

B) customer characteristics and target market demographics.

C) consumer demographics and geographical distribution.

D) consumer demographics and consumer psychographics.

E) consumer psychographics and consumer life style data.

Answer: A

Explanation: The two key elements of the Paradise Kitchens customer analysis are the customer characteristics section, which addresses the question, "Who are the customers for Paradise Kitchens' products?" The health and nutrition concerns section demonstrates the company's insights into a major trend that has a potentially large impact.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

58) In response to current trends regarding health and nutrition, competitors such as Don Miguel, Mission Foods, El Monterey, and José Olé plan to offer or recently have offered more "carb-friendly" and "fat-friendly" products. Paradise Kitchens' response to this trend will be to

A) change its recipes to be even lower in carbs, fats, and salt than competitors' products.

B) emphasize its products' taste and authenticity rather than their nutritional characteristics.

C) emphasize the already healthy product characteristics as well as the product's taste, convenience, and flexibility.

D) emphasize the research findings that indicate that Americans are actually getting too little fat in their diets, which makes them overeat in order to feel satisfied.

E) capitalize on the fact that its products have always been healthier than competitors' products and its plan to make meals even healthier.

Answer: C

Explanation: Howlin' Coyote is already lower in calories, fat, and sodium than its competitors, and those qualities are not currently being stressed in its promotions. Instead, in the space and time available for promotions, Paradise Kitchens will stress Howlin' Coyote's taste, convenience, and flexibility.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

59) The chances of success for a new product are significantly increased if

A) the company sets goals that both flexible and adaptable.

B) objectives are set for the product itself and target market segments are identified for it.

C) at least 25 percent of the initial budget includes advertising and promotional expenditures.

D) all initial production, distribution, and promotion are done in-house where management can exert the greatest quality control.

E) the firm outsources those elements of production, distribution, or promotion in which it has the least expertise.

Answer: B

Explanation: The chances of success for a new product significantly increase if objectives are set for the product itself and if target market segments are identified for it.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

60) In terms of its marketing and product objectives, which of the following statements regarding Paradise Kitchens is most accurate?

A) Paradise Kitchens does not intend to expand its markets; rather, it will choose a market penetration strategy through increasing same-store sales.

B) Howlin' Coyote's brand presence will be expanded through the addition of a totally new line of ethnic desserts (flan, churros, sopapillas).

C) Paradise Kitchens will gradually phase out its food service division to allow for growth in its new frozen dessert line.

D) Howlin' Coyote's brand presence will be expanded through the addition of new products in the frozen foods section.

E) By the end of Year 5, Paradise Kitchens will expand its chili, salsa, burrito, and enchilada business to reach small suburban and rural areas in the relatively untapped Midwest market.

Answer: D

Explanation: In the market and product objectives section of the Paradise Kitchens marketing plan, Howlin' Coyote's brand presence will be expanded at the retail level through the addition of new products in the frozen foods section.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

61) The target markets section of a marketing plan identifies the specific \_\_\_\_\_\_\_\_ toward which the company's products are directed.

A) resellers

B) competitors

C) stakeholders

D) product groupings

E) niches

Answer: E

Explanation: The target markets section of a marketing plan identifies the specific niches or target markets toward which the company's products are directed. When appropriate and when space permits, this section often includes a market-product grid.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

62) Paradise Kitchens describes its primary target market for Howlin' Coyote products as households with one to three people, where often both adults work, and with individual income typically above \_\_\_\_\_\_\_\_ per year.

A) $25,000

B) $50,000

C) $75,000

D) $100,000

E) $250,000

Answer: B

Explanation: Paradise Kitchens describes its primary target market for Howlin' Coyote products as households with one to three people, where often both adults work, and with individual income typically above $50,000 per year.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

63) To help buyers see the many different uses for Howlin' Coyote Chili, the company has

A) sponsored a recipe contest with the first prize being a trip for two to Mexico.

B) used bundle pricing with a chili bowl and a selection of products.

C) sponsored a series of short but informative commercials on the Cooking Channel.

D) published small, full-color, illustrated pamphlets as buyer incentives to its wholesalers.

E) printed recipes on the inside of its packaging.

Answer: E

Explanation: To help buyers see the many different uses for Howlin' Coyote Chili, the company has printed recipes on the inside of its packaging. The answer to this question is in the caption of a photograph in the target markets section of the marketing plan. The photo adds an additional element of distinction. It is important for students to pay attention not only to the printed word but also to graphs, illustrations, photographs, etc., along with the accompanying captions.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

64) The greatest single factor in a new product's failure is

A) a lack of advertising and promotion.

B) attempting to reach a target market that is too small.

C) too few competitors.

D) insignificant points of difference.

E) lack of experienced management.

Answer: D

Explanation: An organization cannot grow by offering only "me too products." The greatest single factor in a new product's failure is the lack of significant points of difference that set it apart from competitors' substitutes.

Difficulty: 1 Easy

Bloom's: Remember

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

65) All of the following are points of difference for Paradise Kitchens *except* which?

A) high-quality, authentic frozen chili

B) a combination of quick preparation and home-style taste

C) mild spices for the relatively inexperienced American palate

D) premium packaging

E) a range of chili product flavors

Answer: C

Explanation: Paradise Kitchens' Howlin' Coyote Chili has several points of difference. Unique taste and convenience: No known competitor offers a high-quality, "authentic" frozen chili in a range of flavors. And no existing chili has the same combination of quick preparation and home-style taste. Taste trends: The American palate is increasingly intrigued by hot spices. In response to this trend, Howlin' Coyote brands offer more "kick" than most other prepared chilies. Premium packaging: Howlin' Coyote's packaging graphics convey the unique, high-quality product contained inside and the product's nontraditional positioning.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

66) A(n) \_\_\_\_\_\_\_\_ helps communicate the company's unique points of difference of its products to prospective customers in a simple, clear way.

A) positioning strategy

B) market-product grid strategy

C) competition analysis

D) implementation strategy

E) situational analysis

Answer: A

Explanation: A positioning strategy helps communicate the unique points of difference of the company's products to prospective customers in a simple, clear way. See Chapter 8.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

67) According to its marketing plan, Paradise Kitchens is positioning itself in consumers' minds as

A) a moderately priced "homestyle taste of the Southwest" chili.

B) a low-cost "Mexican/American meld of flavors" for easy-to-prepare frozen entrees.

C) traditional "Taste of Mexico" that uses all organic ingredients in semiprepared meals.

D) very high-quality "gourmet Southwestern/Mexican" frozen entrees and desserts.

E) very high-quality "authentic Southwestern/Mexican tasting" chilies that can be prepared easily and quickly.

Answer: E

Explanation: According to Paradise Kitchens, in the past products have been either convenient or tasty, but not both. Howlin' Coyote pairs these two desirable characteristics to obtain a position in consumers' minds as very high-quality "authentic Southwestern/Mexican tasting" chilies that can be prepared easily and quickly.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

68) The marketing program section of a marketing plan consists of

A) the four marketing mix elements.

B) the five environmental forces.

C) the financial forecasts for the industry and the company itself.

D) the target market identification and market segment selection.

E) the specific steps that will be taken to implement the plan.

Answer: A

Explanation: Everything that has gone before in the marketing plan sets the stage for the marketing mix actions—the four Ps—covered in the marketing program. See Chapters 9 through 18.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

69) The three key elements of the product strategy section in the Paradise Kitchens marketing plan are

A) product benefits, product line, and product packaging.

B) product characteristics, branding strategies, and packaging.

C) unique product quality, product line, and branding strategies.

D) product line, unique product quality, and packaging.

E) product line, product brand, and product packaging.

Answer: D

Explanation: The three key elements of the company's product strategy include the product line, its quality and how this is achieved, and its "cutting edge" packaging. See Chapters 10 and 11.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

70) A unique aspect of Paradise Kitchens' packaging is that

A) the information is printed in English on one side and Spanish on the other.

B) the color of the box gets redder as the spices get hotter.

C) there is a Southwestern motif on the box instead of pictures of the product.

D) there is a thermometer strip that indicates when the product is properly thawed.

E) there are hidden figures created by the outlines of the chili beans for people to look at while preparing the meal.

Answer: C

Explanation: Howlin' Coyote bucks conventional wisdom in packaging. It specifically avoids placing predictable photographs of the product on its containers. Instead, Howlin' Coyote's package shows a Southwestern motif that communicates the product's out-of-the-ordinary positioning.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

71) The price strategy section articulates the specific product price and the product's price position relative to \_\_\_\_\_\_\_\_. When appropriate, this section would include a \_\_\_\_\_\_\_\_.

A) potential substitutes; break-even analysis

B) the closest competition; situational analysis

C) industry standards; marginal analysis

D) the closest competition; diversification analysis

E) industry standards; break-even analysis

Answer: A

Explanation: The price strategy section makes the company's price point very clear, along with its price position relative to potential substitutes. When appropriate and when space permits, this section would include a break-even analysis.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

72) When appropriate and space permits, the price strategy section of a marketing plan would include a

A) SWOT analysis.

B) situational analysis.

C) marginal analysis.

D) diversification analysis.

E) break-even analysis.

Answer: E

Explanation: The price strategy section makes the company's price point very clear, along with its price position relative to potential substitutes. When appropriate and when space permits, this section would include a break-even analysis.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

73) The three key elements of the promotion strategy section in the Paradise Kitchens marketing plan are

A) quantity discounts, in-store demonstrations, a chili eating contest.

B) bundle pricing with a chili bowl, in-store demonstrations, and cents-off coupons.

C) a chili eating contest, in-store demonstrations, and cents-off coupons.

D) a contest for the best new slogan, a chili eating contest, and free taste tests at major grocery chains.

E) in-store demonstrations, recipes, and cents-off coupons.

Answer: E

Explanation: The three key elements of the promotion strategy section feature in-store demonstrations, recipes, and cents-off coupons.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

74) To help buyers see the many different uses for Howlin' Coyote Chili, Paradise Kitchens

A) sponsored a recipe contest with the first prize being a trip for two to Mexico.

B) offered recipes printed on the back of the packages, at in-store demonstrations, and on coupons.

C) used bundle pricing with a chili bowl and a selection of products.

D) televised a series of short but informative commercials on The Food Network cable TV channel.

E) published small, full-color, illustrated pamphlets as buyer incentives to its wholesalers.

Answer: B

Explanation: Because the product's flexibility of use is a key selling point, recipes are offered to consumers to stimulate use. The recipes are given at all in–store demonstrations, on the back of packages, though a mail-in recipe book offer, and in coupons sent by direct-mail or freestanding inserts.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

75) The place/distribution strategy section in the Paradise Kitchens marketing plan specified that Howlin' Coyote chili will *initially* be sold

A) to restaurants specializing in American cuisine.

B) through company-owned stores at outlet malls.

C) exclusively to mass merchandisers such as Walmart and Target.

D) through a food distributor, which in turn will sell directly to grocery stores.

E) online to consumers to bypass "the middleman"; the product will be shipped using packed dry ice containers to keep it frozen during transportation.

Answer: D

Explanation: Howlin' Coyote is distributed in its present markets through a food distributor. The food distributor buys the product, warehouses it, and then resells and delivers it to grocery retailers on a store-by-store basis. As sales grow, Paradise Kitchens will shift to a more efficient system using a broker that sells the products to retail chains and grocery wholesalers.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

76) The financial data and projections section of the marketing plan for Paradise Kitchens includes two subsections

A) past sales revenues and current return on investment.

B) current return on investment and revenues projected for the next year.

C) current return on investment and revenues projected for the next five years.

D) past sales revenues and revenues projected for the next five years.

E) current debt and requested financing.

Answer: D

Explanation: The financial data and projections section of the marketing plan for Paradise Kitchens includes two subsections: past sales revenues and revenues projected for the next five years.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

77) In the financial data and projections section of the Paradise Kitchens marketing plan, the company chose to use a bar chart to present its past revenues (from 2010 to 2018) and a numerical table for projected sales revenues (from 2019 to 2023). Paradise Kitchens used a bar chart because

A) it made the lack of sales for the previous years look less dramatic.

B) the numerical sales figures were too difficult to interpret.

C) there was too much information to present in such a small physical space.

D) it could gloss over inconsistencies and anomalies.

E) it more clearly shows the company's recent growth.

Answer: E

Explanation: A bar chart shows more clearly the dramatic growth of the firm's sales revenue than a data table.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

78) Paradise Kitchens proposes entering 17 new metropolitan markets in the next five years. For this reason, the financial plan cannot use simple trend extrapolation. Instead, the forecasting method used was

A) curvilinear trend extrapolation.

B) the lost horse technique.

C) a survey of buyers' intentions.

D) a sales force survey.

E) direct forecasting.

Answer: B

Explanation: Because the Paradise Kitchens plan proposes to enter 17 new metropolitan markets in the coming five years (for a total of 20), it was not possible to simply extrapolate the trend in Figure 2 of the marketing plan. Instead, management judgment must be used, in this case with the lost horse technique. See Chapter 7 for a discussion of this technique.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

79) The Paradise Kitchens chart in the organization section of its marketing plan reflects the bare-bones organization structure of successful small businesses. The four key positions that report to the president and CEO are the director of operations, director of sales, director of finance and administration, and

A) vice president of marketing.

B) director of advertising and promotions.

C) director of research and development.

D) director of human resources.

E) senior distribution manager.

Answer: A

Explanation: According to Figure 3: The Paradise Kitchens Organization in the organization section of the Paradise Kitchens marketing plan, the chart reflects the bare-bones organizational structure of successful small business. The four key positions that report to the president and CEO are the director of operations, vice president of marketing, director of finance and administration, and director of sales.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

80) The implementation plan

A) describes the formation of the marketing program.

B) displays the projected financial results of the plan.

C) shows how the company will turn plans into results.

D) identifies how the firm will select its target markets and position its products.

E) analyzes its marketing opportunities and threats.

Answer: C

Explanation: The implementation plan section of the marketing plan for Paradise Kitchens shows how the company will turn its plans into results.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

81) Charts are often used in the implementation section of a marketing plan to

A) prioritize marketing activities and set deadlines.

B) assign tactical marketing decisions and specify target markets.

C) prioritize marketing activities and assign resources.

D) specify target markets and assign resources.

E) set deadlines and assign responsibilities for tactical marketing decisions.

Answer: E

Explanation: Charts are often used to set deadlines and assign responsibilities for the many tactical marketing decisions needed to enter a new market.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

82) In which section of a marketing plan would you most likely expect to see a chart with deadlines and assigned responsibilities?

A) strategy

B) organization

C) implementation

D) evaluation

E) appendix

Answer: C

Explanation: Charts are often used to set deadlines and assign responsibilities for the many tactical marketing decisions needed to enter a new market. This fits well in the implementation plan section of a marketing plan.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

83) If the following statement were included in the evaluation section of the Paradise Kitchens marketing plan, "The speed of the rollout program will increase or decrease depending on Paradise Kitchens' performance in the successive metropolitan markets it enters," what would be the purpose of this statement?

A) to act as a contingency plan for alternative actions

B) to sidestep responsibility if things do not go according to plan

C) to create an open dialog for additional financial requests

D) to gloss over possible forecasting ambiguities

E) to avoid setting specific monetary goals

Answer: A

Explanation: The statement briefly describes a contingency plan for alternative actions depending on how successful the entry into a new market turns out to be.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation

84) Which of the following statements regarding the appendices section of a marketing plan is most accurate?

A) An appendix is not necessary if the body of the marketing plan was properly written.

B) An appendix should never have more than one page for every seven in the marketing plan.

C) The nature and number of pages in an appendix should directly relate to the plan's purpose and audience.

D) It is best to include a variety of representations (graphs, tables, photographs, diagrams, etc.) rather than one single type (all graphs, all tables, etc.).

E) There is no need to label Appendices A, B, C, etc., unless each appendix represents an entirely different product, product line, or division.

Answer: C

Explanation:  Various appendices may appear at the end of the plan, depending on the plan's purpose and audience.

Difficulty: 2 Medium

Bloom's: Understand

AACSB: Analytical Thinking

Accessibility: Keyboard Navigation