

## Chapter 01: An Overview of Strategic Marketing

1. Suppose you are a marketing manager at Procter & Gamble for a new, all-purpose cleaning product. List four marketing mix variables and describe the decisions and activities associated with each.

*ANSWER:* Marketers consider activities such as product, pricing, distribution, and promotions as the marketing mix because they decide what type of each element to use and in what amounts.

The product variable of the marketing mix deals with researching customers' needs and wants and designing a product that satisfies them. A product can be a good, a service, or an idea. The product variable also involves creating or modifying brand names and packaging and may include decisions regarding warranty and repair services.

In dealing with the distribution variable, a marketing manager makes products available in the quantities desired to as many target-market customers as possible, keeping total inventory, transportation, and storage costs as low as possible.

The promotion variable relates to activities used to inform individuals or groups about the organization and its products. Promotion can aim to increase public awareness of the organization and of new or existing products.

The price variable relates to decisions and actions associated with establishing pricing objectives and policies and determining product prices. Price is a critical component of the marketing mix because customers are concerned about the value obtained in an exchange. Price is often used as a competitive tool, and intense price competition sometimes leads to price wars.

2. Describe several activities encompassed by the distribution variable.

*ANSWER:* When considering the distribution variable, a marketing manager makes products available in the quantities desired to as many target-market customers as possible, keeping total inventory, transportation, and storage costs as low as possible. A marketing manager also may select and motivate intermediaries (wholesalers and retailers), establish and maintain inventory control procedures, and develop and manage transportation and storage systems. The advent of the Internet and electronic commerce also has dramatically influenced the distribution variable. Companies now can make their products available throughout the world without maintaining facilities in each country.

3. Explain why marketing efforts should be oriented toward creating and sustaining satisfying exchange relationships.

*ANSWER:* The essence of marketing is to develop satisfying exchanges from which both customers and marketers benefit. The customer expects to gain a reward or benefit greater than the costs incurred in a marketing transaction. The marketer expects to gain something of value in return, generally the price charged for the product. To fulfill these expectations, the marketer must deliver on promises made. Over time, this interaction results in relationships between the two parties.

4. What is meant by the term *relationship marketing*? How does relationship marketing affect the customer?

*ANSWER:* Relationship marketing refers to "longterm, mutually beneficial arrangements in which both the buyer and seller focus on value enhancement through the creation of more satisfying exchanges." Relationship marketing continually deepens the buyer's trust in the company, and as the customer's confidence grows, this, in turn, increases the firm's understanding of the customer's needs. Buyers and marketers can thus enter into a close relationship in which both participate in the creation of value.

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5. What are the three ways that marketing environment forces affect a marketer's ability to create satisfying exchange relationships?

*ANSWER:* The marketing environment forces affect a marketer's ability to facilitate valuedriven marketing exchanges in three general ways. First, they influence customers by affecting their lifestyles, standards of living, and preferences and needs for products. . Second, marketing environment forces help to determine whether and how a marketing manager can perform certain marketing activities. Third, environmental forces may affect a marketing manager's decisions and actions by influencing buyers' reactions to the firm's marketing mix.

6. What is meant by the term *marketing concept*, and what departments of a company does it affect?

*ANSWER:* Marketing concept refers to a management philosophy guiding an organization's overall activities. Departments such as production, finance, accounting, human resources, and marketing must work together to establish the marketing concept. The overall objectives of a business might relate to increasing profits, market share, sales, or a combination of all three. The marketing concept stresses that an organization can best achieve these objectives by being customer oriented.

7. What does it mean for a company to be marketing-oriented? What are the most important factors involved in being marketing-oriented?

*ANSWER:* A market orientation requires the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it. Market orientation is linked to new product innovation by developing a strategic focus to explore and develop new products to serve target markets. Top management, marketing managers, non-marketing managers (those in production, finance, human resources, and so on), and customers are all important in developing and carrying out a market orientation. Trust, openness, honoring promises, respect, collaboration, and recognizing the market as the *raison d'être* are six values required by organizations striving to become more market oriented. Unless marketing managers provide continuous customer-focused leadership with minimal interdepartmental conflict, achieving a market orientation will be difficult. Non-marketing managers must communicate with marketing managers to share information important to understanding the customer. Finally, a market orientation involves being responsive to ever-changing customer needs and wants.

8. Define the term *value*, and explain how people determine a product's value.

*ANSWER:* Value is defined as a customer's subjective assessment of benefits relative to costs in determining the worth of a product (customer value = customer benefits – customer costs). Consumers develop a concept of value through the integration of their perceptions of product quality and financial sacrifice.

9. Why is marketing important to businesses and to the economy?

*ANSWER:* Businesses must engage in marketing to survive and grow, and marketing activities are needed to reach customers and provide products. Financial resources generated from sales are necessary for the operations of a firm and to provide financial returns to investors. Innovation in operations and products drive business success and customer loyalty. Marketing activities help to produce the profits that are essential to the survival of individual businesses. Without profits, businesses would find it difficult, if not impossible, to buy more raw materials, hire more employees, attract more capital, and create additional products that, in turn, make more profits. Therefore, marketing helps create a successful economy and contributes to the well-being of society.

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10. Explain why a knowledge of *marketing* is beneficial for all students.

*ANSWER:* Studying marketing allows us to understand the importance of marketing to customers, organizations, and our economy. Thus, we can analyze marketing efforts that need improvement and how to attain that goal. As a consumer becomes more aware it is possible to improve purchasing decisions. Understanding marketing enables people to evaluate corrective measures (such as laws, regulations, and industry guidelines) that could stop unfair, damaging, or unethical marketing practices.

11. Define the term *target market* and provide an example for a product of your choice.

*ANSWER:* Organizations generally focus their marketing efforts on a specific group of customers called a target market. A target market is the group of customers toward which a company directs a set of marketing efforts.

12. Discuss the concept of *green marketing* and why it is important to marketers.

*ANSWER:* Green marketing refers to a strategic process involving stakeholder assessment to create meaningful long-term relationships with customers while maintaining, supporting, and enhancing the natural environment. Such initiatives not only reduce the negative impact that businesses have on the environment but also serve to enhance their reputations as sustainability concerns continue to grow. By addressing concerns about the impact of marketing on society, a firm can contribute to society through socially responsible activities as well as increase its financial performance.

13. Describe the three different types of *products*.

*ANSWER:* A product can be a good, a service, or an idea. A good is a physical entity you can touch. A branded pair of spectacles or a branded pair of jeans is an example of a good. A service is the application of human and mechanical efforts to people or objects to provide intangible benefits to customers. Air travel, education, and child day care are examples of services. Ideas include concepts, philosophies, images, and issues. For instance, a marriage counselor, for a fee, gives spouses ideas to help improve their relationship.

14. Discuss the evolution of the *marketing concept* through the various types of orientation.

*ANSWER:* The marketing concept may seem like an obvious approach to running a business. However, businesspeople have not always believed that the best way to make sales and profits is to satisfy customers. The first type of orientation is known as production orientation. In production orientation, with new technology and new ways of using labor, products poured into the marketplace, where demand for manufactured goods was strong. According to the sales orientation, businesses viewed sales as the major means of increasing profits, and this period came to have a sales orientation. Businesspeople believed that the most important marketing activities were personal selling, advertising, and distribution. Market orientation requires the "organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it." Market orientation is linked to newproduct innovation by developing a strategic focus to explore and develop new products to serve target markets.

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15. Marketing is the process of

- a. promoting products through personal selling and advertising to develop and maintain favorable relationships with customers and stakeholders.
- b. creating, distributing, promoting, and pricing products to facilitate satisfying exchange relationships with customers and to develop and maintain favorable relationships with stakeholders in a dynamic environment.
- c. delivering a standard of living to a society.
- d. creating, distributing, promoting, and pricing goods, services, and ideas to facilitate the achievement of the firm's objectives.
- e. focusing on customers' needs.

*ANSWER:* b

16. The focal point of all marketing activities is

- a. products.
- b. the marketing mix.
- c. profits.
- d. sales.
- e. customers.

*ANSWER:* e

17. Organizations should define themselves not according to the products they produce but according to

- a. how profitable they are.
- b. the price of their stock.
- c. the abundance of their product selection.
- d. how they treat employees.
- e. how they satisfy customers.

*ANSWER:* e

18. The definition of marketing implies that \_\_\_\_\_ should receive benefits from exchange relationships.

- a. only customers
- b. only businesses
- c. company management
- d. both customers and businesses
- e. only the most important customers

*ANSWER:* d

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19. The primary value that a marketer expects to receive from a customer in an exchange relationship is
- a. the price charged for the product.
  - b. customer satisfaction.
  - c. references to other potential customers.
  - d. quality merchandise that meets expectations.
  - e. few returns of the merchandise purchased.

*ANSWER: a*

20. A target market
- a. involves a large number of customers.
  - b. is a specific group of customers on whom an organization focuses its marketing efforts.
  - c. already has several competitors vying for customers' business.
  - d. is the same as a salesperson's prospective client list.
  - e. is a customer group classified as people with similar demographic characteristics.

*ANSWER: b*

21. Kashi Heart to Heart cereal is aimed at people concerned about their heart health. These people represent the Kashi
- a. marketing mix.
  - b. marketing strategy.
  - c. target market.
  - d. marketing tactic.
  - e. consumer advocates.

*ANSWER: c*

22. A commercial for the drink SunnyD explains how nutritious it is in comparison to other, more “sugary” drinks. While children under 12 are the most likely consumers of SunnyD, the commercial is aimed at mothers. These mothers represent SunnyD's
- a. target market.
  - b. consumer advocates.
  - c. marketing strategy.
  - d. marketing mix.
  - e. marketing tactic.

*ANSWER: a*

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23. Distribution, price, promotion, and product are all elements of
- a. marketing strategy.
  - b. the marketing mix.
  - c. a target market.
  - d. a consumer good.
  - e. a business strategy.

*ANSWER: b*

24. A marketing manager decides what combination of variables is needed to satisfy customers' needs for a general type of product. What are the essential variables that the marketing manager combines?
- a. Product, price, distribution, and promotion variables
  - b. Marketing environment variables
  - c. Product and promotion variables
  - d. Product, price, and customer variables
  - e. Product, price, customer, and promotion variables

*ANSWER: a*

25. The marketing mix is built around the
- a. product.
  - b. company.
  - c. customer.
  - d. employee.
  - e. retail outlet.

*ANSWER: c*

26. Marketing managers strive to develop a marketing mix that
- a. minimizes marketing costs.
  - b. matches what competitors are offering.
  - c. best matches the abilities of the firm.
  - d. matches the needs of the target market.
  - e. generates the highest level sales.

*ANSWER: d*

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27. The product variable of the marketing mix can include all of the following *except*
- a. creation of brand names.
  - b. consumer perception of the product price.
  - c. development of product packaging.
  - d. warranty issues.
  - e. repair services.

ANSWER: b

28. The three basic forms that a product can take are
- a. markets, products, and images.
  - b. goods, ideas, and intangibles.
  - c. brands, services, and tangibles.
  - d. services, ideas, and goods.
  - e. ideas, services, and things.

ANSWER: d

29. A physical product you can touch is a(n)
- a. service.
  - b. good.
  - c. idea.
  - d. concept.
  - e. philosophy.

ANSWER: b

30. The application of mechanical and human efforts to either people or objects to provide intangible benefits to customers is known as a(n)
- a. issue.
  - b. experience.
  - c. idea.
  - d. good.
  - e. service.

ANSWER: e

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31. Which of the following companies is the *best* example of a service marketer?

- a. FedEx
- b. Sony
- c. Abercrombie & Fitch
- d. The Democratic Party
- e. General Electric

*ANSWER:* a

32. Mothers Against Drunk Driving (MADD) is a group that works to change attitudes and laws about driving under the influence of alcohol. MADD primarily markets

- a. goods.
- b. ideas.
- c. services.
- d. political figures.
- e. applications.

*ANSWER:* b

33. The Church of the Latter Day Saints has used advertising for many years, airing a commercial TV spot that shows parents actively playing games with their children. The Church is using marketing to promote its

- a. goods.
- b. services.
- c. experiences.
- d. production.
- e. ideas.

*ANSWER:* e

34. Which of the following is *most likely* to be an idea marketer?

- a. Car salesperson
- b. Airline pilot
- c. Attorney
- d. Abuse counselor
- e. Orthodontist

*ANSWER:* d



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35. Deciding to add gel insoles to its running shoes would be a change in the \_\_\_\_ element of the marketing mix for Nike.
- a. price
  - b. good
  - c. product
  - d. promotion
  - e. distribution

*ANSWER: c*

36. Making modifications to packaging or brand names involves the \_\_\_\_ component of the marketing mix.
- a. price
  - b. promotion
  - c. market
  - d. distribution
  - e. product

*ANSWER: e*

37. Issues of inventory levels and storage costs are both concerns relating to the \_\_\_\_ variable of the marketing mix.
- a. distribution
  - b. product
  - c. exchange
  - d. price
  - e. promotion

*ANSWER: a*

38. Rob Donaldson runs a successful wholesale business that sells equipment to restaurants throughout the Midwest. He is considering purchasing his own fleet of trucks to deliver the equipment instead of relying on a shipper as he is currently doing. This most closely represents a decision about
- a. which market he should target.
  - b. the best way to distribute his products.
  - c. how to effectively promote his business.
  - d. the product he provides to his customer.
  - e. which supplier he should use.

*ANSWER: b*

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39. Consumers buying products online have dramatically affected the \_\_\_\_ variable of the marketing mix.

- a. product
- b. price
- c. distribution
- d. research
- e. promotion

*ANSWER: c*

40. Changing the hours of operation for a service business involves the \_\_\_\_ component of the marketing mix.

- a. product
- b. price
- c. distribution
- d. promotion
- e. marketing concept

*ANSWER: c*

41. Which of the following scenarios involves the distribution element of the marketing mix?

- a. Deciding whether or not a certain product should continue to be sold
- b. Determining whether an advertising message would be more effective on television or in magazines
- c. Choosing between a company jet or the airlines for executive travel
- d. Deciding whether or not to have retail outlets in addition to a website
- e. Developing a new warranty policy for an existing product

*ANSWER: d*

42. The element of the marketing mix used to increase awareness of a product or company is

- a. communication.
- b. product.
- c. price.
- d. distribution.
- e. promotion.

*ANSWER: e*

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43. When DuPont develops new carpet fibers that are highly stain-resistant and durable, it must educate consumers about the product's benefits. This calls for activity in which of the following marketing mix variables?
- a. Price
  - b. Promotion
  - c. Distribution
  - d. Product
  - e. Packaging

*ANSWER: b*

44. Boca Burger's website features information about products, recipes, and nutritional values, but customers cannot actually purchase products from the website. This website is most likely used primarily as a \_\_\_\_ marketing tool.
- a. promotional
  - b. distributional
  - c. pricing
  - d. targeting
  - e. production

*ANSWER: a*

45. When Ikea showcases rooms of furniture on its website, it lists each item in the room. However, if customers like all of the items, they can purchase them as a bundle. Which of the following aspects of the marketing mix is Ikea likely altering?
- a. Price
  - b. Promotion
  - c. Distribution
  - d. Product
  - e. Target market

*ANSWER: a*

46. When DataComp Corp., a producer of software, delayed the introduction of its new spreadsheet app to modify the package, its scheduled TV advertisements announcing the new product needed to be revised. In this case, a change in the \_\_\_\_ variable caused changes in the \_\_\_\_ variable of the marketing mix.
- a. distribution; promotion
  - b. distribution; product
  - c. product; price
  - d. product; promotion
  - e. promotion; price

*ANSWER: d*

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47. Marketing facilitates exchange relationships between buyers and sellers. What is marketing's intended outcome for this relationship?
- a. Profits for the seller
  - b. A good bargain on the product for the buyer
  - c. Reducing the seller's inventory
  - d. One party having to compromise in the exchange
  - e. Satisfaction for both the buyer and seller

*ANSWER: e*

48. Which of the following statements about marketing environment forces is correct?
- a. They influence customers by affecting their lifestyles, standards of living, and preferences and needs for products.
  - b. They do not influence customers' reactions to a firm's marketing mix.
  - c. They fluctuate slowly and thereby create threats to a firm's marketing mix.
  - d. They never fluctuate quickly.
  - e. They do not influence the way a marketing manager performs certain marketing activities.

*ANSWER: a*

49. The forces of the marketing environment include
- a. political, legal and regulatory, sociocultural, technological, economic, and competitive.
  - b. sociocultural, legal, regulatory, economic, pricing strategies, and competitive.
  - c. legal, regulatory, political, sociocultural, pricing strategies, and technological.
  - d. legal and regulatory, competitive and noncompetitive forces that affect most lifestyles.
  - e. political, legal and regulatory, pricing strategies, fairly static components.

*ANSWER: a*

50. A marketing manager for a small computer manufacturer is analyzing the potential effects of political, legal, sociocultural, and economic forces on the firm's operations. The marketing manager is examining the \_\_\_\_ that influence(s) the firm's strategy.
- a. operating situation
  - b. marketing environment
  - c. surroundings
  - d. economic conditions
  - e. trends

*ANSWER: b*

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51. Which of the following *best* characterizes the forces of the marketing environment?
- a. The forces are relatively stable over time and are interrelated with one another.
  - b. There are few overlapping aspects of these forces; therefore, a change in one is unlikely to result in a change in another.
  - c. The various forces ensure that the marketing environment will remain fairly certain in the future.
  - d. These forces change dramatically over time, but a change in one force is unlikely to impact another force.
  - e. The forces change dramatically and quickly, and a change in one force is likely to affect the other forces.

*ANSWER:* e

52. A change in the minimum drinking age in any given state illustrates a change in the \_\_\_\_ for Miller Brewing.
- a. marketing mix
  - b. marketing environment
  - c. marketing concept
  - d. marketing task
  - e. product concept

*ANSWER:* b

53. StarKist Tuna announced a dolphin-safe policy and stopped buying tuna from fishing vessels that net dolphins. This decision indicates a response to concerns about
- a. target market selection.
  - b. the marketing environment.
  - c. the reduction of marketing costs.
  - d. marketing mix decisions.
  - e. efficiency in marketing activities.

*ANSWER:* b

54. Which of the following is essentially an uncontrollable factor in developing a marketing mix?
- a. Product adaptations
  - b. Pricing strategies
  - c. Government regulations
  - d. Advertising campaigns
  - e. Retail locations

*ANSWER:* c

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55. The forces of the marketing environment primarily affect marketers in three ways: They influence customers by affecting their lifestyles and preferences for products; they determine whether or how a marketing manager can perform certain marketing activities; and they
- affect a marketing manager's decisions and actions by influencing buyers' reactions to the firm's marketing mix.
  - dictate that changes be made to the existing marketing mix despite any negative reactions from customers.
  - make most new products obsolete very quickly so that research and development must continually develop new products.
  - cause most advertising to be ineffective at communicating product benefits due to rapidly changing environmental forces.
  - change a customer's decisions about the appropriate marketing mix for the company and its various products.

ANSWER: a

56. The marketing environment is *best* described as being
- composed of controllable variables.
  - composed of variables independent of one another.
  - an indirect influence on the performance of marketing activities.
  - dynamic and changing.
  - slow, with infrequent fluctuations.

ANSWER: d

57. The marketing concept is *best* defined as
- a second definition of marketing.
  - a philosophy stating that an organization should try to satisfy customers' needs through a coordinated set of activities that allows the organization to achieve its goals.
  - the performance of business activities that direct the flow of goods and services from producer to customer or user.
  - a philosophy stating that an organization should attempt to accomplish its goals with no regard for the needs of customers.
  - the inclusion of marketing activities in the activities of an organization.

ANSWER: b

58. According to the marketing concept, an organization should try to
- consider short-run objectives and cash flow needs before developing new products.
  - define its business as "making a product."
  - provide products that satisfy customers' needs and allow the organization to achieve its goals.
  - put most of its emphasis on marketing activities and be less concerned with finance, accounting, and personnel.
  - view selling activities as the major means of increasing profits.

ANSWER: c

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59. The marketing concept is a management philosophy that affects
- a. only marketing activities.
  - b. all efforts of the organization.
  - c. mainly the efforts of sales personnel.
  - d. mainly customer relations.
  - e. only business organizations.

*ANSWER: b*

60. The marketing concept focuses on
- a. achieving the goals of top executives.
  - b. creating maximum visibility for the firm.
  - c. maximizing sales in a way that helps to achieve organizational objectives.
  - d. maximizing market share in a way that helps to achieve organizational objectives.
  - e. satisfying customers' needs in a way that helps to achieve organizational objectives.

*ANSWER: e*

61. The marketing concept is a philosophy that states that an organization should try to satisfy customers' needs and also
- a. increase market share.
  - b. increase sales.
  - c. achieve the organization's goals.
  - d. produce high-quality products.
  - e. coordinate its activities to increase production.

*ANSWER: c*

62. Which one of the following statements by a company president *best* reflects the marketing concept?
- a. We have organized our business to make certain that customers get what they want.
  - b. We believe that the marketing department must organize to sell what we produce.
  - c. We have organized an aggressive sales force in our company to promote our products.
  - d. We try to produce only high-quality, technically efficient products.
  - e. We try to encourage company growth.

*ANSWER: a*

63. The marketing concept affects
- a. just the marketing department.
  - b. all organizational activities.
  - c. only marketing and finance.
  - d. only production and marketing.
  - e. few decisions in an organization.

*ANSWER: b*

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64. When Campbell's introduced a line of low-sodium soups in response to customer demand, it was following which one of the following philosophies?
- a. Selling concept
  - b. Production concept
  - c. Customer concept
  - d. Marketing concept
  - e. Retailing concept

*ANSWER:* d

65. The H&R Block company wants to adopt the marketing concept as a business philosophy. To be consistent with this decision, which of the following philosophies is most appropriate?
- a. The customer is always right.
  - b. Making money is our business.
  - c. Sell, sell, sell.
  - d. Keep prices low.
  - e. Focus on today.

*ANSWER:* a

66. The marketing concept is
- a. a management philosophy.
  - b. synonymous with exchange.
  - c. a component of the marketing mix.
  - d. a function of the marketing environment.
  - e. focused solely on satisfying customer objectives.

*ANSWER:* a

67. As the Industrial Revolution came to the United States, most firms operated in a(n) \_\_\_\_\_ orientation.
- a. market
  - b. societal
  - c. sales
  - d. evolutionary
  - e. production

*ANSWER:* e



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68. During the Industrial Revolution demand for manufactured goods was

- a. weak.
- b. nonexistent.
- c. declining.
- d. strong.
- e. mediocre.

*ANSWER: d*

69. From the 1920s to the 1950s, demand for manufactured goods decreased, leading to the \_\_\_\_ orientation.

- a. production
- b. market
- c. revolutionary
- d. sales
- e. reduction

*ANSWER: d*

70. U.S. Electric, the maker of a highly innovative xenon light bulb used in large, manufacturing facilities, finds that it has excess inventory. The firm increases its direct marketing budget by 20 percent and adds three new sales representatives. This company is operating as if it were in which of the following orientations?

- a. Production
- b. Sales
- c. Market
- d. Customer
- e. Societal

*ANSWER: b*

71. T-Mobile implements a program of texting its current customers to find out what changes they would like to see in the services provided. The firm is exhibiting characteristics associated with which of the following orientations?

- a. Production
- b. Sales
- c. Market
- d. Social
- e. Development

*ANSWER: c*

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72. A market orientation is an organization-wide effort that includes all of the following activities *except*
- a. researching customers' needs.
  - b. focusing on the marketing department only.
  - c. generating marketing intelligence for use in the organization.
  - d. being responsive to customers' ever-changing wants and needs.
  - e. disseminating marketing intelligence across departments within the organization.

ANSWER: b

73. Which of the following *best* describes the acceptance of the marketing concept by American organizations?
- a. The marketing concept has yet to be fully accepted by all organizations.
  - b. All organizations fully utilize the marketing concept to run their businesses.
  - c. Nearly half of all organizations are still in the sales orientation and have not implemented the marketing concept.
  - d. Most organizations have really not accepted the marketing concept because of its many costs and problems.
  - e. Although American organizations fully accept the marketing concept, many foreign companies do not.

ANSWER: a

74. Which of the following is *not* an example of the implementation of the marketing concept?
- a. Jimmy Dean's Sausage introduces turkey sausage patties for a healthier alternative to pork.
  - b. Ford asks customers to vote online for a new color for next year's Ford Focus.
  - c. Burger King reduces the labor costs to produce its sausage-egg biscuits.
  - d. Microsoft offers rewards for users who can find flaws in its new software.
  - e. Volkswagen introduces pop-up rollover bars in its convertibles to protect its consumers in the event of a serious collision.

ANSWER: c

75. Health Care Systems, Inc. rolls out an innovative nurse-on-call information system available online. The product is not widely accepted because patients don't see the need for such a service. This situation represents a failure in which aspect of implementing the marketing concept?
- a. An information system to determine customer needs
  - b. The organizational structure
  - c. Top-management commitment
  - d. Technological advancement
  - e. Scanning corporate capabilities

ANSWER: a

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76. Wonder introduced a new bread made with light whole wheat and packaged in smaller loaves as a response to the number of health-conscious customers who live alone. In this case, Wonder was most likely following the \_\_\_\_\_.
- a. selling concept
  - b. production concept
  - c. marketing concept
  - d. customer concept
  - e. retailing concept

*ANSWER: c*

77. Today, establishing long-term, mutually beneficial arrangements in which both the buyer and seller focus on value enhancement through the creation of more satisfying exchanges is known as
- a. marketing synthesis.
  - b. relationship marketing.
  - c. a marketing orientation.
  - d. the marketing concept.
  - e. strategic marketing.

*ANSWER: b*

78. A junior marketing executive at MegaGrain Cereals suggests increasing the package size and price of its best-selling brand without increasing the amount of cereal inside the box. Her superior warns that this might be a bad idea because MegaGrain's long-term survival, like most companies, depends on
- a. cost-cutting measures.
  - b. continually selling to new customers and markets.
  - c. creating and maintaining satisfying exchange relationships.
  - d. high-volume, low-margin sales.
  - e. increasing shelf space for their brands.

*ANSWER: c*

79. In managing customer relationships, the three primary ways profits can be obtained are by
- a. acquiring new customers, enhancing the profitability of new customers, and shortening the duration of relationships with existing customers.
  - b. enhancing the profitability of existing customers, eliminating customers who provide smaller profits, and finding new customers.
  - c. extending the length of relationships with customers, cutting organizational costs, and enhancing the profitability of new customers.
  - d. eliminating long-term customers who have decreased purchases, finding new customers, and increasing sales to existing customers.
  - e. enhancing the profitability of existing customers, extending the duration of relationships with customers, and obtaining new customers.

*ANSWER: e*

## Chapter 01: An Overview of Strategic Marketing

80. Ben is responsible for managing the customer satisfaction of Hampton Inn motel guests. Ben is currently analyzing the customer relationship management (CRM) program at Hampton Inn and is contemplating where he should begin making changes. Which of the following would be the beginning of a CRM program, and therefore the area Ben should consider first?
- a. communicating with current customers via Facebook.
  - b. offering new types of hotel rooms for frequent guests.
  - c. expanding the number and locations of Hampton Inns.
  - d. providing information to customers through the web, Facebook, or in person.
  - e. increasing the promotion budget with a new sweepstakes for frequent customers.

*ANSWER: d*

81. Long-term relationships with profitable customers is the key objective of
- a. personal selling.
  - b. customer relationship management.
  - c. production oriented firms.
  - d. e-marketing.
  - e. distribution channels.

*ANSWER: b*

82. Managing customer relationships requires identifying patterns of \_\_\_\_\_ and then using that information to focus on the most promising and profitable customers.
- a. demographics
  - b. buying behavior
  - c. retailer information
  - d. personality differences
  - e. stock market cycles

*ANSWER: b*

83. \_\_\_\_\_ is a customer's subjective assessment of benefits relative to costs in determining the worth of a product.
- a. Marketing orientation
  - b. Monetary price
  - c. Product assessment
  - d. Price assessment
  - e. Value

*ANSWER: e*

## Chapter 01: An Overview of Strategic Marketing

84. The equation a buyer applies to assess a product's value is

- a.  $\text{value} = \text{monetary price} - \text{customer benefits}$ .
- b.  $\text{value} = \text{customer costs} - \text{customer benefits}$ .
- c.  $\text{value} = \text{customer benefits} - \text{customer costs}$ .
- d.  $\text{value} = \text{customer benefits} - \text{monetary price}$ .
- e.  $\text{value} = \text{customer benefits} - \text{time and effort}$ .

*ANSWER: c*

85. Customer costs include anything the buyer must give up in order to obtain the benefits the product provides. The most obvious customer cost is

- a. risk.
- b. time.
- c. monetary price.
- d. effort.
- e. availability.

*ANSWER: c*

86. Which of the following would *not* be a customer cost considered in determination of product value?

- a. Product's purchase price
- b. Time spent purchasing the product
- c. Effort spent purchasing the product
- d. Benefits received in the exchange for the products
- e. Risk of purchasing the product

*ANSWER: d*

87. Scott, a buyer for a medium-sized company, is assessing the value of competing software products for use in his firm. Which of the following would *not* be a customer benefit considered in his determination of this product's value?

- a. Speed of delivery
- b. Ease of installation
- c. Availability of technical support
- d. Availability of training assistance
- e. Monetary price

*ANSWER: e*

## Chapter 01: An Overview of Strategic Marketing

88. Taco Bell is introducing some of its products into supermarkets, vending machines, college campuses, and other locations to increase its product availability and convenience. One reason Taco Bell is doing so is to
- a. decrease customer benefits.
  - b. increase customer costs.
  - c. increase customer value.
  - d. increase distribution expenses.
  - e. decrease promotion expenses.

*ANSWER: c*

89. Initiatives intended to improve an organization's positive impact on society and the natural environment are called
- a. environmental marketing
  - b. green marketing
  - c. socially-responsible marketing
  - d. energy-conscious marketing
  - e. socially-conscious marketing

*ANSWER: b*

90. If a family spends \$2,000 a month on goods and services, how much of that \$2,000 goes for marketing activities?
- a. \$2,000
  - b. \$1,500
  - c. \$1,000
  - d. \$500
  - e. \$0

*ANSWER: c*

91. For most firms, the costs of marketing activities consume approximately what portion of the consumer's dollar?
- a. One-half
  - b. One-fifth
  - c. One-fourth
  - d. One-third
  - e. One-sixth

*ANSWER: a*

## Chapter 01: An Overview of Strategic Marketing

92. In today's market environment, you might pay \$16 for a physical CD by your favorite musical artist. Approximately how much of that price goes to activities related to marketing (promotion, distribution, profit margins)?
- a. \$10.25
  - b. \$4.00
  - c. \$5.10
  - d. \$8.00
  - e. \$12.75

*ANSWER:* d

93. Marketing activities are
- a. used by all sizes of organizations including for-profit, nonprofit, and government agencies.
  - b. limited to use by larger for-profit and nonprofit organizations.
  - c. implemented only to increase profits for the organization and to expand the scope of its customer base.
  - d. used by all types and sizes of businesses but are not used by nonprofit organizations.
  - e. used by small businesses and small nonprofit organizations the most.

*ANSWER:* a

94. Marketing activities
- a. are aimed at persuading customers through advertising.
  - b. involve mainly distribution and promotion decisions.
  - c. and selling activities are basically the same.
  - d. are important only when a firm is developing new products or entering new markets.
  - e. help sell an organization's products and generate financial resources for the firm.

*ANSWER:* e

95. Marketing knowledge and skills
- a. are not necessary for a nonprofit organization.
  - b. are valuable personal and professional assets.
  - c. constitute the marketing mix.
  - d. were most important during the production era.
  - e. are most valuable for advertising executives but less important for wholesalers and distributors.

*ANSWER:* b

## Chapter 01: An Overview of Strategic Marketing

96. The public is becoming more aware of how marketers' activities affect the welfare of consumers and society. As a result, more firms are working to
- raise prices in order to increase their profits so that they can contribute to philanthropic causes.
  - reduce the quality of their products in order to save money and provide less expensive products to their consumers.
  - reduce their profits by donating more time and money to improve social welfare and environmental conditions.
  - enact laws requiring companies to work toward the welfare of customers and society.
  - create a responsible approach to developing long-term relationships with customers and society.

*ANSWER: e*

97. Approximately what percentage of civilian workers in the United States performs marketing activities?
- 25 to 33 percent
  - 81 to 92 percent
  - 42 to 50 percent
  - 64 to 76 percent
  - 10 to 20 percent

*ANSWER: a*

### 98. **Scenario 1.1**

Use the following to answer the questions.

Greensprings Cemetery in upstate New York, offers a full-service funeral and burial that is non-toxic to the environment. All materials used in the burial are natural and will decompose with no negative impact. Greensprings' service is relatively new in the United States, but services of this type are common in Great Britain. A typical burial in Greensprings' cemetery includes a casket made from bamboo, wicker, paper, or other natural material. There are no headstones of stone or concrete that will detract from the landscape, but trees and plants as "markers" are allowed. The cost for a burial at Greensprings is approximately \$3,000, compared to about \$6,000 at most traditional cemeteries. Although business was slow at first, Greensprings is now experiencing an increase in the number of burials, due to referrals and a newly-developed website. The owners of Greensprings were previously in the cemetery business, and are active conservationist and wanted to make their business more sustainable. After conducting research and finding that there were natural burial sites in Great Britain, they wanted to provide an alternative to other environmentally-conscious Americans like themselves.

Refer to Scenario 1.1. A new website has helped Greensprings' pre-planned funeral business grow. These would come under which of the following marketing mix variables?

- Product
- Price
- Distribution
- Promotion
- Promotion and price

*ANSWER: d*



## Chapter 01: An Overview of Strategic Marketing

### 99. Scenario 1.1

Use the following to answer the questions.

Greensprings Cemetery in upstate New York, offers a full-service funeral and burial that is non-toxic to the environment. All materials used in the burial are natural and will decompose with no negative impact. Greensprings' service is relatively new in the United States, but services of this type are common in Great Britain. A typical burial in Greensprings' cemetery includes a casket made from bamboo, wicker, paper, or other natural material. There are no headstones of stone or concrete that will detract from the landscape, but trees and plants as "markers" are allowed. The cost for a burial at Greensprings is approximately \$3,000, compared to about \$6,000 at most traditional cemeteries. Although business was slow at first, Greensprings is now experiencing an increase in the number of burials, due to referrals and a newly-developed website. The owners of Greensprings were previously in the cemetery business, and are active conservationist and wanted to make their business more sustainable. After conducting research and finding that there were natural burial sites in Great Britain, they wanted to provide an alternative to other environmentally-conscious Americans like themselves.

Refer to Scenario 1.1. Greensprings' main competitive advantage over traditional cemeteries comes from its attention to which element in the marketing mix?

- a. Product
- b. Price
- c. Promotion
- d. Distribution
- e. Marketing research

*ANSWER:* a

## Chapter 01: An Overview of Strategic Marketing

### 100. Scenario 1.1

Use the following to answer the questions.

Greensprings Cemetery in upstate New York, offers a full-service funeral and burial that is non-toxic to the environment. All materials used in the burial are natural and will decompose with no negative impact. Greensprings' service is relatively new in the United States, but services of this type are common in Great Britain. A typical burial in Greensprings' cemetery includes a casket made from bamboo, wicker, paper, or other natural material. There are no headstones of stone or concrete that will detract from the landscape, but trees and plants as "markers" are allowed. The cost for a burial at Greensprings is approximately \$3,000, compared to about \$6,000 at most traditional cemeteries. Although business was slow at first, Greensprings is now experiencing an increase in the number of burials, due to referrals and a newly-developed website. The owners of Greensprings were previously in the cemetery business, and are active conservationist and wanted to make their business more sustainable. After conducting research and finding that there were natural burial sites in Great Britain, they wanted to provide an alternative to other environmentally-conscious Americans like themselves.

Refer to Scenario 1.1. The customers of Greensprings Cemeteries are most likely choosing the Greensprings business because of its \_\_\_\_\_, which is evidence of a \_\_\_\_\_.

- a. Pricing; Sales orientation
- b. Environmental consciousness; Market orientation
- c. Novelty; Production orientation
- d. Environmental consciousness; Business orientation
- e. Pricing; Profit orientation

*ANSWER: b*

## Chapter 01: An Overview of Strategic Marketing

### 101. Scenario 1.2

Use the following to answer the questions.

Paws and Claws Hotel is a full-service pet salon and boarding kennel. Paws and Claws has an interactive website where customers can directly book a grooming appointment, obedience class, or overnight accommodations for their dog or cat. Paws and Claws has several unexpected services, such as a 600-square foot swimming pool, complete with slide and dog-friendly graduated steps to help them exit the pool. Customers can also drop their dog or cat off each morning for pet day care. Paws and Claws has a pick-up and delivery service, webcams in every kennel so that pet families can view their pets while away, and pet "furniture" so that the cats and dogs can lie on sofas just like at home. Paws and Claws is also open 24 hours a day, 365 days each year so that customers can pick up their pet at any time.

The cost for an overnight stay at Paws and Claws averages \$50, compared to competing kennels at about \$30. The day care costs are \$25 for either a dog or cat. The majority of Paws and Claws' competitors don't offer the day care service, and require an two-day minimum for overnight stays.

Informal discussions with customers led to the addition of pet day care and 24-hour hours of operation. Previously, Paws and Claws was more interested in competing based on its prices.

Refer to Scenario 1.2. Paws and Claws' addition of unexpected services, pick-up and delivery, and 24-hour access while charging a higher price than its competition is best described as which type of value?

- a. Value = monetary price - customer benefits.
- b. Value = customer costs - customer benefits.
- c. Value = customer benefits - customer costs.
- d. Value = customer benefits - monetary price.
- e. Value = customer benefits - time and effort.

*ANSWER:* c

### 102. Marketing consists primarily of selling and advertising.

- a. True
- b. False

*ANSWER:* False

### 103. The broadest and simplest definition of marketing states that it is the development and efficient distribution of products for consumer segments.

- a. True
- b. False

*ANSWER:* False

### 104. Customers are the focal point of all marketing activities.

- a. True
- b. False

*ANSWER:* True

## Chapter 01: An Overview of Strategic Marketing

105. A family that organizes and advertises a garage sale is performing marketing activities.

- a. True
- b. False

*ANSWER:* True

106. A target market is a specific group of customers on whom an organization focuses its marketing efforts.

- a. True
- b. False

*ANSWER:* True

107. A target market is always defined by demographics.

- a. True
- b. False

*ANSWER:* False

108. Target markets can be people who *buy* the product but do not necessarily *use* the product.

- a. True
- b. False

*ANSWER:* True

109. The marketing mix consists of three major variables: product, price, and distribution.

- a. True
- b. False

*ANSWER:* False

110. In marketing, a product can be a good or a service but not an idea.

- a. True
- b. False

*ANSWER:* False

111. Marketing efforts do not involve the design and development of products.

- a. True
- b. False

*ANSWER:* False

112. Products can be goods, services, or ideas.

- a. True
- b. False

*ANSWER:* True

## Chapter 01: An Overview of Strategic Marketing

113. Services are provided by applying human and mechanical efforts to people or objects to provide intangible benefits to customer.

- a. True
- b. False

*ANSWER:* True

114. The actual physical production of goods is a marketing activity.

- a. True
- b. False

*ANSWER:* False

115. Promotion can help sustain interest in established products that have long been available.

- a. True
- b. False

*ANSWER:* True

116. The distribution variable in a marketing mix is directed toward making products available in the quantities desired to as many target market customers as possible and keeping the total inventory, transportation, and storage costs as low as possible.

- a. True
- b. False

*ANSWER:* True

117. Customers are interested in a product's price because they are concerned about the value obtained in an exchange.

- a. True
- b. False

*ANSWER:* True

118. Price is seldom used as a competitive tool.

- a. True
- b. False

*ANSWER:* False

119. For an exchange situation to arise, only one condition must exist: two or more individuals, groups, or organizations must each possess something that they value and are willing to give up to receive the "something of value" held by the other individual, group, or organization.

- a. True
- b. False

*ANSWER:* False

## Chapter 01: An Overview of Strategic Marketing

120. For an exchange to occur, at least one of the parties must be willing to give up his or her "something of value."  
a. True  
b. False

*ANSWER:* False

121. Marketing activities do not always result in exchanges.  
a. True  
b. False

*ANSWER:* True

122. The outcomes of a marketer's decisions and actions may be affected by the variables in the marketing environment.  
a. True  
b. False

*ANSWER:* True

123. Changes in the marketing environment always hurt marketing efforts.  
a. True  
b. False

*ANSWER:* False

124. The marketing environment is a set of static, unchanging surroundings.  
a. True  
b. False

*ANSWER:* False

125. The marketing concept stresses that a business organization can best achieve its goal by providing customer satisfaction through coordinated activities.  
a. True  
b. False

*ANSWER:* True

126. Achievement of the firm's overall goals is part of the marketing concept.  
a. True  
b. False

*ANSWER:* True

## Chapter 01: An Overview of Strategic Marketing

127. The marketing concept is a philosophy that a business organization should employ to satisfy customers' needs while achieving the overall goals of the organization.

- a. True
- b. False

*ANSWER:* True

128. The marketing concept is a philanthropic philosophy aimed at helping customers at the expense of the business organization.

- a. True
- b. False

*ANSWER:* False

129. The marketing concept is a management philosophy, not a second definition of marketing.

- a. True
- b. False

*ANSWER:* True

130. The marketing concept deals only with marketing activities.

- a. True
- b. False

*ANSWER:* False

131. Profit, even at the expense of customers' satisfaction, is the major thrust of the marketing concept.

- a. True
- b. False

*ANSWER:* False

132. The marketing concept directly affects marketing activities but should have negligible impact on other organizational activities.

- a. True
- b. False

*ANSWER:* False

133. The market concept stresses that an organization can best achieve its objectives by being customer-oriented.

- a. True
- b. False

*ANSWER:* True

## Chapter 01: An Overview of Strategic Marketing

134. The market concept developed out of a sequence of three eras: the production orientation, the marketing orientation, and the industrial orientation.

- a. True
- b. False

*ANSWER:* False

135. During the market orientation, businesspeople realized that if they could produce products efficiently, customers would buy them.

- a. True
- b. False

*ANSWER:* False

136. During the market orientation, businesspeople realized that products, which by this time could be made relatively efficiently, would have to be promoted through much personal selling and advertising.

- a. True
- b. False

*ANSWER:* False

137. A market orientation requires the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it.

- a. True
- b. False

*ANSWER:* True

138. To implement the marketing concept, an organization must first establish an information system to discover customers' real needs and then use the information to create products to satisfy those needs.

- a. True
- b. False

*ANSWER:* True

139. To satisfy customers' objectives as well as its own, a company must coordinate all its activities.

- a. True
- b. False

*ANSWER:* True

140. At the most basic level, profits can be obtained through relationships by acquiring new customers, enhancing the profitability of existing customers, and extending the duration of customer relationships.

- a. True
- b. False

*ANSWER:* True



## Chapter 01: An Overview of Strategic Marketing

141. Relationship marketing is short-term, mutually beneficial arrangements in which the buyer and seller focus on the creation of satisfying exchanges.

- a. True
- b. False

*ANSWER:* False

142. Customer relationship management is the use of information about customers to create marketing strategies that develop and sustain desirable customer relationships.

- a. True
- b. False

*ANSWER:* True

143. In general, when marketers focus on customers chosen for their lifetime value, they earn lower profits in future periods than when they focus on customers selected for other reasons.

- a. True
- b. False

*ANSWER:* False

144. Value = customer costs – customer benefits.

- a. True
- b. False

*ANSWER:* False

145. Basic and extended warranties can reduce risk, a major customer cost.

- a. True
- b. False

*ANSWER:* True

146. Customer benefits include time and effort.

- a. True
- b. False

*ANSWER:* False

147. The process people use to determine the value of a product is not highly scientific.

- a. True
- b. False

*ANSWER:* True

## Chapter 01: An Overview of Strategic Marketing

148. Marketing costs consume about one-quarter of a buyer's dollar.

- a. True
- b. False

*ANSWER:* False

149. Marketing costs consume about one-half of a buyer's dollar.

- a. True
- b. False

*ANSWER:* True

150. For a business organization to remain healthy and to survive, it must sell products and make profits.

- a. True
- b. False

*ANSWER:* True

151. Knowing about marketing can help you evaluate the types of corrective measures needed to stop questionable marketing practices.

- a. True
- b. False

*ANSWER:* True

152. Approximately 20 percent of civilian employees in the United States perform marketing activities.

- a. True
- b. False

*ANSWER:* False

## Chapter 01: An Overview of Strategic Marketing

### 153. Scenario 1.2

Use the following to answer the questions.

Paws and Claws Hotel is a full-service pet salon and boarding kennel. Paws and Claws has an interactive website where customers can directly book a grooming appointment, obedience class, or overnight accommodations for their dog or cat. Paws and Claws has several unexpected services, such as a 600-square foot swimming pool, complete with slide and dog-friendly graduated steps to help them exit the pool. Customers can also drop their dog or cat off each morning for pet day care. Paws and Claws has a pick-up and delivery service, webcams in every kennel so that pet families can view their pets while away, and pet "furniture" so that the cats and dogs can lie on sofas just like at home. Paws and Claws is also open 24 hours a day, 365 days each year so that customers can pick up their pet at any time.

The cost for an overnight stay at Paws and Claws averages \$50, compared to competing kennels at about \$30. The day care costs are \$25 for either a dog or cat. The majority of Paws and Claws' competitors don't offer the day care service, and require an two-day minimum for overnight stays.

Informal discussions with customers led to the addition of pet day care and 24-hour hours of operation. Previously, Paws and Claws was more interested in competing based on its prices.

Refer to Scenario 1.2. Paws and Claws' target market is *most likely* to be which of the following?

- a. The dogs and cats who stay there
- b. Pet owners who go on vacation frequently
- c. Families with small children and several pets
- d. Suburban families with two-income households
- e. Urban professionals who travel often

ANSWER: e

## Chapter 01: An Overview of Strategic Marketing

### 154. Scenario 1.1

Use the following to answer the questions.

Greensprings Cemetery in upstate New York, offers a full-service funeral and burial that is non-toxic to the environment. All materials used in the burial are natural and will decompose with no negative impact. Greensprings' service is relatively new in the United States, but services of this type are common in Great Britain. A typical burial in Greensprings' cemetery includes a casket made from bamboo, wicker, paper, or other natural material. There are no headstones of stone or concrete that will detract from the landscape, but trees and plants as "markers" are allowed. The cost for a burial at Greensprings is approximately \$3,000, compared to about \$6,000 at most traditional cemeteries. Although business was slow at first, Greensprings is now experiencing an increase in the number of burials, due to referrals and a newly-developed website. The owners of Greensprings were previously in the cemetery business, and are active conservationist and wanted to make their business more sustainable. After conducting research and finding that there were natural burial sites in Great Britain, they wanted to provide an alternative to other environmentally-conscious Americans like themselves.

Refer to Scenario 1.1. Greensprings' competitors, the traditional cemeteries, focus on advertising and personal selling of their services. This indicates a(n) \_\_\_\_\_ orientation.

- a. sales
- b. marketing
- c. production
- d. environmental
- e. marketing concept

*ANSWER:* a

## Chapter 01: An Overview of Strategic Marketing

### 155. Scenario 1.2

Use the following to answer the questions.

Paws and Claws Hotel is a full-service pet salon and boarding kennel. Paws and Claws has an interactive website where customers can directly book a grooming appointment, obedience class, or overnight accommodations for their dog or cat. Paws and Claws has several unexpected services, such as a 600-square foot swimming pool, complete with slide and dog-friendly graduated steps to help them exit the pool. Customers can also drop their dog or cat off each morning for pet day care. Paws and Claws has a pick-up and delivery service, webcams in every kennel so that pet families can view their pets while away, and pet "furniture" so that the cats and dogs can lie on sofas just like at home. Paws and Claws is also open 24 hours a day, 365 days each year so that customers can pick up their pet at any time.

The cost for an overnight stay at Paws and Claws averages \$50, compared to competing kennels at about \$30. The day care costs are \$25 for either a dog or cat. The majority of Paws and Claws' competitors don't offer the day care service, and require an two-day minimum for overnight stays.

Informal discussions with customers led to the addition of pet day care and 24-hour hours of operation. Previously, Paws and Claws was more interested in competing based on its prices.

Refer to Scenario 1.2. The fact that Paws and Claws is open 24 hours each day is part of the \_\_\_\_\_ marketing mix variable while the swimming pool is part of the \_\_\_\_\_ variable.

- a. Product; Distribution
- b. Price; Product
- c. Distribution; Promotion
- d. Distribution; Product
- e. Distribution; Environment

*ANSWER:* d

## Chapter 01: An Overview of Strategic Marketing

### 156. Scenario 1.2

Use the following to answer the questions.

Paws and Claws Hotel is a full-service pet salon and boarding kennel. Paws and Claws has an interactive website where customers can directly book a grooming appointment, obedience class, or overnight accommodations for their dog or cat. Paws and Claws has several unexpected services, such as a 600-square foot swimming pool, complete with slide and dog-friendly graduated steps to help them exit the pool. Customers can also drop their dog or cat off each morning for pet day care. Paws and Claws has a pick-up and delivery service, webcams in every kennel so that pet families can view their pets while away, and pet "furniture" so that the cats and dogs can lie on sofas just like at home. Paws and Claws is also open 24 hours a day, 365 days each year so that customers can pick up their pet at any time.

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Informal discussions with customers led to the addition of pet day care and 24-hour hours of operation. Previously, Paws and Claws was more interested in competing based on its prices.

Refer to Scenario 1.2. Previously, Paws and Claws was most likely using a \_\_\_\_ orientation, while now it is now in the process of employing the \_\_\_\_\_.

- a. Sales; Marketing concept.
- b. Sales; Marketing mix.
- c. Promotion; Marketing concept.
- d. Sales; Promotion orientation.
- e. Sales; Product orientation.

*ANSWER:* a

## Chapter 01: An Overview of Strategic Marketing

### 157. Scenario 1.2

Use the following to answer the questions.

Paws and Claws Hotel is a full-service pet salon and boarding kennel. Paws and Claws has an interactive website where customers can directly book a grooming appointment, obedience class, or overnight accommodations for their dog or cat. Paws and Claws has several unexpected services, such as a 600-square foot swimming pool, complete with slide and dog-friendly graduated steps to help them exit the pool. Customers can also drop their dog or cat off each morning for pet day care. Paws and Claws has a pick-up and delivery service, webcams in every kennel so that pet families can view their pets while away, and pet "furniture" so that the cats and dogs can lie on sofas just like at home. Paws and Claws is also open 24 hours a day, 365 days each year so that customers can pick up their pet at any time.

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Informal discussions with customers led to the addition of pet day care and 24-hour hours of operation. Previously, Paws and Claws was more interested in competing based on its prices.

Refer to Scenario 1.2. If Paws and Claws employs the philosophy of building a relationship with its dog and cat customers, and their owners, it will be implementing the

- a. marketing concept.
- b. production concept.
- c. sales concept.
- d. marketing mix.
- e. marketing environment.

*ANSWER:* a

158. You will give the keynote address at the annual meeting of the American Manufacturing Association. You realize most of the attendees think marketing is just advertising. So, you decide to start your keynote address by defining what marketing is in order to set the proper context for your speech.

You define marketing as:

- a. the process of creating, distributing, promoting, and pricing goods, services, and ideas to facilitate satisfying exchange relationships with customers.
- b. the process of persuading or seeking to persuade a customer or organization to take a preferred course of action.
- c. the process of speaking or writing in support or defense of a firm's products or services.
- d. the process or practice of calling public attention to a firm's goods and services through communications in print media, social media or other forms of information distribution.
- e. the process of proving that a product or service offered by an organization meets or exceeds customers' expectations.

*ANSWER:* a

## Chapter 01: An Overview of Strategic Marketing

159. The majority of the heads of marketing for most multinational corporations would likely describe marketing as a very complex discipline. They will give a long list of variables and factors that impact a company's marketing success. Most of these variables and factors are part of what is called the marketing environment.

The U.S. unemployment rate would fall under which set of forces in the marketing environment?

- a. Sociocultural Forces
- b. Political Forces
- c. Economic Forces
- d. Competitive Forces
- e. International Trade Forces

*ANSWER: c*

160. You are starting a new job next week at a consumer products company in Redmond, Washington. You will be responsible for managing the company's inventory levels, as well as the related transportation and storage costs. You will rely heavily on some previously-established relationships as you refine the firm's interactions with its various intermediaries.

Your job responsibilities primarily relate to which of the following marketing mix variables?

- a. Financial
- b. Price
- c. Distribution
- d. Promotion
- e. Product

*ANSWER: c*

161. Your competition is beating you on price in your most important product market. In response, you decide to launch a new ad campaign focusing your customers on the price attribute of your marketing mix. You need a catchy slogan that conveys the attractiveness of your product's pricing.

Which of the following slogans should you use to convey this message most effectively?

- a. "Every Day You Get Our Best"
- b. "Growing and Protecting Your Wealth"
- c. "Expect More. Pay Less"
- d. "There Is No Substitute"
- e. "Always On Time. ....Or You Don't Pay A Dime"

*ANSWER: c*



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162. You believe one of the most effective ways to remind your staff about key marketing concepts and objectives is to give them desk plaques with simple phrases. You want to create a phrase that reminds them that their primary focus should be creating customer value.

Which of the following phrases best tells the story of what customer value is?

- a. "Customer Benefits = Customer Value – Customer Costs"
- b. "Customer Value = Customer Benefits + Customer Costs"
- c. "Customer Costs > Customer Benefits = Customer Value"
- d. "Customer Value = Customer Benefits – Customer Costs"
- e. "Customer Value = Customer Benefits = Customer Costs"

*ANSWER: d*

163. In order to be successful in creating mutually-beneficial exchanges with customers, the marketer must focus on creating value in fact and in the mind of the customer. For the most part, value is a customer's \_\_\_\_\_ assessment of benefits relative to costs. The marketer should recognize that the process people use to determine value \_\_\_\_\_.

- a. objective; is scientific
- b. subjective; is not scientific
- c. objective; is not scientific
- d. subjective; is scientific
- e. objective; is completely rational

*ANSWER: b*

164. Your company provides oil exploration services to major oil companies in Russia. The United States government just announced it is imposing economic sanctions on Russia because of the military actions it has taken in Ukraine.

This situation is an example of which of the following types of forces that constantly impact a company's dynamic marketing environment?

- a. Technological force
- b. Sociocultural force
- c. Political force
- d. Legal and regulatory force
- e. Economic force

*ANSWER: c*

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165. The marketing environment is the arena in which the marketer executes marketing strategies and techniques designed to build relationships with customers. It includes a host of forces that surround the customer and affects the marketing mix.

The marketing environment:

- a. changes periodically, but at a slow enough pace for the skillful marketer to respond to effectively.
- b. creates risks for the marketer, but seldom creates opportunities.
- c. is not impacted by technology to any significant degree.
- d. can be completely controlled by a skillful marketer using well-thought-out strategies.
- e. includes legal and regulatory forces that affect the marketing mix.

*ANSWER: e*

166. The marketing concept is a \_\_\_\_\_ that guides the overall activities of an organization. It has evolved over time from a \_\_\_\_\_ in the second half of the 19<sup>th</sup> century to a \_\_\_\_\_ today.
- a. sales philosophy; product orientation; sales orientation
  - b. philanthropic philosophy; product orientation; market orientation
  - c. tactical philosophy; product orientation; market orientation
  - d. management philosophy; product orientation; market orientation
  - e. ethical philosophy; product orientation; sales orientation

*ANSWER: d*

167. To fully appreciate what an effective marketing concept means to the firm, the marketer must first understand that \_\_\_\_\_ is the major focus of the marketing concept. This in turn should enable the firm to \_\_\_\_\_. Ultimately, this all leads to \_\_\_\_\_.
- a. customer satisfaction; earn long-term profits; increased shareholder value
  - b. securing management; earn long-term profits; management continuity
  - c. employee satisfaction; earn long-term profits; positive labor relations
  - d. selling products; earn long-term profits; organizational stability
  - e. regulatory compliance; earn long-term profits; reduced regulatory costs

*ANSWER: a*

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168. The successful marketer understands that the key to her success is the relationships her firm is able to develop with current customers and potential customers. Moreover, her goal is to achieve the full potential of each of these relationships for the benefit of the firm.

This marketer clearly understands

- a. that the only way for the firm to increase profits is to constantly acquire new customers.
- b. that customers' needs, desires and habits are homogeneous.
- c. that customer loyalty leads to increasing long-term profitability for the firm.
- d. that data is of limited use in helping the firm understand the needs of customers.
- e. that customer lifetime value only includes the value of what customers purchase from the firm.

*ANSWER: c*

169. The central focus of the marketer's activities is to develop mutually-beneficial relationships with customers and potential customers. If the marketer is able to convince the customer to buy the firm's products, then the customer's lifetime value to the firm is enhanced. Marketers also seek to encourage the customer's \_\_\_\_\_ the firm's products because that will \_\_\_\_\_ the customers' lifetime value to the firm.

- a. strong word-of-mouth communication about; increase.
- b. critique of; increase.
- c. passive word-of-mouth communication about; maintain.
- d. strong word-of-mouth communication about; stabilize
- e. critique of; maintain

*ANSWER: a*

170. Marketing professionals understand the challenges and implications of marketing in an inter-connected, global economy. While the discipline is primarily focused on building mutually-beneficial customer relationships for the firm, it has many other positive influences on the global economy that many in the general public are not aware of. For example, marketing creates a successful economy and leads to a \_\_\_\_\_ for people all over the world. Additionally, \_\_\_\_\_ can promote the welfare of customers and the firm's stakeholders.

- a. equal standard of living; green marketing
- b. higher standard of living; socially responsible marketing
- c. higher level of education; target marketing
- d. higher level of political awareness; socially responsible marketing
- e. higher level of healthcare; non-profit marketing

*ANSWER: b*

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171. Which one of the following statements is true regarding the global impact of marketing?
- a. Marketing encourages governments to be more open and transparent with their citizens.
  - b. Marketing facilitates the efficient allocation and distribution of natural resources around the world.
  - c. Marketing is effective in minimizing the cyclical ups and downs in the global economy.
  - d. Marketing improves the quality of life of customers.
  - e. Only for-profit organizations utilize marketing.

*ANSWER: d*

172. Toyota conducts extensive consumer research and discovered that Latinos are reportedly 15% more likely to buy a Japanese auto brand, like Nissan, Honda, or Toyota, than any other group ethnic group. Toyota is interested in the Latino market since they represent 20% to 30% of the brands' overall consumers. Due to its extensive use of research and customer insight, Toyota has been the top-selling brand for Hispanics for over 10 years thanks to effective marketing, like the "Somos Muchos Toyota" campaign and the implementation of Total Toyota in 2014. Toyota created the Total Toyota strategy, or T2, to increase its focus on minority communities and enhance sales by heading up the project with a team of minority leaders in local business communities. Based upon this information, which orientation best applies to Toyota?
- a. sales orientation
  - b. target market orientation
  - c. market orientation
  - d. production orientation

*ANSWER: c*

173. The Gap conducted marketing research to identify explanations for the sales declines their various retail stores (e.g., Gap, Banana Republic, and Old Navy) are experiencing across the United States. The research focused on understanding the shopping habits and desires of their target market—the Millennial generation. The results indicate that Millennials are more interested supporting organizations who stand for something—or support a cause or contribute to providing social justice. The information can assist The Gap in reorganizing their company, developing new products and communicating with their target audiences to be more effective. Based upon this information, which orientation best applies to The Gap?
- a. sales orientation
  - b. target market orientation
  - c. market orientation
  - d. production orientation

*ANSWER: c*

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174. The hospitality industry including restaurants, hotels, and airlines rely on business travelers for a large portion of their revenue and profitability. Research indicates that business travelers need to stay connected or tethered to their devices and office even when on the road or between business appointments. In addition, business travelers demand convenience and enhanced services such as remote check-in and check-out via their smartphone, checking flight schedules and delays through travel applications, and access to rental cars without having to stop at the rental car counter. Organizations serving the business travel market segment must provide enhanced services such as free wireless Internet access. The research related to the business travel market segment indicates that companies serving these customers must be able to leverage \_\_\_\_\_ changes in the marketing environment by providing customers with a variety of new products or services such as wireless Internet, remote check-in, and remote access to rental cars.
- a. sociocultural
  - b. economic
  - c. technological
  - d. political

ANSWER: c

**Scenario 1.2.**

A recent *Council of Supply Chain Management Professionals* meeting featured an executive from Dell Computer, known for their ability to customize computers to customers' needs as well as their ability to provide quality products at economical prices through their retail channel. The executive discussed the capabilities of their firm regarding the ability to produce products that are "built-to-order" and noted that recent customer insight showed customers were less willing to wait 7 to 10 days to receive their computer even though it was built to their specifications. As a result of this customer trend, Dell began forging relationships with retailers such as WalMart to provide a limited number of computer models in the retailers' store. In order to fulfill the orders to WalMart, Dell was required to make changes in their production and manufacturing such as holding more products in inventory and utilizing different modes of transportation. For example, Dell was able to shift from a focus on air transportation to over-the-road trucking which enabled them to cut costs in some areas. As Dell shifted from a "build-to-order" manufacturer to a "make-to-stock" manufacturer they also had to make investments in customer analytics to identify customer needs as well as collect insight regarding pricing. This customer insight was especially important to the retail partners like WalMart who requires their vendors to justify product stock decisions and provide proof that retail inventory will sell at the projected price points. Dell's ability to modify their business model by forging relationships with retailers such as WalMart as well as customer insights has helped the company achieve its revenue and profitability goals.

175. Refer to Scenario 1.2. Which variable of the marketing mix is most impacted by Dell's decision to become a "make-to-stock" manufacturer?
- a. product variable
  - b. pricing variable
  - c. distribution variable
  - d. promotion variable

ANSWER: c

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176. Refer to Scenario 1.2. Which environmental factor is exemplified by the customer trend that consumers were no longer willing to wait 7 to 10 days for a “build-to-order” computer and led Dell to modify their business model to become a “make-to-stock” manufacturer?

- a. economic
- b. competitive
- c. legal and regulatory
- d. sociocultural

*ANSWER: d*

177. Refer to Scenario 1.2. Based on the information provided in the Scenario regarding Dell, which orientation would best describe their approach to marketing?

- a. production orientation
- b. sales orientation
- c. competitive orientation
- d. market orientation

*ANSWER: d*

178. A New York-based brand and customer loyalty and engagement research consultancy firm called Brand Keys conducts research annually to identify the top 100 brands with the highest levels of customer loyalty. Apple, WhatsApp, Google, YouTube, and Kindle lead the pack and demonstrate that consumers are enjoying long-term engagement with these companies. The top company’s ability to generate high levels of customer loyalty demonstrates these firms are engaging in \_\_\_\_\_ marketing.

- a. relationship marketing
- b. competitive marketing
- c. production marketing
- d. sales-oriented marketing

*ANSWER: a*

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179. Netflix has one of the highest customer loyalty ratings in the entertainment industry with approximately 74% of current subscribers continuing to renew their subscription with Netflix on a month-to-month basis. In addition, many customers have cancelled their cable or satellite subscriptions and rely almost exclusively on streaming services such as Netflix for their entertainment. Netflix offers three different payment options or plans for customers—the basic plan at \$7.99 per month, standard plan at \$8.99 per month, or a premium plan at \$11.99 per month. Thus, subscribers who renew on a monthly basis would pay between \$95.88 and \$143.88 per year to continue their Netflix service. If 74% of subscribers continue their service on an annual basis, Netflix is able to build a stable revenue stream based upon repeat purchasers. A quick snapshot of one customer revealed that the customer had subscribed to the Premium plan for five years and generated over \$700 in revenue to Netflix. Which of the following marketing terms best captures the importance of customer loyalty and its impact on Netflix?
- customer impact score*
  - customer retail calculation*
  - customer lifetime value*
  - customer profitability value*

ANSWER: c

180. In the last several years, the Western part of the United States has faced severe drought conditions with a lack of rain in states such as New Mexico, Arizona, and California. In these communities, WalMart collects rainwater in underground tanks and saves it to water the store's landscaping. In addition, WalMart takes advantage of other opportunities to conserve water. They have installed high-efficiency urinals that reduce water use by 87% compared to the conventional 1-gallon-per-flush urinals throughout all new stores. These high-efficiency toilets use 20% less water compared to allowable EPA standards of up to 1.6 gallons per flush. Based upon this information, it seems that WalMart is engaging in
- environmental marketing
  - sustainable marketing
  - eco-marketing
  - green marketing

ANSWER: d

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181. Creating long-term relationships with customers is a key component to surviving and thriving in today's competitive business landscape. One tactic many companies are deploying is the use of membership or loyalty programs where customers can accumulate points and receive discounts or free merchandise. For example, Kimpton Hotels encourages customers to join their membership program and provide key contact information such as their e-mail, address, and phone number. Kimpton Hotels offers benefits such as upgrades and free room nights based on the number of stays or points a customer has accumulated. This example demonstrates how Kimpton Hotels is utilizing
- a. marketing mix deployment
  - b. customer relationship management
  - c. marketing technology
  - d. competitive insight

*ANSWER:* b