

## Chapter 02 Developing Successful Marketing Strategies

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

1. Which of the following is NOT one of Canadian Tire's core businesses?
  - A. Canadian Tire Retail.
  - B. Canadian Tire Travel Services.
  - C. PartSource.
  - D. Canadian Tire Financial Services.
  
2. Canadian Tire is a Canadian success story. Canadian Tire employs more than 70,000 Canadians and has revenues of close to \_\_\_\_\_ annually.
  - A. \$5 billion
  - B. \$7.5 billion
  - C. \$6 billion
  - D. \$10 billion
  
3. Which new initiatives demonstrate an understanding of the direction of Canadian Tire of: "creating customers for life and shareholder value," by the marketing department?
  - A. mobile application
  - B. "Canadiana" products
  - C. only using Made-In-Canada products
  - D. using a CRM tool

4. In today's global competition, it is important to recognize the kinds of organizations that exist. Organizations can basically be divided into two categories:
- A. privately owned and publically owned.
  - B. regulated and unregulated.
  - C. domestic and multi-national.
  - D. business and non-profit.
5. Plan Canada, a nongovernmental organization that serves its customers but does not have profit as an organizational goal is considered a
- A. business firm
  - B. nonprofit organization
  - C. government agency
  - D. public university
6. Ford, GM, and Toyota, all develop automobiles. This group create a(n):
- A. product market.
  - B. conglomerate.
  - C. industry.
  - D. cartel.

7. John's Auto Wreckers is a privately owned organization that serves its customers in order to earn a profit is called a:
- A. business firm.
  - B. nonprofit organization.
  - C. community action program.
  - D. manufacturing agent.
8. George's Computer Repairs is focused on earning money for its owners, while Plan Canada is focused on solving community issues overseas and is not concerned about earning a profit. The contrast between these two is:
- A. George's Computer Repairs is considered a business, while Plan Canada is considered a nonprofit organization
  - B. George's Computer Repairs is a shareholder company, while Plan Canada is a for profit company
  - C. George's Computer Repairs is a nonprofit, while Plan Canada is a for profit company
  - D. Both serve customers, so there is no contrast between the two
9. While undertaking risk to offer the iPhone, Apple Computers is rewarded by receiving the following reward:
- A. Shareholders' equity
  - B. Profit
  - C. Inventory turnover
  - D. Contribution margin

10. At Apple Computers, the financial department considers the profit earned at the end of the day as:
- A. the point at which company assets equal company liabilities.
  - B. the money left over after a firm's total expenses are subtracted from its total revenues.
  - C. the goodwill earned from implementing the societal marketing concept.
  - D. the money earned as long as the economic order quantity is maintained.
11. A legal entity of people who share a common mission is referred to as a(n):
- A. special interest group.
  - B. organization.
  - C. lobby group.
  - D. industry.
12. Telus offers several mobile phone plans, which of the following best describes what constitutes their potential *offerings*?
- A. products and services.
  - B. products, services, ideas and experiences.
  - C. physical goods and services.
  - D. products only.

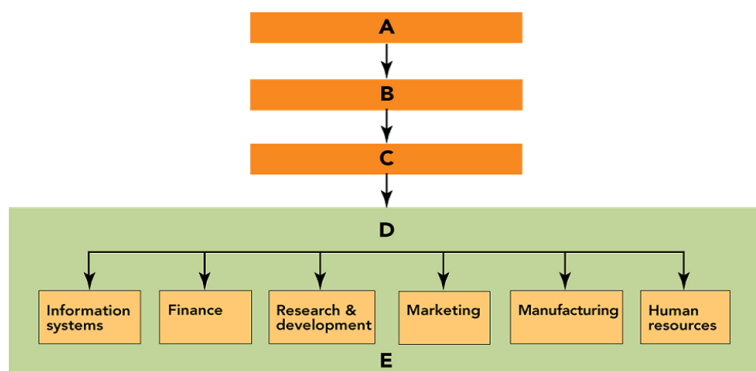
13. Telus' goal in offering a specific phone that is not offered by any of the other mobile phone carriers in Canada is focused on achieving a long term advantage to deliver a unique customer experience. This is known as:

- A. corporate planning.
- B. market development.
- C. strategy.
- D. customer relationship management.

14. Large organizations can be extremely complex. They usually consist of \_\_\_\_\_ organizational level(s) whose strategy is linked to marketing:

- A. two.
- B. four.
- C. five.
- D. three.

Figure 2-1



15. In Figure 2-1, "A" represents the:

- A. functional-level strategy level.
- B. Board of Directors.
- C. corporate-level strategy level.
- D. CEO.

16. In Figure 2-1, "B" represents the

- A. functional-level strategy level.
- B. Board of Directors.
- C. corporate-level strategy level.
- D. departments.

17. In Figure 2-1, "C" represents the

- A. business-unit strategy level.
- B. Board of Directors.
- C. corporate-level strategy level.
- D. functional-level strategy level.

18. In Figure 2-1, "D" represents the

- A. business-unit strategy level.
- B. functional-level strategy level.
- C. corporate-level strategy level.
- D. Board of Directors.

19. In Figure 2-1, "E" represents

- A. Board of Directors.
- B. corporate-level strategy level.
- C. departments.
- D. functional-level strategy level.

20. The 'Alternative Energy Group' of GE likely has which focus:

- A. directs overall strategy for the organization.
- B. markets a set of related products to a clearly defined group of customers.
- C. has marketing and other specialized activities.
- D. also has a comparable non-business unit.

21. In a new marketing role, your manager says: "You will be responsible for five SBUs." You give a puzzled look before remembering that SBU stands for:

- A. strategic business unit.
- B. standard business unit.
- C. strategic benefit of usage.
- D. service business unit.

22. The overall strategy for the entire organization is decided at which level in a complex organization.

- A. functional
- B. board
- C. corporate
- D. tactical

23. Research Development Manager, Marketing Manager, and Audit Manager are specialist roles likely found at which business unit level?

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

24. The fundamental objective for the Marketing Manager and HR Manager is to:

- A. create value for the organization
- B. market products and hire people
- C. sell products and fire people
- D. manage their direct reports



25. Business unit managers at Bell Canada decide on the direction for their residential products and markets every six months. This decision making occurs at which unit level in the organization.

- A. strategic business unit
- B. corporate level
- C. board of directors
- D. functional unit level

26. For less complex firms with a single business focus, which two organizational levels may merge?

- A. corporate-level and business unit-level.
- B. corporate-level and strategic business unit-level.
- C. strategic business-unit level and functional-level.
- D. marketing and research and development.

27. Craig Conway is CEO of a software design company named PeopleSoft, a company that has automated many human resource functions such as tracking vacation time. Conway operates at the \_\_\_\_\_ level of his organization.

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

28. The marketing leadership group at Rogers Wireless that identifies value-creating opportunities is known as the:
- A. strategic business unit level.
  - B. corporate unit level.
  - C. functional unit level.
  - D. board level.
29. In a large corporation with multiple business units, the marketing department may be called upon to:
- A. allocate financial resources across business units.
  - B. set the overall mission of the company.
  - C. allocate shareholder dividends through a large financial institution.
  - D. assist managers at higher levels to assess environmental trends or aid in their strategic planning efforts.
30. Bill McDermott is President and CEO of SAP Americas and Asia Pacific Japan. SAP is a company that sells extremely expensive enterprise resource planning software to large and mid-sized companies. McDermott operates at the \_\_\_\_\_ level of his organization.
- A. business unit
  - B. functional
  - C. corporate
  - D. strategic

31. In the marketing department of Pepsi, the entry-level staff, such as Business Analysts, are responsible for doing most of the organization's work. Their level in the organization is known as?
- A. strategic
  - B. product
  - C. functional
  - D. business unit
32. In recent years, many large firms have changed the title of the head of marketing from vice president of marketing to
- A. commercial executive officer.
  - B. chief marketing officer.
  - C. corporate marketing official.
  - D. corporate marketing officer.
33. Specialists from all the functional units who analyze, implement, and control programs to accomplish the corporate and business strategic directions usually serve as members to a:
- A. department
  - B. system
  - C. organization
  - D. team

34. John is from the marketing department, Stephen is from the finance department, Jo is from the product department, and Janelle is from the customer service department. Together they are responsible for developing a new product to reach a company performance goal. These individuals are referred to as a(n):

- A. inter-disciplinary group
- B. matrix group
- C. cross-functional team
- D. multi-disciplinary team

35. In terms of an organization's vision, Kodak Eastman may have lost business because they:

- A. are too slow and cumbersome.
- B. defined their business too narrowly.
- C. defined their business too broadly.
- D. priced their services too high.

36. Sometimes cross-functional teams will have representatives from outside the organization such as:

- A. suppliers and customers.
- B. consultants and retired CEOs.
- C. opinion leaders.
- D. competitors.

37. Which of the following statements regarding the strategic business unit level is most accurate?
- A. The strategic business unit level is the level that works most directly with the targeted customers.
  - B. The overall strategy for the organization is directed at the strategic business unit level.
  - C. In more complex organizations the corporate level and the strategic business unit level may merge.
  - D. The strategic direction is more specific at the strategic business unit level than at the corporate level.
38. Determining the target market and designing marketing programs to reach this target market is a specialized marketing function. This is accomplished by the marketing:
- A. team.
  - B. group.
  - C. partnership.
  - D. department.
39. On the northern tip of Goose Island in the Chicago River sits the William Wrigley Jr. Company's Global Innovation Center. Here Wrigley can create new products—a joint effort by some 250 full-time food scientists, researchers, and marketers. The people who work in this center are most likely members of
- A. cross-functional teams.
  - B. a business consortium.
  - C. multiple strategic directional teams.
  - D. strategic implementation teams.

40. Which of the following statements would *most likely* be heard at the functional level of an organization?

- A. "We need to be aware of what our competitors are doing."
- B. "How much money can we allot to the marketing department?"
- C. "Make sure we buy 15 seconds of air time for this coming Super Bowl."
- D. "We should hire the most culturally diverse team possible in order to get the best new ideas."

41. In terms of an organization's vision, railroads may have lost business because they:

- A. are too slow and cumbersome.
- B. defined their business too narrowly.
- C. defined their business too broadly.
- D. priced their services too high.

42. Railroads may have let other forms of transportation take business away from them because their definition included only the railroad business, rather than the broader definition of:

- A. transportation.
- B. aerospace.
- C. entertainment.
- D. retailing.

Figure 2-2



43. In Figure 2-2, section "A" represents the "why" element of visionary organization. This is referred to as

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

44. In Figure 2-2, section "B" represents the "what" element of visionary organization. This is referred to as

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

45. In Figure 2-2, section "C" represents the "how" element of visionary organization. This is referred to as

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

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

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

47. One of the key differences between a vision statement and a mission statement is that the mission statement:

- A. describes the profit goals
- B. has an inspirational theme
- C. has a long-term focus
- D. describes the company's societal marketing concept

48. "To refresh the world/ To Inspire moments of optimism and happiness/ To create value and make a difference." This is an example of a(n):

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



49. "Holiday Inn Burlington is dedicated to providing quality hospitality product and service. Although we try to anticipate guest concerns before they arise, we understand that every customer is an individual who requires special attention." This is a part of their \_\_\_\_\_ statement.

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

50. All of the following are often contained in a company's mission statement except:

- A. customers
- B. markets
- C. technology
- D. beliefs

51. All of the following are considered an organization's internal stakeholders except:

- A. Employees.
- B. Board Directors
- C. Advisors to the CEO
- D. Regulatory agencies

52. Which of the following statements about stakeholders is true?

- A. Employees are typically not classified as a stakeholder group.
- B. There are only three types of external stakeholders - customers, suppliers, and distributors.
- C. All stakeholders are external to the organization.
- D. Stakeholders have a stake in how well a company performs.

53. Which of the following would NOT be an example of stakeholders for a television production company like John Wells Productions?

- A. the actors that star in the television shows it produces
- B. the people that provide the sets and the props used in the television shows it produces
- C. the television critics that review the shows it produces
- D. the electronics firms that make hi-definition televisions

54. Lululemon is known for having a youthful, energetic, health-focused, and sustainable system of shared attitudes and behaviours held by the employees that distinguish it from other organizations. This is known as their

- A. corporate philosophy
- B. benefits statement
- C. culture
- D. working environment

55. PeopleSoft designs, produces, and markets software that enables companies to automate basic human-resources functions such as payroll. At its inception, the company's leaders encouraged employees to get in touch with their feelings. The work environment was laid back, employees' dogs roamed the halls, and sunny days found employees playing Frisbee on the corporate lawns. This is known as:

- A. corporate philosophy
- B. environment
- C. organizational culture
- D. corporate profile

56. Which of the following statements about organizational goals is NOT true?

- A. The terms goal and objective can be used interchangeably.
- B. In an organization, goals exist at the corporate, business, and functional levels.
- C. All lower-level goals should contribute to the achievement of higher-level goals.
- D. Goals are clear, broad descriptions of an organization's offering(s).

57. Pepsi-Co set out a task to earn \$10 million (CDN) in sales on their new Odwalla beverage, which was accomplished by the date they set. This is an example of a(n):

- A. plans.
- B. procedures.
- C. bureaucracies.
- D. goals or objectives.

58. Kodak wanting to be the top seller of digital cameras by 2013 is an example of an organizational:
- A. plan.
  - B. procedure.
  - C. bureaucracy.
  - D. goal or objective.
59. Medtronic, a world leader in heart pacemakers, is not in the medical device business but is in the business of: alleviating pain, restoring health, and extending life. This conscious effort of Medtronic defining their business shows they are paying attention to:
- A. the marketing mix
  - B. corporate culture
  - C. how narrow or broad their business is
  - D. marketing strategy
60. Some corporations choose unit sales rather than sales revenue as an organizational goal. Sales revenues can be deceiving because of:
- A. poor sales databases.
  - B. fluctuations in inventory.
  - C. unpredictable sales expenses.
  - D. inflation.

61. Which aspect of a firm, assuming classic economic theory, are shareholders most concerned about?
- A. profit
  - B. sales revenue
  - C. market share
  - D. quality
62. Brittany read on the second page of the stockholder's report for a manufacturer of automobile parts, "Our goal for the next five year period is to double our return on investment." She now knows the company has \_\_\_\_\_ goals.
- A. profit
  - B. sales revenue
  - C. market share
  - D. unit sales
63. Telus accepts their current profit level and focuses on increasing their market share, even though profitability may not be maximized. They are attempting to do what:
- A. abandon green marketing
  - B. decrease employee loyalty
  - C. maintain or increase sales
  - D. decrease social responsibility

64. Terence, a small business owner was explaining how he was planning for the upcoming holiday season, "We've got to maximize our dollars of sales because profits are adequate at the moment." From this statement, he is most concerned with \_\_\_\_\_ goals.

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

65. Bell Canada issued a statement to their shareholders that said: "sales revenue is our focus over the next five years." Shareholders created a petition because they felt their concerns were not being met. The main reason why shareholders were concerned was because Bell Canada implicitly said: "we will \_\_\_\_\_"

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

66. When the Federal Government places Carbon Tax Caps on oil sand producers in Alberta, they are trying to balance the profit goals of businesses with their \_\_\_\_\_ goals.

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

67. Facebook has a stated goal that they provide free, onsite day care for employee's children, and free, healthy lunches for employees. Facebook is concerned with:

- A. return on investment
- B. market share
- C. employee welfare
- D. sales revenue

68. Pfizer Canada offering day-care facilities to its employees; and BC Biomedical offering flex-work opportunities illustrates what type of goals?

- A. return on investment
- B. market share
- C. employee welfare
- D. sales revenue

69. Corporate executives and world leaders of each country need to find an ideal balance between protecting its environment and providing its citizens with the additional goods and services necessary to maintain and improve their standard of living. This demonstrates a concern for:

- A. corporate culture
- B. profit margin
- C. strategic direction
- D. sustainable development

70. The "Big Three" wireless carriers in Canada are constantly battling each other for customers, as a result, they frequently determine the ratio of the sales revenue of their firm to the total sales revenue of all firms in the industry, including the firm itself. The ratio they are calculating is known as:

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

71. Market share is:

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

72. When Telus calculates their market share, they calculate the ratio of their sales revenue to the total sales revenue of all:

- A. firms in the industry, including themselves
- B. firms they directly compete against
- C. firms they indirectly compete against
- D. firms in the industry



73. In a country like Zimbabwe, where inflation is a serious issue, such that, in the past, the country has experienced hyperinflation, a western company who opens an office in the country is likely to focus on which goal?

- A. profits
- B. unit sales
- C. sales revenue
- D. market share

74. Assuming all ethical and legal principles are followed, what might be the cause of a company having decreased sales revenue next year, even though they sell the same number of products as last year?

- A. inaccurate accounting practices.
- B. inflation.
- C. incomplete cost projections.
- D. inadequate sales forecasting.

75. Xbox video game consoles were developed through a joint venture between Microsoft and the WWF (World Wrestling Federation) and first marketed in the fall of 2001. Complaints about the video game began immediately after its introduction. These complaints ranged from missing parts to incorrect programming. It would seem obvious that the manufacturer of Xbox video game consoles should adopt \_\_\_\_\_ goals.

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

76. Lenovo Computers implemented a new manufacturing strategy that reduced warranty calls by 20 percent. This is an example of setting a \_\_\_\_\_ goal.

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

77. A firm that includes an ergonomic expert on staff, one that provides recommendations on chair choice to employees, is most likely concerned with:

- A. satisfaction
- B. sales revenue
- C. employee productivity
- D. employee welfare

78. Pfizer Pharmaceuticals is offering low-income senior citizens some of its most widely used prescriptions for \$15 each a month - much below the regular costs for these drugs. This program to better serve senior citizens likely grew out of a \_\_\_\_\_ goal.

- A. profit
- B. unit sales
- C. sales revenue
- D. social responsibility

79. CIBC is focused on earning a profit for employees and shareholders, while also giving back to the community through their CIBC Run For the Cure campaign, this balance of conflicting goals is referred to as.

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

80. A nonprofit organization is a nongovernmental organization that does not have profit as an organizational goal. What other quality characterizes nonprofit organizations?

- A. They make a great deal of money.
- B. They need not be concerned with efficiency.
- C. They are not concerned with quality as a rule.
- D. They serve the public good

81. An example of a private organization that does not seek profit is:

- A. Industry Canada.
- B. FedEx.
- C. the Toronto Blue Jays.
- D. the Montreal Museum for Fine Arts.

82. All organizational strategies are influenced by each of the following EXCEPT:

- A. organizational foundation.
- B. profit
- C. organizational direction.
- D. offering.

83. RIM has a number of patents around secure email technology. These patents are an example of their \_\_\_\_\_:

- A. Accomplishments
- B. Acquisitions
- C. Capacities
- D. Competencies

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

- A. synergistic capacity.
- B. market accomplishment.
- C. unsought benefit.
- D. competency.

85. Nokia has an exclusive relationship with Microsoft for their Windows operating system for their mobile phones, where no other mobile phone companies can use the Windows OS. This is an example of:
- A. Market penetration
  - B. Product differentiation
  - C. Competitive advantage
  - D. Business divergence
86. 92 percent of the Canadian population lives with 15 minutes of a Canadian Tire Store; this ability to stay close to the customer is an example of Canadian Tire's \_\_\_\_\_:
- A. benchmarking.
  - B. customer management.
  - C. mission statement.
  - D. competitive advantage.
87. A good product or service has features and characteristics that satisfy stated or implied needs. This is an example of a(n):
- A. Product concept
  - B. Core benefit proposition
  - C. Prototype
  - D. Quality product or service

88. Which of the following statements about quality as a competitive advantage is true?
- A. The only way to create a competitive advantage is by improving quality.
  - B. To be successful, a competitive advantage does not have to be unique.
  - C. An innovation can be a source of a competitive advantage.
  - D. A company must ignore costs when establishing a competitive advantage.
89. Designing a car is expensive and time-consuming even with the use of computers because until recently there was no way for all the varied departments that are involved in new car development to work together. DaimlerChrysler has created a central, Web-based system that cuts the design and production process by at least two years. This is an example of a(n):
- A. benchmarking project.
  - B. innovation-oriented mission.
  - C. competency.
  - D. operational goal implementation.
90. Evergreen Air Center is the world's biggest parking lot for unwanted aircraft. Airlines pay a monthly fee from \$750 to \$5,000 to mothball airplanes at this site. Its location is on 1,600 acres of Arizona desert. The Southwest climate serves as a cheap and effective airplane preservative. Its location is its:
- A. operational goal.
  - B. competency.
  - C. tactical mission.
  - D. benchmarked differentiator.

91. Netflix uses the internet to allow its customers to view movies and exclusive television shows. It jumped into an industry where there were no firm leaders but lots of competitors and established a loyal clientele by seizing the opportunity to provide a service that was simple to use and effective at delivering high-quality products to customers. The internet-delivery mechanism is an example of a(n) \_\_\_\_\_ for Netflix:

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

92. Toyota aggressively pushes their suppliers to follow strict delivery and production deadlines, corresponding to their Lean Manufacturing principles, allowing Toyota to have an efficient production line and offer high-value automobiles at cost-effective prices. This competence can give Toyota:

- A. a competitive advantage.
- B. benchmarking expertise.
- C. a tactical innovation.
- D. leapfrogging capabilities.

93. After Zierer GMBH, a German manufacturer of amusement park rides, built their first gravity ride, they studied the "Ride Satisfaction Scores" of their ride, along with various competitors and worked to include this information in future designs. They were engaging in:

- A. benchmarking.
- B. demarketing.
- C. swotting.
- D. resourcing.

94. Numerous consultancies provide 'Customer Satisfaction' scores for various Canadian and International airlines. When Air Canada reviews their score, in comparison to WestJet, they are engaging in.
- A. Product emulation
  - B. Research straddling
  - C. Benchmarking
  - D. Reverse engineering
95. When General Mills introduced Frosted Cheerios, it wanted to launch the product in half the time taken by any cereal manufacturer to launch a new cereal. General Mills created a team that studied the successful product launch of other companies' cereals to determine what went well and what did not. To learn these lessons from other cereal launches, General Mills used:
- A. product emulation.
  - B. research mimicry.
  - C. benchmarking.
  - D. reverse engineering.
96. Siemens manufacturing wanted to increase the efficiency of their turbine manufacturing process by implementing a lean-based methodology. In order to understand how best to do this, Siemens entered a 'learning partnership' with Toyota, where managers from Siemens would act as 'managers-for-a-week' at Toyota to learn about their lean manufacturing processes. This is an example of:
- A. spying.
  - B. racing.
  - C. benchmarking.
  - D. resourcing.



97. Which one of the following is NOT an example of the different goals that non-profit firms can pursue?
- A. market share.
  - B. profit.
  - C. employee welfare.
  - D. social responsibility.
98. 3M has developed a quality program called \_\_\_\_\_:
- A. Profit Profit Profit (3P)
  - B. Play Profit Prevent (3P)
  - C. Six Sigma
  - D. Pollution Prevention Pays (3P)
99. 3M uses a holistic approach to new and existing products that encompasses the whole product supply chain from raw materials to disposal. This approach is known as:
- A. Sustainable Product Development
  - B. Cradle-to-Grave Management
  - C. End-to-End Management
  - D. Life Cycle Management

100. As a new employee with medium-sized business in Toronto focusing on home outfitting, you analyze each of the different business areas: flooring, lighting, and furniture separately to understand the profit margins in each area. Which tool did you likely use?

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

101. Which measure below is used when conducting a business portfolio analysis?

- A. return on investment desired.
- B. market growth rate.
- C. market segment size.
- D. relative market growth.

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

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

103. All of the following are strategies to pursue after an SBU has been identified, except:

- A. build.
- B. harvest.
- C. divest.
- D. expand.

104. Gillette continues to manufacture Liquid Paper correction fluid for use with typewriters even though most of the world uses word processors. It is a small market that has little growth, but Liquid Paper has the largest market share, and Gillette invests no promotional monies in maintaining the declining product. Liquid Paper is an example of a:

- A. star.
- B. cash cow.
- C. question mark.
- D. exclamation mark.

105. Solarcom is a 25-year-old information technology company that owns several subsidiaries. One of its subsidiaries is Atlantix Global Systems, which is one of the leading wholesalers for refurbished computer equipment, an industry that is growing worldwide. According to the BCG portfolio matrix, Atlantix Global would most likely be classified as a:

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

106. Several years ago, Black & Decker purchased General Electric's small appliances product line.

General Electric did not know what to do with the line. Black & Decker purchased the line because it needed the cash infusion from a product line that had a dominant market share. Since people replace small appliances infrequently and because many are handed down from parent to child, the industry is a slow-growth one. From this information and your knowledge about the BCG portfolio analysis, you should know this small appliance line would be classified as a:

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

107. In late 1993, the Honda Motor Company unveiled the Honda Passport, announcing their entrance into the sport-utility vehicle market. Competing automakers - General Motors, Ford, and Jeep had vehicles firmly entrenched in this highly competitive market. For years Honda experienced tremendous success with their Accords, Preludes, Civics and other passenger automobiles - in fact, Honda cars were repeatedly the top selling automobiles in the U.S. Where would the Honda Passport and the Honda Accords, Preludes, and Civics fall in the BCG product portfolio matrix?

- A. The Passport would be classified as a star, and the Accords, Preludes and Civics would be classified as cash cows.
- B. The Passport would be considered a cash cow, and the Accords, Preludes, and Civics would be classified as stars.
- C. Due to the overwhelming success of Honda cars, the Passport, Accords, Preludes, and Civics would all be classified as cash cows.
- D. The Passport would be a problem child, and the other Honda offerings would be cash cows.

108. At an executive-level meeting, the Chief Marketing Officer (CMO) tells the Production Manager: "even if we double our marketing budget, there is no way it will sell! If we continue this way we will go bankrupt!" The CMO is likely referring to an SBU classified as a(n):

- A. Cash cows
- B. Stars
- C. Question marks
- D. Dogs

109. The market for the fast car with so much horsepower that handling becomes an issue is decreasing. People are more interested in buying SUVs and pickups. As a result, General Motors is stopping production of its Camaro, a car that has had limited sales recently. Since the Camaro can no longer generate enough cash to sustain its manufacture, the BCG portfolio would classify it as a:

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

110. The market for energy efficient cars is increasing, despite the price-tag often associated with these newer models. The GM Volt, an electric car, falls in this category. The car is considered to GM a:

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

111. In some cases Walmart can sell Blu-Ray movies to consumers for less than it costs a consumer to rent Blu-Rays from RedBox, a vending machine-based rental unit in many grocery stores. In response, RedBox now allows consumers to keep their Blu-Rays longer and is pushing the sales of Blu-Rays instead of just rentals. RedBox is looking at their:

- A. competencies
- B. competition
- C. benchmark
- D. innovation

112. One of the strengths inherent in the use of the BCG portfolio analysis is the fact that it:

- A. is remarkably easy to locate an SBU on the BCG matrix.
- B. considers all factors that might impact an SBU's value to an organization.
- C. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
- D. forces firms to assess their SBUs in terms of relative market share and industry growth rate.

113. One of the weaknesses inherent in the use of the BCG portfolio analysis is that it:

- A. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
- B. it is often difficult to get needed information on market growth and market share.
- C. considers so many SBU factors beyond market growth rate and relative market share.
- D. does not require forecasts in order to be implemented.

114. The market for mobile phones can change very rapidly, if RIM uses a BCG portfolio analysis for their new BlackBerry, one downfall of using this tool may be:

- A. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
- B. by the time decisions are made, market conditions have may changed.
- C. considers so many SBU factors beyond market growth rate and relative market share.
- D. does not require forecasts in order to be implemented.

115. When a firm decides to double their marketing budget for a product that sells consistently, they are using which strategy:

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

116. Kraft Foods decides to sell their Mac 'N Cheese product to India, without changing the product formulation or design. Kraft is following which strategy?

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

117. Massachusetts-based BJ's Wholesale (third in sales among members-only retail chains) recently opened its first stores in Georgia in 2012. This is an example of:

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

118. When Gulfstream Aerospace Corp. (GAC) sold 3 Gulfstream V business jet aircraft to the Israeli Ministry of Defense for use as Special Electronic Mission Aircraft, the first sale to a Middle Eastern country, GAC followed which strategy?

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

119. Assume McDonald's is engaging in a market development strategy. Which of the following actions best illustrates a market development strategy?

- A. opening the first McDonald's in China
- B. developing a line of McDonald's toys to be sold through Toys R Us stores
- C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
- D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase



120. Yorkdale Mall hopes to increase traffic in the shopping center by offering free lunches to children in mall restaurants on Tuesdays. This promotion is directed to families who currently do not shop at the mall. This is an example of the implementation of a \_\_\_\_\_ strategy.

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

121. The World Wrestling Federation (WWF) manages professional wrestling matches. In addition, the WWF owns and operates a successful club in NYC; it is partnered with Microsoft to manufacture Xbox video game consoles; it produced its own reality-based television show; and it has licensed and marketed a number of WWF-related toys and collectibles. All of these efforts have been targeted to fans of professional wrestling. From this description, you could say that the WWF has adopted a \_\_\_\_\_ strategy.

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

122. Which of the following actions would best illustrate a diversification strategy for McDonald's (the fast food restaurant)?

- A. opening the first McDonald's in China
- B. developing a line of McDonald's toys to be sold through Toys R Us stores
- C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
- D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase

123. Nike offers a new version of a running shoe to an established shoe market; this product strategy is known as:

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

124. Matsura Industries distributes candy and coffee through its vending machines in Tokyo. The addition of sandwich vending machines to the same market is an example of a \_\_\_\_\_ strategy.

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

125. In its inception, Transportation Safety Technologies, Inc. produced and sold safety devices to make the trucking industry safer especially on long hauls across North America. It soon realized that transporting goods across U.S. borders by truck was expensive and time-consuming for the truckers. Dozens of government agency approvals and costly downtime hamper the process. Transportation Safety Technologies, Inc., has recently begun providing its trucking companies with International Trade Data Systems (ITDS). This system stores information about each shipment in a centralized database, which can be accessed at border checkpoints and eliminate the need for costly manual inspections. This is an example of the implementation of a \_\_\_\_\_ strategy.

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

126. Which of the following actions best illustrates a product development strategy for McDonald's?

- A. opening the first McDonald's in China
- B. developing a line of McDonald's toys to be sold through Toys R Us stores
- C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
- D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase

127. Starbucks created a corporate strategy that said: For every town in North America that has a population of 50,000, we will have at least two Starbucks stores. This is an example of which strategy?

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

128. Assume McDonald's is engaging in a market penetration strategy. Which of the following actions best illustrates a market penetration strategy?

- A. opening the first McDonald's in China
- B. developing a line of McDonald's toys to be sold through Toys R Us stores
- C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
- D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase

129. For several years, advertisements for Arm & Hammer baking soda have prompted consumers to place an opened box of the product in the refrigerator to lessen food odour and to replace that box monthly. The same ads advise customers to pour the used box down their kitchen sinks to freshen drains. Arm & Hammer employed a \_\_\_\_\_ strategy in its attempt to sell more baking soda.

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

130. Loyal consumers have found numerous uses for WD-40 lubricating spray beyond what its manufacturer intended. A few years ago, its manufacturer ran a contest asking people to send in ways that they used the product. For example, some respondents said they were using the product as an insect killing spray (and some people really were). By capitalizing on the unforeseen ways its product gets used, the WD-40 manufacturer could implement a \_\_\_\_\_ strategy.

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

131. NDCHealth Corp. is a U.S.-based company that provides pharmaceutical manufacturers with market research on prescription drug sales. It recently started distributing commonly-used prescription drugs in the United Kingdom. Since it was new to the wholesaling end of the pharmaceutical business, NDCHealth was implementing a \_\_\_\_\_ strategy.

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

132. Zippo, which traditionally manufactures lighters, is considering offering motorcycle helmets. This is an example of which strategy?"

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

133. Visiting Rollerblade's website shows that the company recently launched a new extendible children's skate. This is an example of which market-product strategy for Rollerblade?

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

134. If McDonald's Canada decided to diversify its business offerings into a new area like financial services, their marketing strategy would be:

- A. market penetration.
- B. market development.
- C. related diversification.
- D. unrelated diversification.

135. If McDonald's Canada decided to diversify its business offerings by buying out and operating a company like Red Lobster, their marketing strategy would be.

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

136. Coca-Cola introducing a new line of chai tea is an example of which market-product strategy?

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

137. Every morning, the Marketing Manager for Whirlpool looks at an Excel spreadsheet that visually shows the sales of the previous day, categorized by retail outlet and advertising spend. This Manager is likely using which tool:

- A. marketing dashboard.
- B. marketing metric.
- C. marketing plan.
- D. marketing analysis.

138. The Marketing Manager at Whirlpool assesses the difference in sales of two retail outlets based on the advertising spend by each outlet. This item the Manager is assessing is known as a(n):

- A. marketing dashboard.
- B. marketing metric.
- C. marketing plan.
- D. marketing analysis.

139. An approach whereby an organization allocates its marketing mix resources to reach its target markets is known as:

- A. the calibrated marketing process
- B. the strategic marketing process
- C. the situational marketing process
- D. the developmental market analysis

140. The key steps of planning, implementation, and control are part of what is called:

- A. gap analysis.
- B. the strategic marketing process.
- C. the situational marketing process.
- D. the developmental market analysis.

141. The Marketing Manager at Pepsi describes to a new employee that her first major task is to develop a road map for Pepsi One. The new employee is confused, until he realizes that the Manager is referring to a(n) \_\_\_\_\_ for Pepsi One.

- A. marketing plan.
- B. 4Ps assessment.
- C. social media plan.
- D. SWOT analysis



142. What are the three steps involved in the PLANNING phase of the strategic marketing process?

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

143. When Samsung considers launching a new smartphone, the first step the marketing department engages in is:

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

144. Taking stock of where an organization has been recently, where it is now, and where it is headed in light of the organization's plans and the external factors and trends affecting it is called the:

- A. systems analysis.
- B. strategic market planning.
- C. goal setting.
- D. situation analysis.

145. The components of strengths and weaknesses are often considered as which part of the situational analysis:

- A. internal to the organization
- B. external to the organization
- C. both internal and external to the organization
- D. not part of the situational analysis

146. Myers Apple Farm discovers the trend that consumers are more focused about buying locally produced and heirloom varieties of apples. Which aspect of the situational analysis is this considered:

- A. SWOT analysis.
- B. opportunity
- C. strength
- D. market trend

147. In the 1980s, poor quality and Japanese imports drove the Harley-Davidson motorcycle company to brink of bankruptcy. The company's share of the U.S. super-heavy-weight market - motorcycles with engine capacity of 850 cubic centimeters or more - collapsed from more than 40 percent in the mid-1970s to 23 percent in 1983. However, by 1989, Harley-Davidson controlled some 65 percent of the U.S. market; and both in the U.S. and overseas markets, the company won't be able to meet demand for years. From a marketing perspective, what was the likely first step in Harley-Davidson's resurgence?

- A. development of a new mission statement and subsequent marketing strategy
- B. repositioning their product in the minds of motorcycle buyers
- C. performing a SWOT analysis
- D. seeking new markets for the motorcycles both in the U.S. and in foreign markets

148. A television production company was looking for an idea for a new show and approached Emeril Lagasse, a charismatic chef that frequently appears on the Food Channel. It was decided the production company would build a show based around Lagasse's life. While the casting of the popular Lagasse insured people would watch the first couple shows, poor scripts led to the cancellation of the show. In terms of the SWOT analysis, the casting of Lagasse was a \_\_\_\_\_, and the poor scripts were a \_\_\_\_\_.

- A. strength; weakness
- B. weakness; threat
- C. threat; opportunity
- D. opportunity; threat

149. In the early months of 2002, strikes throughout Nigeria almost led to the country's financial ruin. For a company trying to do business in Nigeria during those months, the strikes would be an example of a(n):

- A. strength.
- B. weakness.
- C. threat.
- D. opportunity.

150. The terrorists' attack on the World Trade Center and the Pentagon led to many changes in the way people conducted their everyday lives. One outgrowth of this attack was a need to reconnect with old friends through the sending of greeting cards. American Greetings announced a significant increase in sales that it directly relates to events on September 11. For American Greetings the terrorists' attacks was an example of a(n):

- A. strength.
- B. weakness.
- C. threat.
- D. opportunity.

151. Situation analysis requires a firm to consider both internal and external factors. Which of the following is NOT an example of an external factor?

- A. competitive
- B. technological
- C. consumer demand
- D. departmental objectives

152. The goal of a SWOT analysis is to:

- A. identify those critical factors that can have a major effect on the firm.
- B. keep top management placated.
- C. discover areas for diversified investment outside the firm's marketing areas.
- D. develop new products for new market segments.

153. A June 1998 Congressional initiative mandated that the U.S. Department of Transportation (USDOT) establish a national traffic information collection system. The marketing manager of a company that provided traffic reports for local radio stations would most likely incorporate which aspect of this knowledge into its SWOT analysis as:

- A. a strength if the company has an existing working relationship with the USDOT.
- B. a weakness if the USDOT will give this information directly to the radio stations.
- C. a threat if the company that provides local traffic information has no employees technologically capable of using the USDOT system.
- D. a threat if the USDOT is creating a network of local traffic-information providers to address the mandate.

154. When deciding how the products Pepsi One will differ from Diet Pepsi, Pepsi must develop an effective:

- A. marketing program.
- B. market divestiture.
- C. market dramatization.
- D. product demonstration.

155. Ford Motor Company of Canada lumps together prospective buyers that share common needs for purchasing a new vehicle. What is Ford engaged in:

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

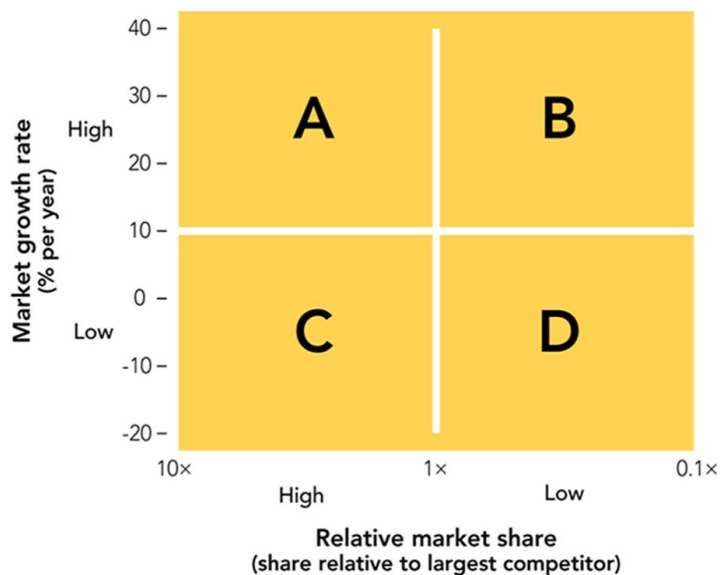
156. Categorizing a group of consumers for soda on the basis of whether they wanted sugar-free and caffeine-free, caffeine-free but with sugar, or regular with sugar and caffeine is an example of:

- A. Aggregation marketing
- B. Market segmentation
- C. Market clustering
- D. Profiling

157. A toothbrush manufacturer sells several lines of toothbrushes. One line is for small children, one line is for people with gum problems, and one is for people who wear dentures. This product differentiation is the result of:

- A. organizational strengths.
- B. market programming.
- C. market segmentation.
- D. distinctive competencies.

Figure 2-4



158.SBUs found in quadrant "A" (Figure 2-4) would be called

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

159.SBUs found in quadrant "B" (Figure 2-4) would be called

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

160.SBUs found in quadrant "C" (Figure 2-4) would be called

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

161.SBUs found in quadrant "D" (Figure 2-4) would be called

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

162. Goal setting as used in the text requires that the marketing manager set measurable \_\_\_\_\_ to be achieved.

- A. financial limits
- B. marketing objectives
- C. quality standards
- D. production quotas

163. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's manufacturer is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. This is an example of:

- A. consumer standards.
- B. perceptual segments
- C. marketing armaments.
- D. points of difference.

164. Having a high-definition (HD) screen on a computer tablet, when all competitive substitutes do not, is considered a:

- A. consumer standards.
- B. perceptual segments
- C. marketing armaments.
- D. point of difference.



165. At which step of the planning stage of the strategic marketing process does a firm develop the program's marketing mix?

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

166. All of the following are critical components of a cohesive marketing program, except:

- A. product
- B. price.
- C. promotion.
- D. advertising.

167. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's name is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. What element of the marketing program is being considered when the company's owner decided initially to market the perfumes in a limited number of very exclusive specialty department stores?

- A. product
- B. price
- C. promotion
- D. place

168. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's name is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. Which element of the marketing program is being considered when the company's owner decides to add scents that evoke colors?

- A. product
- B. price
- C. promotion
- D. place

169. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's name is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. Which elements of the marketing program were being considered when the company's owner decided initially to market the perfume in 1-ounce coloured glass bottles that would not always be sold at list price?

- A. price and place
- B. place and promotion
- C. price and product
- D. promotion and price

170. Sheila Murray, brand director at Starbucks, had to determine how much to spend and then obtain funding to run a new national radio and print ad campaign. When it comes to implementing her plan, what component is Sheila paying attention to?

- A. obtaining resources.
- B. designing the marketing organization.
- C. developing schedules.
- D. executing the marketing program.

171. Two major elements of the implementation phase of the strategic marketing process are:

- A. segmenting the market and selecting target markets.
- B. establishing a business mission and designing measurable goals and objectives.
- C. designing the marketing mix and setting the budget.
- D. executing the marketing program and designing the marketing organization.

172. When BellSouth made plans to increase its presence in the lucrative Latin American market, some of its employees decided BellSouth needed to acquire the rest of Telefonía Cellular de Nicaragua, one of its subsidiaries in Latin America. To do so, they paid a substantial sum to the wife of a Nicaraguan legislator who was responsible for legal changes that were needed to allow Telefonía to become completely owned by BellSouth. This payment was in direct violation of U.S. law, and BellSouth had to pay a hefty fine and divest itself of its illegal acquisition. In which phase of the strategic marketing process did the BellSouth strategy fail?

- A. the goal-setting phase
- B. the implementation phase
- C. the control phase
- D. the strategic development phase

173.Xbox video game consoles were developed through a joint venture between Microsoft and the WWF (World Wrestling Federation). Plans were made to rush the product to market to counter new Playstation and Nintendo consoles that were also being released about the same time. Complaints about the video game began immediately after its introduction. These complaints ranged from missing parts to incorrect programming.

In which phase of the strategic marketing process did the Xbox strategy fail?

- A. the goal-setting phase
- B. the implementation phase
- C. the control phase
- D. the strategic development phase

174.A marketing strategy is the means by which a marketing goal is to be achieved. Two factors that usually characterizing a marketing strategy are:

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

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

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

176. Apple's marketing department has specified a target market for the iPhone 5C, the subsequent actions undertaken to realize their goal of strong sales in this market is known as:

- A. plan
- B. procedure
- C. strategy
- D. concept

177. Pizza-Pizza updates their Twitter and Facebook daily, highlighting local specials and interesting tid-bits about their products, these daily actions are known as marketing:

- A. strategies
- B. tactics
- C. social media presence
- D. social media marketing.

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

- A. tactics.
- B. missions.
- C. visions.
- D. strategies.

179. At a recent executive meeting, the marketing manager said: "starting tomorrow, we will Tweet five times a day!" This decision is an example of a(n):

- A. marketing tactic
- B. marketing strategy
- C. rash decision
- D. un-analyzed decision

180. Six months into a new marketing program, the Manager assesses the current metrics of the plan to the original forecasted results. When she realizes that sales are not on target and the plan must be adjusted, she is:

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

181. McCain is the largest French Fries provider to the food service and institutional market segment.

When McCain decides to have a presence in over 100 countries, even if they are not profitable, their growth strategy is:

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

182. McCain is the largest French Fries provider to the food service and institutional market segment.

When McCain decides to branch out from the frozen foods category into the ready-to-serve beverage market, their growth strategy is:

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

183. Mars Incorporated targets health-conscious females by advertising its 3 MUSKETEERS→ Bar which has "45 percent less fat than average of the leading chocolate brands." It uses clever television ads to promote this product benefit and is achieving good sales results using this strategy. What phase of the Strategic Marketing Process is Mars at?

- A. the advertising phase
- B. the implementation phase
- C. the control phase
- D. the planning phase

184. Mars Incorporated targets health-conscious females by advertising its 3 MUSKETEERS→ Bar which has "45 percent less fat than average of the leading chocolate brands." It uses clever television ads to promote this product benefit and is achieving good sales results using this strategy. Mars is \_\_\_\_\_ in the implementation phase of the strategic marketing process.

- A. obtaining resources
- B. designing the marketing organization
- C. developing schedules
- D. executing the marketing program

185. Mars Incorporated targets health-conscious females by advertising its 3 MUSKETEERS→ Bar which has "45 percent less fat than average of the leading chocolate brands." It uses clever television ads to promote this product benefit and is achieving good sales results using this strategy. Mars is \_\_\_\_\_ in the second stage of the strategic marketing process.

- A. executing the marketing program
- B. planning the marketing program
- C. designing the marketing organization
- D. determining the marketing strategy

186. Describe the composition of the three levels within organizations.

The three levels are:



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

188. What is the source of cross-functional conflict and how can it be overcome?

189. What is a corporate mission? How can it be used as a motivational tool?

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

191. Name and briefly describe the seven types of corporate goals set in advance of work?

The seven types of corporate goals set in advance of work are:

192. What are the three levels of strategy in organizations? Describe each.

193. One of the most recognized approaches to business portfolio analysis is the Boston Consulting Group's growth-share matrix. By dividing each dimension into high and low categories, the matrix contains four cells. Briefly describe the four quadrants of the matrix.

BCG has given specific names and descriptions to the four quadrants in its growth-share matrix.

They are as follows:

194. The Boston Consulting Group's business portfolio analysis model can be used to guide a firm as it tries to change its relative market share (the factor on the horizontal axis). What conscious decisions can management make on the role each SBU should have in the future and how money should be budgeted for its operations?

195. Identify and describe the four market-product strategies an organization uses to identify alternative market opportunities.

The four market-product strategies an organization uses to identify alternative market opportunities are:

196. Identify the three phases of the strategic marketing process and briefly describe what happens during each phase.

The three phases of the strategic marketing process are the Planning Phase, the Implementation Phase, and the Control Phase.

197. Identify and describe the four critical factors in a SWOT analysis that help an organization identify the critical strategy-related factors that could have major effects on it.

The four critical factors in a SWOT analysis are:

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

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

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

The four components of the implementation phase of the strategic marketing process are:

201. What are the basic differences between marketing strategies and marketing tactics?

202. What is the purpose of the control phase of the strategic marketing process? How is control accomplished?

203. A SWOT analysis can be useful in helping Ben & Jerry's identify new ice cream flavours and social responsibility programs that will contribute to its mission. What elements might *their* SWOT analysis contain?

204. Many traditional educational institutions are facing budgetary constraints. Using the four market-product strategies as a framework for your answer, how might these institutions profitably expand in the new economy?

205. Describe the advantages of integrating social media metrics, such as website traffic sources, click-through-rates, cost-per-click, page views, and page-view-flows, into a marketing dashboard?





# Chapter 02 Developing Successful Marketing Strategies **Key**

1. Which of the following is NOT one of Canadian Tire's core businesses?

- A. Canadian Tire Retail.
- B. Canadian Tire Travel Services.**
- C. PartSource.
- D. Canadian Tire Financial Services.

(Chapter Opening Example) Canadian Tire's five core businesses are Canadian Tire Retail, which is a retail chain offering automotive parts, sports and leisure, and home products; PartSource, an automotive parts specialty chain store; Canadian Tire Financial Services, which manages the second largest MasterCard franchise; Canadian Tire Petroleum, Canada's largest independent gasoline retailer; and Mark's, a leading apparel retailer.

*Blooms: Remember*

*Crane - Chapter 02 #1*

*Difficulty: Easy*

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

2. Canadian Tire is a Canadian success story. Canadian Tire employs more than 70,000 Canadians and has revenues of close to \_\_\_\_\_ annually.

- A. \$5 billion
- B. \$7.5 billion
- C. \$6 billion
- D. \$10 billion

See chapter-opening article.

*Blooms: Understand*

*Crane - Chapter 02 #2*

*Difficulty: Easy*

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

3. Which new initiatives demonstrate an understanding of the direction of Canadian Tire of: "creating customers for life and shareholder value," by the marketing department?

- A. mobile application
- B. "Canadiana" products
- C. only using Made-In-Canada products
- D. using a CRM tool

(Chapter Opening Example) The organizational direction of the company is set by a focus on "creating customers for life and shareholder value." New initiatives to do so include its new digital initiatives, such as its highly rated mobile app, as well as a new store format called the Smart Store, which emphasizes creating and delivering customer experiences.

*Blooms: Apply*

*Crane - Chapter 02 #3*

*Difficulty: Medium*

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

4. In today's global competition, it is important to recognize the kinds of organizations that exist. Organizations can basically be divided into two categories:

- A. privately owned and publically owned.
- B. regulated and unregulated.
- C. domestic and multi-national.
- D. business and non-profit.

Understanding the kinds of organizations, the levels that exist in them, and the functional areas help understand large organizations.

*Blooms: Understand*

*Crane - Chapter 02 #4*

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

5. Plan Canada, a nongovernmental organization that serves its customers but does not have profit as an organizational goal is considered a

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

Text term definition - non-profit organization

*Blooms: Understand*

*Crane - Chapter 02 #5*

*Difficulty: Easy*

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

6. Ford, GM, and Toyota, all develop automobiles. This group create a(n):
- A. product market.
  - B. conglomerate.
  - C. industry.
  - D. cartel.

Organizations that develop similar offerings, when grouped together, create an *industry*, such as the computer industry or the automobile industry.

*Blooms: Apply*

*Crane - Chapter 02 #6*

*Difficulty: Medium*

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

7. John's Auto Wreckers is a privately owned organization that serves its customers in order to earn a profit is called a:
- A. business firm.
  - B. nonprofit organization.
  - C. community action program.
  - D. manufacturing agent.

Text term definition - business firm

*Blooms: Apply*

*Crane - Chapter 02 #7*

*Difficulty: Easy*

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

8. George's Computer Repairs is focused on earning money for its owners, while Plan Canada is focused on solving community issues overseas and is not concerned about earning a profit. The contrast between these two is:

- A. George's Computer Repairs is considered a business, while Plan Canada is considered a nonprofit organization
- B. George's Computer Repairs is a shareholder company, while Plan Canada is a for profit company
- C. George's Computer Repairs is a nonprofit, while Plan Canada is a for profit company D. Both serve customers, so there is no contrast between the two

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

*Blooms: Apply*

*Crane - Chapter 02 #8*

*Difficulty: Medium*

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

9. While undertaking risk to offer the iPhone, Apple Computers is rewarded by receiving the following reward:

- A. Shareholders' equity
- B. Profit
- C. Inventory turnover
- D. Contribution margin

Key term definition - profit

*Blooms: Apply*

*Crane - Chapter 02 #9*

10. At Apple Computers, the financial department considers the profit earned at the end of the day as:

- A. the point at which company assets equal company liabilities.
- B.** the money left over after a firm's total expenses are subtracted from its total revenues.
- C. the goodwill earned from implementing the societal marketing concept.
- D. the money earned as long as the economic order quantity is maintained.

Key term definition - profit

11. A legal entity of people who share a common mission is referred to as a(n):

- A. special interest group.
- B.** organization.
- C. lobby group.
- D. industry.

Key term definition - organization

12. Telus offers several mobile phone plans, which of the following best describes what constitutes their potential *offerings*?
- A. products and services.
  - B.** products, services, ideas and experiences.
  - C. physical goods and services.
  - D. products only.

Key term definition - offerings

*Blooms: Understand*

*Crane - Chapter 02 #12*

*Difficulty: Easy*

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

13. Telus' goal in offering a specific phone that is not offered by any of the other mobile phone carriers in Canada is focused on achieving a long term advantage to deliver a unique customer experience. This is known as:
- A. corporate planning.
  - B. market development.
  - C.** strategy.
  - D. customer relationship management.

Key term definition - strategy

*Blooms: Apply*

*Crane - Chapter 02 #13*

*Difficulty: Medium*

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

14. Large organizations can be extremely complex. They usually consist of \_\_\_\_\_ organizational level(s) whose strategy is linked to marketing:

A. two.

B. four.

C. five.

D. three.

Figure 2-1

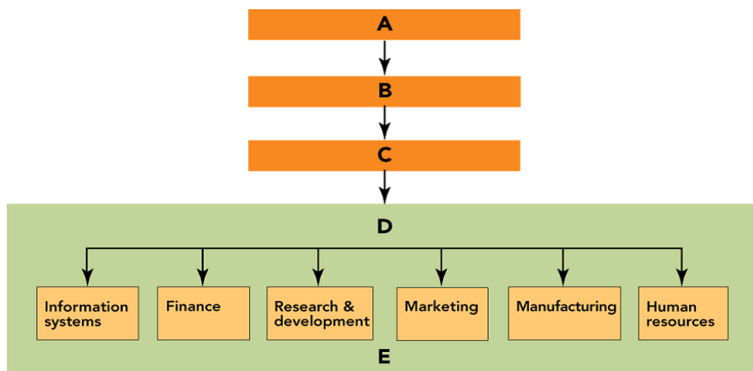
*Blooms: Understand*

*Crane - Chapter 02 #14*

*Difficulty: Easy*

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

Figure 2-1



*Crane - Chapter 02*



15. In Figure 2-1, "A" represents the:

- A. functional-level strategy level.
- B. Board of Directors.
- C. corporate-level strategy level.
- D. CEO.

Figure 2-1

*Blooms: Understand*

*Crane - Chapter 02 #15*

*Difficulty: Easy*

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

16. In Figure 2-1, "B" represents the

- A. functional-level strategy level.
- B. Board of Directors.
- C. corporate-level strategy level.
- D. departments.

Figure 2-1

*Blooms: Understand*

*Crane - Chapter 02 #16*

*Difficulty: Easy*

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

17. In Figure 2-1, "C" represents the

- A. business-unit strategy level.
- B. Board of Directors.
- C. corporate-level strategy level.
- D. functional-level strategy level.

Figure 2-1

*Blooms: Understand*

*Crane - Chapter 02 #17*

*Difficulty: Easy*

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

18. In Figure 2-1, "D" represents the

- A. business-unit strategy level.
- B. functional-level strategy level.
- C. corporate-level strategy level.
- D. Board of Directors.

Figure 2-1

*Blooms: Understand*

*Crane - Chapter 02 #18*

*Difficulty: Easy*

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

19. In Figure 2-1, "E" represents

- A. Board of Directors.
- B. corporate-level strategy level.
- C. departments.
- D. functional-level strategy level.

Figure 2-1

*Blooms: Understand*

*Crane - Chapter 02 #19*

*Difficulty: Easy*

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

20. The 'Alternative Energy Group' of GE likely has which focus:

- A. directs overall strategy for the organization.
- B. markets a set of related products to a clearly defined group of customers.
- C. has marketing and other specialized activities.
- D. also has a comparable non-business unit.

Key term definition - strategic business unit

*Blooms: Apply*

*Crane - Chapter 02 #20*

*Difficulty: Medium*

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

21. In a new marketing role, your manager says: "You will be responsible for five SBUs." You give a puzzled look before remembering that SBU stands for:

- A. strategic business unit.
- B. standard business unit.
- C. strategic benefit of usage.
- D. service business unit.

Multimarket, multiproduct firms manage a portfolio of businesses, variously termed strategic business units (SBUs), strategic business segments, and product-market units.

*Blooms: Remember*

*Crane - Chapter 02 #21*

*Difficulty: Medium*

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

22. The overall strategy for the entire organization is decided at which level in a complex organization.

- A. functional
- B. board
- C. corporate
- D. tactical

Key term definition - corporate level

*Blooms: Remember*

*Crane - Chapter 02 #22*

*Difficulty: Medium*

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

23. Research Development Manager, Marketing Manager, and Audit Manager are specialist roles likely found at which business unit level?

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

Key term definition - functional level

*Blooms: Apply*

*Crane - Chapter 02 #23*

*Difficulty: Medium*

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

24. The fundamental objective for the Marketing Manager and HR Manager is to:

- A. create value for the organization
- B. market products and hire people
- C. sell products and fire people
- D. manage their direct reports

key term definition - functional level.

*Blooms: Apply*

*Crane - Chapter 02 #24*

*Difficulty: Understand*

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

25. Business unit managers at Bell Canada decide on the direction for their residential products and markets every six months. This decision making occurs at which unit level in the organization.

- A. strategic business unit
- B. corporate level
- C. board of directors
- D. functional unit level

Key term definition - strategic business unit level

*Blooms: Apply*

*Crane - Chapter 02 #25*

*Difficulty: Medium*

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

26. For less complex firms with a single business focus, which two organizational levels may merge?

- A. corporate-level and business unit-level.
- B. corporate-level and strategic business unit-level.
- C. strategic business-unit level and functional-level.
- D. marketing and research and development.

Key term definition - strategic business unit level

*Blooms: Remember*

*Crane - Chapter 02 #26*

*Difficulty: Medium*

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

27. Craig Conway is CEO of a software design company named PeopleSoft, a company that has automated many human resource functions such as tracking vacation time. Conway operates at the \_\_\_\_\_ level of his organization.

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

The corporate level is where top management directs overall strategy for the entire organization.

*Blooms: Apply*

*Crane - Chapter 02 #27*

*Difficulty: Difficult*

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

28. The marketing leadership group at Rogers Wireless that identifies value-creating opportunities is known as the:

- A. strategic business unit level.**
- B. corporate unit level.
- C. functional unit level.
- D. board level.

Marketing's activities tie to each of the three levels (corporate, business unit, functional). At the strategic business unit level marketing may be asked to provide leadership in developing integrated programs across all business units based on identifying value-creating opportunities.

*Blooms: Understand*

*Crane - Chapter 02 #28*

29. In a large corporation with multiple business units, the marketing department may be called upon to:

- A. allocate financial resources across business units.
- B. set the overall mission of the company.
- C. allocate shareholder dividends through a large financial institution.
- D. assist managers at higher levels to assess environmental trends or aid in their strategic planning efforts.

In a large corporation with multiple business units, marketing may be called on to assess consumer trends as an aid to corporate planning.



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

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

The corporate level is where top management directs overall strategy for the entire organization.

*Blooms: Apply*

*Crane - Chapter 02 #30*

*Difficulty: Difficult*

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

31. In the marketing department of Pepsi, the entry-level staff, such as Business Analysts, are responsible for doing most of the organization's work. Their level in the organization is known as?

- A. strategic
- B. product
- C. functional
- D. business unit

See the lowest level of Figure 2-1 where marketing serves as part of a team of functional specialists. This is the level at which customers are listened to, products are designed and produced, and customers' needs are satisfied.

*Blooms: Apply*

*Crane - Chapter 02 #31*

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

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

These chief marketing officers have an increasingly important role in top management because of their ability to think strategically. Most bring multi-industry backgrounds, cross-functional management expertise, analytical skills, and intuitive marketing insights to their job, which enables them to create and deliver value to the organization and its customers.

33. Specialists from all the functional units who analyze, implement, and control programs to accomplish the corporate and business strategic directions usually serve as members to a:
- A. department
  - B. system
  - C. organization
  - D. team

The marketing department does not work alone but works with all departments to deliver customer value and satisfaction.

*Blooms: Understand  
Crane - Chapter 02 #33  
Difficulty: Medium*

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

34. John is from the marketing department, Stephen is from the finance department, Jo is from the product department, and Janelle is from the customer service department. Together they are responsible for developing a new product to reach a company performance goal. These individuals are referred to as a(n):
- A. inter-disciplinary group
  - B. matrix group
  - C. cross-functional team
  - D. multi-disciplinary team

Key term definition - cross-functional team.

*Blooms: Apply  
Crane - Chapter 02 #34  
Difficulty: Medium*

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

35. In terms of an organization's vision, Kodak Eastman may have lost business because they:
- A. are too slow and cumbersome.
  - B. defined their business too narrowly.
  - C. defined their business too broadly.
  - D. priced their services too high.

Kodak Eastman famously did not see the 'digital photography' trend happening because their vision at the time was too narrowly focused

*Blooms: Apply*

*Crane - Chapter 02 #35*

*Difficulty: Difficult*

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

36. Sometimes cross-functional teams will have representatives from outside the organization such as:
- A. suppliers and customers.
  - B. consultants and retired CEOs.
  - C. opinion leaders.
  - D. competitors.

Cross-functional team efforts involve specialists from all the functional units (different disciplines) who can analyze who implement, and control programs to accomplish the corporate and business strategic directions. Sometimes these teams will have representatives from outside the organization, such as suppliers or customers, to assist them.

*Blooms: Apply*

*Crane - Chapter 02 #36*

*Difficulty: Difficult*

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

37. Which of the following statements regarding the strategic business unit level is most accurate?
- A. The strategic business unit level is the level that works most directly with the targeted customers.
  - B. The overall strategy for the organization is directed at the strategic business unit level.
  - C. In more complex organizations the corporate level and the strategic business unit level may merge.
  - D. The strategic direction is more specific at the strategic business unit level than at the corporate level.

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

*Blooms: Apply*

*Crane - Chapter 02 #37*

*Difficulty: Difficult*

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

38. Determining the target market and designing marketing programs to reach this target market is a specialized marketing function. This is accomplished by the marketing:
- A. team.
  - B. group.
  - C. partnership.
  - D. department.

Text term definition—department

*Blooms: Understand*

*Crane - Chapter 02 #38*

*Difficulty: Medium*

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

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

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

*Blooms: Apply*

*Crane - Chapter 02 #39*

*Difficulty: Difficult*

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

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

*Blooms: Apply*

*Crane - Chapter 02 #40*

*Difficulty: Difficult*

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

41. In terms of an organization's vision, railroads may have lost business because they:
- A. are too slow and cumbersome.
  - B.** defined their business too narrowly.
  - C. defined their business too broadly.
  - D. priced their services too high.

Railroads may have let other forms of transportation take business away from them because they perceived themselves in the railroad business instead of the transportation business. This definition was too limited and it hurt railroads because they failed to design effective marketing strategies to compete with trucks, buses, airlines, and automobiles.

*Blooms: Apply*

*Crane - Chapter 02 #41*

*Difficulty: Difficult*

42. Railroads may have let other forms of transportation take business away from them because their definition included only the railroad business, rather than the broader definition of:

- A. transportation.
- B. aerospace.
- C. entertainment.
- D. retailing.

The narrow definition used by railroads hurt them because they failed to design effective strategies to compete with a broad range of transportation competitors, including airlines, trucks, bus lines, and cars.

Blooms: Apply

Crane - Chapter 02 #42

Difficulty: Medium

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

Figure 2-2



Crane - Chapter 02



43. In Figure 2-2, section "A" represents the "why" element of visionary organization. This is referred to as

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

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

*Blooms: Apply*

*Crane - Chapter 02 #43*

*Difficulty: Medium*

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

44. In Figure 2-2, section "B" represents the "what" element of visionary organization. This is referred to as

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

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

*Blooms: Apply*

*Crane - Chapter 02 #44*

*Difficulty: Medium*

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

45. In Figure 2-2, section "C" represents the "how" element of visionary organization. This is referred to as

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

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

*Blooms: Apply*

*Crane - Chapter 02 #45*

*Difficulty: Medium*

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

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

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

This requires a visionary organization to specify its foundation (why does it exist?), set a direction (what will it do?), and formulate strategies (how will it do it?) as shown in Figure 2-2.

*Blooms: Apply*

*Crane - Chapter 02 #46*

*Difficulty: Medium*

47. One of the key differences between a vision statement and a mission statement is that the mission statement:

- A. describes the profit goals
- B. has an inspirational theme**
- C. has a long-term focus
- D. describes the company's societal marketing concept

Key term definition - mission

*Blooms: Understand*

*Crane - Chapter 02 #47*

*Difficulty: Medium*

48. "To refresh the world/ To Inspire moments of optimism and happiness/ To create value and make a difference." This is an example of a(n):

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

Key term definition - mission

*Blooms: Remember*

*Crane - Chapter 02 #48*

*Difficulty: Easy*

49. "Holiday Inn Burlington is dedicated to providing quality hospitality product and service. Although we try to anticipate guest concerns before they arise, we understand that every customer is an individual who requires special attention." This is a part of their \_\_\_\_\_ statement.

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

A mission is a statement of the organization's scope. This statement often identifies its customers, markets, products, technology, and values.

*Blooms: Apply*

*Crane - Chapter 02 #49*

*Difficulty: Medium*

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

50. All of the following are often contained in a company's mission statement except:

- A. customers
- B. markets
- C. technology
- D. beliefs

A mission is a statement of the organization's scope. This statement often identifies its customers, markets, products, technology, and values.

*Blooms: Apply*

*Crane - Chapter 02 #50*

*Difficulty: Medium*

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

51. All of the following are considered an organization's internal stakeholders except:
- A. Employees.
  - B. Board Directors
  - C. Advisors to the CEO
  - D. Regulatory agencies

Organizations must connect not just with their employees but with all their stakeholders. Stakeholders are individuals or groups, either within or outside an organization, that relate to it in what it does and how well it performs.

*Blooms: Understand  
Crane - Chapter 02 #51  
Difficulty: Medium*

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

52. Which of the following statements about stakeholders is true?
- A. Employees are typically not classified as a stakeholder group.
  - B. There are only three types of external stakeholders - customers, suppliers, and distributors.
  - C. All stakeholders are external to the organization.
  - D. Stakeholders have a stake in how well a company performs.

Organizations must connect not just with their employees but with all their stakeholders. Stakeholders are individuals or groups, either within or outside an organization, that relate to it in what it does and how well it performs.

*Blooms: Understand  
Crane - Chapter 02 #52  
Difficulty: Difficult*

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

53. Which of the following would NOT be an example of stakeholders for a television production company like John Wells Productions?
- A. the actors that star in the television shows it produces
  - B. the people that provide the sets and the props used in the television shows it produces
  - C. the television critics that review the shows it produces
  - D. the electronics firms that make hi-definition televisions

Stakeholders include employees, suppliers, customers, and the general public.

*Blooms: Apply*

*Crane - Chapter 02 #53*

*Difficulty: Difficult*

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

54. Lululemon is known for having a youthful, energetic, health-focused, and sustainable system of shared attitudes and behaviours held by the employees that distinguish it from other organizations. This is known as their
- A. corporate philosophy
  - B. benefits statement
  - C. culture
  - D. working environment

Key term definition - organizational culture

*Blooms: Apply*

*Crane - Chapter 02 #54*

*Difficulty: Medium*

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

55. PeopleSoft designs, produces, and markets software that enables companies to automate basic human-resources functions such as payroll. At its inception, the company's leaders encouraged employees to get in touch with their feelings. The work environment was laid back, employees' dogs roamed the halls, and sunny days found employees playing Frisbee on the corporate lawns. This is known as:

- A. corporate philosophy
- B. environment
- C. organizational culture
- D. corporate profile

An organization's culture refers to a system of shared attitudes and behaviours held by the employees that distinguish it from other organizations.

*Blooms: Apply*

*Crane - Chapter 02 #55*

*Difficulty: Medium*

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

56. Which of the following statements about organizational goals is NOT true?

- A. The terms goal and objective can be used interchangeably.
- B. In an organization, goals exist at the corporate, business, and functional levels.
- C. All lower-level goals should contribute to the achievement of higher-level goals.
- D. Goals are clear, broad descriptions of an organization's offering(s).

Goals or objectives (terms used interchangeably in the text) convert the mission into targeted levels of performance to be achieved, often by a specific time.

*Blooms: Understand*

*Crane - Chapter 02 #56*

*Difficulty: Medium*



57. Pepsi-Co set out a task to earn \$10 million (CDN) in sales on their new Odwalla beverage, which was accomplished by the date they set. This is an example of a(n):

- A. plans.
- B. procedures.
- C. bureaucracies.
- D. goals or objectives.

Key term definition - goal, objective

*Blooms: Apply*

*Crane - Chapter 02 #57*

*Difficulty: Medium*

58. Kodak wanting to be the top seller of digital cameras by 2013 is an example of an organizational:

- A. plan.
- B. procedure.
- C. bureaucracy.
- D. goal or objective.

Key term definition - goal, objective

*Blooms: Remember*

*Crane - Chapter 02 #58*

*Difficulty: Medium*

59. Medtronic, a world leader in heart pacemakers, is not in the medical device business but is in the business of: alleviating pain, restoring health, and extending life. This conscious effort of Medtronic defining their business shows they are paying attention to:

- A. the marketing mix
- B. corporate culture
- C. how narrow or broad their business is
- D. marketing strategy

Companies must decide what type of business they are in. They must determine how narrow or broad their business is. Medtronic, a world leader in heart pacemakers, is *not* in the medical device business but *is* in the business of alleviating pain, restoring health, and extending life.

*Blooms: Understand*

*Crane - Chapter 02 #59*

*Difficulty: Medium*

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

60. Some corporations choose unit sales rather than sales revenue as an organizational goal. Sales revenues can be deceiving because of:

- A. poor sales databases.
- B. fluctuations in inventory.
- C. unpredictable sales expenses.
- D. inflation.

Sales revenue may be deceiving because the effects of inflation can cause dollar figures to increase while units sold decrease. So a firm may set goals for the number of units it will sell.

*Blooms: Understand*

*Crane - Chapter 02 #60*

*Difficulty: Difficult*

61. Which aspect of a firm, assuming classic economic theory, are shareholders most concerned about?

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

The pattern of goals provides strategic direction because organizations often get what they measure: profit, sales revenue, market share, unit sales, quality, customer satisfaction, employee welfare, and social responsibility.

*Blooms: Understand*

*Crane - Chapter 02 #61*

*Difficulty: Medium*

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

62. Brittany read on the second page of the stockholder's report for a manufacturer of automobile parts, "Our goal for the next five year period is to double our return on investment." She now knows the company has \_\_\_\_\_ goals.

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

Classic economic theory assumes a firm seeks to maximize long-run profit, achieving as high a financial return on investment as possible.

*Blooms: Apply*

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

63. Telus accepts their current profit level and focuses on increasing their market share, even though profitability may not be maximized. They are attempting to do what:

- A. abandon green marketing
- B. decrease employee loyalty
- C. maintain or increase sales
- D. decrease social responsibility

Increased sales revenue may gain promotions for key executives.

*Blooms: Understand*

*Crane - Chapter 02 #63*

*Difficulty: Medium*

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

64. Terence, a small business owner was explaining how he was planning for the upcoming holiday season, "We've got to maximize our dollars of sales because profits are adequate at the moment." From this statement, he is most concerned with \_\_\_\_\_ goals.

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

If profits are acceptable, a firm may elect to maintain or increase its sales level even though profitability may not be at its maximum.

*Blooms: Understand*

*Crane - Chapter 02 #64*

65. Bell Canada issued a statement to their shareholders that said: "sales revenue is our focus over the next five years." Shareholders created a petition because they felt their concerns were not being met. The main reason why shareholders were concerned was because Bell Canada implicitly said: "we will \_\_\_\_\_"

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

If profits are acceptable, a firm may elect to maintain or increase its sales level even though profitability may not be maximized. Increased sales revenue may gain promotions for key executives.

66. When the Federal Government places Carbon Tax Caps on oil sand producers in Alberta, they are trying to balance the profit goals of businesses with their \_\_\_\_\_ goals.

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

Sustainable development is a term that refers to having each country find an ideal balance between protecting its environment and providing its citizens with the additional goods and services necessary to maintain and improve their standard of living.

*Blooms: Apply*

*Crane - Chapter 02 #66*

*Difficulty: Medium*

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

67. Facebook has a stated goal that they provide free, onsite day care for employee's children, and free, healthy lunches for employees. Facebook is concerned with:

- A. return on investment
- B. market share
- C. employee welfare
- D. sales revenue

A firm may recognize the critical importance of its employees by having an explicit goal stating its commitment to provide good employment opportunities and working conditions.

*Blooms: Apply*

*Crane - Chapter 02 #67*

*Difficulty: Medium*

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

68. Pfizer Canada offering day-care facilities to its employees; and BC Biomedical offering flex-work opportunities illustrates what type of goals?

- A. return on investment
- B. market share
- C. employee welfare
- D. sales revenue

A firm may recognize the critical importance of its employees by having an explicit goal stating its commitment to provide good employment opportunities and working conditions.

*Blooms: Understand*

*Crane - Chapter 02 #68*

*Difficulty: Medium*

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

69. Corporate executives and world leaders of each country need to find an ideal balance between protecting its environment and providing its citizens with the additional goods and services necessary to maintain and improve their standard of living. This demonstrates a concern for:

- A. corporate culture
- B. profit margin
- C. strategic direction
- D. sustainable development

Today this often involves adding jobs in highly polluting industries, thereby pushing cleanup actions into the future.

*Blooms: Understand*

*Crane - Chapter 02 #69*

*Difficulty: Medium*

70. The "Big Three" wireless carriers in Canada are constantly battling each other for customers, as a result, they frequently determine the ratio of the sales revenue of their firm to the total sales revenue of all firms in the industry, including the firm itself. The ratio they are calculating is known as:

- A. sales quality.
- B. market share.**
- C. industry potential.
- D. contribution margin.

Key term definition - market share

*Blooms: Apply*

*Crane - Chapter 02 #70*

*Difficulty: Medium*



71. Market share is:

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

Key term definition - market share

*Blooms: Remember*

*Crane - Chapter 02 #71*

*Difficulty: Medium*

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

72. When Telus calculates their market share, they calculate the ratio of their sales revenue to the total sales revenue of all:

- A. firms in the industry, including themselves
- B. firms they directly compete against
- C. firms they indirectly compete against
- D. firms in the industry

Key term definition - market share

*Blooms: Apply*

*Crane - Chapter 02 #72*

*Difficulty: Medium*

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

73. In a country like Zimbabwe, where inflation is a serious issue, such that, in the past, the country has experienced hyperinflation, a western company who opens an office in the country is likely to focus on which goal?

- A. profits
- B. unit sales**
- C. sales revenue
- D. market share

Inflation affects the dollar values attributed to sales and therefore the calculations based on sales, such as profit, market share (based on dollars sold) and ROI.

*Blooms: Apply*

*Crane - Chapter 02 #73*

*Difficulty: Medium*

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

74. Assuming all ethical and legal principles are followed, what might be the cause of a company having decreased sales revenue next year, even though they sell the same number of products as last year?

- A. inaccurate accounting practices.
- B. inflation.**
- C. incomplete cost projections.
- D. inadequate sales forecasting.

Sales revenue may be deceiving because of the effects of inflation, so a firm may choose as its goal to maintain or increase the number of units it sells.

*Blooms: Understand*

*Crane - Chapter 02 #74*

*Difficulty: Difficult*

75. Xbox video game consoles were developed through a joint venture between Microsoft and the WWF (World Wrestling Federation) and first marketed in the fall of 2001. Complaints about the video game began immediately after its introduction. These complaints ranged from missing parts to incorrect programming. It would seem obvious that the manufacturer of Xbox video game consoles should adopt \_\_\_\_\_ goals.

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

Keyword definition: Quality

*Blooms: Apply*

*Crane - Chapter 02 #75*

*Difficulty: Difficult*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

76. Lenovo Computers implemented a new manufacturing strategy that reduced warranty calls by 20 percent. This is an example of setting a \_\_\_\_\_ goal.

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

Customer satisfaction can be measured directly with surveys or tracked with proxy measures like number of customer complaints or percent of orders shipped within 24 hours of receipt.

*Blooms: Apply*

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

77. A firm that includes an ergonomic expert on staff, one that provides recommendations on chair choice to employees, is most likely concerned with:

- A. satisfaction
- B. sales revenue
- C. employee productivity
- D. employee welfare

Employee welfare is an important goal, insofar as it affects not only goodwill, but also morale, and hence productivity.

*Blooms: Apply*

*Crane - Chapter 02 #77*

*Difficulty: Medium*

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

78. Pfizer Pharmaceuticals is offering low-income senior citizens some of its most widely used prescriptions for \$15 each a month - much below the regular costs for these drugs. This program to better serve senior citizens likely grew out of a \_\_\_\_\_ goal.

- A. profit
- B. unit sales
- C. sales revenue
- D. social responsibility

Costs are subsidized by other more profitable products in order to provide a needed medication even when it is not in itself profitable.

*Blooms: Apply*

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

79. CIBC is focused on earning a profit for employees and shareholders, while also giving back to the community through their CIBC Run For the Cure campaign, this balance of conflicting goals is referred to as.

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

A firm trying to balance these conflicting goals aims to promote overall welfare of all these groups, even at the expense of profits.

*Blooms: Apply*

*Crane - Chapter 02 #79*

*Difficulty: Medium*

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

80. A nonprofit organization is a nongovernmental organization that does not have profit as an organizational goal. What other quality characterizes nonprofit organizations?

- A. They make a great deal of money.
- B. They need not be concerned with efficiency.
- C. They are not concerned with quality as a rule.
- D. They serve the public good

Nonprofit organizations strive to serve customers with the greatest efficiency and the least cost and seek to serve the public good.

*Blooms: Remember*

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

81. An example of a private organization that does not seek profit is:

- A. Industry Canada.
- B. FedEx.
- C. the Toronto Blue Jays.
- D. the Montreal Museum for Fine Arts.

Only the Montreal Museum for Fine Arts is a private organization that strives to provide goods or services to consumers with the greatest efficiency at the least cost without seeking a profit.

Blooms: Apply

Crane - Chapter 02 #81

Difficulty: Easy

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

82. All organizational strategies are influenced by each of the following EXCEPT:

- A. organizational foundation.
- B. profit
- C. organizational direction.
- D. offering.

Fig. 2-2, but non-profit organizations would not have their strategies influenced by a profit motive.

Blooms: Apply

Crane - Chapter 02 #82

Difficulty: Difficult

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

83. RIM has a number of patents around secure email technology. These patents are an example of their \_\_\_\_\_:

- A. Accomplishments
- B. Acquisitions
- C. Capacities
- D. Competencies

Key term definition - competencies

*Blooms: Apply*

*Crane - Chapter 02 #83*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

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

- A. synergistic capacity.
- B. market accomplishment.
- C. unsought benefit.
- D. competency.

Competencies are an organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations.

*Blooms: Apply*

*Crane - Chapter 02 #84*

*Difficulty: Medium*

85. Nokia has an exclusive relationship with Microsoft for their Windows operating system for their mobile phones, where no other mobile phone companies can use the Windows OS. This is an example of:

- A. Market penetration
- B. Product differentiation
- C. Competitive advantage
- D. Business divergence

Key term definition - competitive advantage

*Blooms: Apply*

*Crane - Chapter 02 #85*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

86. 92 percent of the Canadian population lives within 15 minutes of a Canadian Tire Store; this ability to stay close to the customer is an example of Canadian Tire's \_\_\_\_\_:

- A. benchmarking.
- B. customer management.
- C. mission statement.
- D. competitive advantage.

Competitive Advantage is a unique strength relative to competitors.

*Blooms: Apply*

*Crane - Chapter 02 #86*

*Difficulty: Easy*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*



87. A good product or service has features and characteristics that satisfy stated or implied needs.

This is an example of a(n):

- A. Product concept
- B. Core benefit proposition
- C. Prototype
- D. Quality product or service

Key term definition - quality

*Blooms: Remember*

*Crane - Chapter 02 #87*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

88. Which of the following statements about quality as a competitive advantage is true?

- A. The only way to create a competitive advantage is by improving quality.
- B. To be successful, a competitive advantage does not have to be unique.
- C. An innovation can be a source of a competitive advantage.
- D. A company must ignore costs when establishing a competitive advantage.

Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation.

*Blooms: Understand*

*Crane - Chapter 02 #88*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

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

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

Competencies are an organization's special capabilities that distinguish it from other organizations.

*Blooms: Apply*

*Crane - Chapter 02 #89*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

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

- A. operational goal.
- B. competency.**
- C. tactical mission.
- D. benchmarked differentiator.

Competences are an organization's special capabilities (in this case, the climate gives it the capabilities to preserve planes cheaply and efficiently) that distinguish it from other organizations.

*Blooms: Apply*

*Crane - Chapter 02 #90*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

91. Netflix uses the internet to allow its customers to view movies and exclusive television shows. It jumped into an industry where there were no firm leaders but lots of competitors and established a loyal clientele by seizing the opportunity to provide a service that was simple to use and effective at delivering high-quality products to customers. The internet-delivery mechanism is an example of a(n) \_\_\_\_\_ for Netflix:

- A. viable mission.
- B. competitive advantage.**
- C. tactical innovation.
- D. benchmarking-focus.

Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation.

*Blooms: Apply*

*Crane - Chapter 02 #91*

*Difficulty: Difficult*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

92. Toyota aggressively pushes their suppliers to follow strict delivery and production deadlines, corresponding to their Lean Manufacturing principles, allowing Toyota to have an efficient production line and offer high-value automobiles at cost-effective prices. This competence can give Toyota:

- A. a competitive advantage.
- B. benchmarking expertise.
- C. a tactical innovation.
- D. leapfrogging capabilities.

Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation.

*Blooms: Apply*

*Crane - Chapter 02 #92*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

93. After Zierer GMBH, a German manufacturer of amusement park rides, built their first gravity ride, they studied the "Ride Satisfaction Scores" of their ride, along with various competitors and worked to include this information in future designs. They were engaging in:

- A. benchmarking.
- B. demarketing.
- C. swotting.
- D. resourcing.

The text explains that benchmarking is discovering how others do something better than you do so your firm can imitate, or leapfrog, their techniques.

*Blooms: Apply*

*Crane - Chapter 02 #93*

94. Numerous consultancies provide 'Customer Satisfaction' scores for various Canadian and International airlines. When Air Canada reviews their score, in comparison to WestJet, they are engaging in.

- A. Product emulation
- B. Research straddling
- C. Benchmarking
- D. Reverse engineering

Key term definition - benchmarking

95. When General Mills introduced Frosted Cheerios, it wanted to launch the product in half the time taken by any cereal manufacturer to launch a new cereal. General Mills created a team that studied the successful product launch of other companies' cereals to determine what went well and what did not. To learn these lessons from other cereal launches, General Mills used:

- A. product emulation.
- B. research mimicry.
- C. benchmarking.
- D. reverse engineering.

Benchmarking is the process of discovering how other firms do something better than your firm so you can imitate, or leapfrog competition.

*Blooms: Apply*

*Crane - Chapter 02 #95*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

96. Siemens manufacturing wanted to increase the efficiency of their turbine manufacturing process by implementing a lean-based methodology. In order to understand how best to do this, Siemens entered a 'learning partnership' with Toyota, where managers from Siemens would act as 'managers-for-a-week' at Toyota to learn about their lean manufacturing processes. This is an example of:

- A. spying.
- B. racing.
- C. benchmarking.
- D. resourcing.

Benchmarking is discovering how others do something better than you do so your firm can imitate, or leapfrog, their techniques.

*Blooms: Apply*

*Crane - Chapter 02 #96*

*Difficulty: Easy*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

97. Which one of the following is NOT an example of the different goals that non-profit firms can pursue?

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

See description of different goals of business firms, non-profit and many private organizations as well as government agencies on pages 33-34.

*Blooms: Understand*

*Crane - Chapter 02 #97*



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

98. 3M has developed a quality program called \_\_\_\_\_:

- A. Profit Profit Profit (3P)
- B. Play Profit Prevent (3P)
- C. Six Sigma**
- D. Pollution Prevention Pays (3P)

A firm may target the highest quality products or services in its industry, as 3M does with its Six Sigma program.

Blooms: Understand

Crane - Chapter 02 #98

Difficulty: Medium

Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.

99. 3M uses a holistic approach to new and existing products that encompasses the whole product supply chain from raw materials to disposal. This approach is known as:

- A. Sustainable Product Development
- B. Cradle-to-Grave Management
- C. End-to-End Management
- D. Life Cycle Management**

Life cycle management; see call-out box 'Making Responsible Decisions'

Blooms: Understand

Crane - Chapter 02 #99

Difficulty: Medium

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

100. As a new employee with medium-sized business in Toronto focusing on home outfitting, you analyze each of the different business areas: flooring, lighting, and furniture separately to understand the profit margins in each area. Which tool did you likely use?

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

Text term definition - business portfolio analysis

*Blooms: Understand*

*Crane - Chapter 02 #100*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

101. Which measure below is used when conducting a business portfolio analysis?

- A. return on investment desired.
- B. market growth rate.**
- C. market segment size.
- D. relative market growth.

The BCG's business portfolio analysis uses quantified performance measures and growth targets to analyze a firm's business units as though they were a collection of separate investments.

*Blooms: Understand*

*Crane - Chapter 02 #101*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

102. In the Boston Consulting Group (BCG) model for analysis of a firm's strategic business units, or SBUs, the horizontal axis reflects the:
- A. national forecast.
  - B. business portfolio in dollars.
  - C. market segment size.
  - D. relative market share.

The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry.

*Blooms: Remember*

*Crane - Chapter 02 #102*

*Difficulty: Difficult*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

103. All of the following are strategies to pursue after an SBU has been identified, except:
- A. build.
  - B. harvest.
  - C. divest.
  - D. expand.

See Figure 2-3.

*Blooms: Understand*

*Crane - Chapter 02 #103*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

104. Gillette continues to manufacture Liquid Paper correction fluid for use with typewriters even though most of the world uses word processors. It is a small market that has little growth, but Liquid Paper has the largest market share, and Gillette invests no promotional monies in maintaining the declining product. Liquid Paper is an example of a:

- A. star.
- B. cash cow.**
- C. question mark.
- D. exclamation mark.

Liquid Paper has a large market share in a low growth market.

*Blooms: Apply*

*Crane - Chapter 02 #104*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

105. Solarcom is a 25-year-old information technology company that owns several subsidiaries. One of its subsidiaries is Atlantix Global Systems, which is one of the leading wholesalers for refurbished computer equipment, an industry that is growing worldwide. According to the BCG portfolio matrix, Atlantix Global would most likely be classified as a:

- A. dog.
- B. cash cow.
- C. question mark.
- D. star.**

Atlantix Global Systems has a large share of a high-growth industry.

*Blooms: Apply*

*Crane - Chapter 02 #105*

*Difficulty: Medium*

106. Several years ago, Black & Decker purchased General Electric's small appliances product line. General Electric did not know what to do with the line. Black & Decker purchased the line because it needed the cash infusion from a product line that had a dominant market share. Since people replace small appliances infrequently and because many are handed down from parent to child, the industry is a slow-growth one. From this information and your knowledge about the BCG portfolio analysis, you should know this small appliance line would be classified as a:

- A. dog.
- B. cash cow.**
- C. question mark.
- D. star.

Cash cows dominate a slow-growth market.

*Blooms: Apply*

*Crane - Chapter 02 #106*

*Difficulty: Medium*

107. In late 1993, the Honda Motor Company unveiled the Honda Passport, announcing their entrance into the sport-utility vehicle market. Competing automakers - General Motors, Ford, and Jeep had vehicles firmly entrenched in this highly competitive market. For years Honda experienced tremendous success with their Accords, Preludes, Civics and other passenger automobiles - in fact, Honda cars were repeatedly the top selling automobiles in the U.S. Where would the Honda Passport and the Honda Accords, Preludes, and Civics fall in the BCG product portfolio matrix?

- A. The Passport would be classified as a star, and the Accords, Preludes and Civics would be classified as cash cows.
- B. The Passport would be considered a cash cow, and the Accords, Preludes, and Civics would be classified as stars.
- C. Due to the overwhelming success of Honda cars, the Passport, Accords, Preludes, and Civics would all be classified as cash cows.
- D. The Passport would be a problem child, and the other Honda offerings would be cash cows.

The BCG matrix is based upon market growth rate and market share. The sport-utility market is a high growth market with substantial competition; GM, Ford, and Jeep products have a dominant share of this market. The Honda Passport, a new competitor in this high-growth market, has a low share of this market. The vehicle will require large injections of cash from other products in the Honda line to maintain or increase market share. The Honda Accord, Prelude, and Civic autos are well established in slower-growth markets and control a significant percentage of market share. Thus, these autos will be cash cows for Honda, and the revenues generated from the sale of these cars will be used to finance the cash-intensive marketing of the new Passport problem child in the BCG matrix.

*Blooms: Apply*

*Crane - Chapter 02 #107*

*Difficulty: Difficult*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

108. At an executive-level meeting, the Chief Marketing Officer (CMO) tells the Production Manager: "even if we double our marketing budget, there is no way it will sell! If we continue this way we will go bankrupt!" The CMO is likely referring to an SBU classified as a(n):

- A. Cash cows
- B. Stars
- C. Question marks
- D. Dogs

Dropping SBUs in the dog quadrant from a business portfolio is generally advocated except when relationships with other SBUs, competitive considerations, or potential strategic alliances exist. Also see Figure 2-3.

*Blooms: Apply*

*Crane - Chapter 02 #108*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

109. The market for the fast car with so much horsepower that handling becomes an issue is decreasing. People are more interested in buying SUVs and pickups. As a result, General Motors is stopping production of its Camaro, a car that has had limited sales recently. Since the Camaro can no longer generate enough cash to sustain its manufacture, the BCG portfolio would classify it as a:

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

A dog has a low market share in a low-growth industry.

*Blooms: Apply*

*Crane - Chapter 02 #109*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

110. The market for energy efficient cars is increasing, despite the price-tag often associated with these newer models. The GM Volt, an electric car, falls in this category. The car is considered to GM a:

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

A dog is an SBU with a low share of low-growth markets.

*Blooms: Apply*

*Crane - Chapter 02 #110*

*Difficulty: Medium*



111. In some cases Walmart can sell Blu-Ray movies to consumers for less than it costs a consumer to rent Blu-Rays from RedBox, a vending machine-based rental unit in many grocery stores. In response, RedBox now allows consumers to keep their Blu-Rays longer and is pushing the sales of Blu-Rays instead of just rentals. RedBox is looking at their:

- A. competencies
- B. competition**
- C. benchmark
- D. innovation

Redbox competes directly against other Blu-Ray rental retailers, but at the same time, it competes with Wal-Mart, which can actually sell Blu-Rays nearly as cheaply as it costs to rent them from Redbox. This has changed Redbox's approach to Blu-Ray rentals, which now includes allowing consumers to keep the Blu-Rays longer and pushing the sales of Blu-Rays instead of rentals.

*Blooms: Apply*

*Crane - Chapter 02 #111*

*Difficulty: Medium*

112. One of the strengths inherent in the use of the BCG portfolio analysis is the fact that it:
- A. is remarkably easy to locate an SBU on the BCG matrix.
  - B. considers all factors that might impact an SBU's value to an organization.
  - C. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
  - D. forces firms to assess their SBUs in terms of relative market share and industry growth rate.

It is often difficult to locate an SBU on the BCG matrix. One of the weaknesses of this analysis method is other factors that the portfolio analysis does not consider as organizational synergy. Actually a BCG portfolio analysis can be a demotivator to people who work in SBUs classified as dogs or problem children.

*Blooms: Understand*

*Crane - Chapter 02 #112*

*Difficulty: Easy*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

113. One of the weaknesses inherent in the use of the BCG portfolio analysis is that it:
- A. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
  - B.** it is often difficult to get needed information on market growth and market share.
  - C. considers so many SBU factors beyond market growth rate and relative market share.
  - D. does not require forecasts in order to be implemented.

There are problems or weaknesses with the business portfolio analysis approach including the fact that it is often difficult to get needed information on market growth and market share and generally difficult to include competitive information into the analysis. It can also be time consuming, and by the time decisions are made, market conditions have may changed.

*Blooms: Understand*

*Crane - Chapter 02 #113*

*Difficulty: Difficult*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

114. The market for mobile phones can change very rapidly, if RIM uses a BCG portfolio analysis for their new BlackBerry, one downfall of using this tool may be:
- A. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
  - B.** by the time decisions are made, market conditions have may changed.
  - C. considers so many SBU factors beyond market growth rate and relative market share.
  - D. does not require forecasts in order to be implemented.

There are problems or weaknesses with the business portfolio analysis approach including the fact that it is often difficult to get needed information on market growth and market share and generally difficult to include competitive information into the analysis. It can also be time consuming, and by the time decisions are made, market conditions have may changed.

*Blooms: Understand*

*Crane - Chapter 02 #114*

*Difficulty: Difficult*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

115. When a firm decides to double their marketing budget for a product that sells consistently, they are using which strategy:

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

Market penetration is increasing the sales of present products in existing markets and market development is selling existing products in new markets. Neither of these requires new products. This is also shown in Figure 2-4.

*Blooms: Apply*

*Crane - Chapter 02 #115*

*Difficulty: Easy*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

116. Kraft Foods decides to sell their Mac 'N Cheese product to India, without changing the product formulation or design. Kraft is following which strategy?

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

Text term definition - market development

*Blooms: Apply*

*Crane - Chapter 02 #116*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

117. Massachusetts-based BJ's Wholesale (third in sales among members-only retail chains) recently opened its first stores in Georgia in 2012. This is an example of:
- A. market penetration.
  - B.** market development.
  - C. product development.
  - D. diversification.

Market development is the process of taking present products to new markets.

*Blooms: Apply*

*Crane - Chapter 02 #117*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

118. When Gulfstream Aerospace Corp. (GAC) sold 3 Gulfstream V business jet aircraft to the Israeli Ministry of Defense for use as Special Electronic Mission Aircraft, the first sale to a Middle Eastern country, GAC followed which strategy?
- A. market penetration
  - B.** market development
  - C. product development
  - D. diversification

Market development is the process of taking present products to new markets.

*Blooms: Apply*

*Crane - Chapter 02 #118*

*Difficulty: Easy*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

119. Assume McDonald's is engaging in a market development strategy. Which of the following actions best illustrates a market development strategy?

- A. opening the first McDonald's in China
- B. developing a line of McDonald's toys to be sold through Toys R Us stores
- C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
- D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase

Opening a McDonald's is taking the present product (menu and restaurant) to a new market, a market development strategy.

*Blooms: Apply*

*Crane - Chapter 02 #119*

*Difficulty: Easy*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

120. Yorkdale Mall hopes to increase traffic in the shopping center by offering free lunches to children in mall restaurants on Tuesdays. This promotion is directed to families who currently do not shop at the mall. This is an example of the implementation of a \_\_\_\_\_ strategy.

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

Market development is the act of selling a company's product to new customers.

*Blooms: Apply*

*Crane - Chapter 02 #120*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

121. The World Wrestling Federation (WWF) manages professional wrestling matches. In addition, the WWF owns and operates a successful club in NYC; it is partnered with Microsoft to manufacture Xbox video game consoles; it produced its own reality-based television show; and it has licensed and marketed a number of WWF-related toys and collectibles. All of these efforts have been targeted to fans of professional wrestling. From this description, you could say that the WWF has adopted a \_\_\_\_\_ strategy.

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

Product development is a market-product strategy of developing new products to sell to existing markets.

*Blooms: Apply*

*Crane - Chapter 02 #121*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*



122. Which of the following actions would best illustrate a diversification strategy for McDonald's (the fast food restaurant)?
- A. opening the first McDonald's in China
  - B.** developing a line of McDonald's toys to be sold through Toys R Us stores
  - C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
  - D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase

The McDonald's toys sold through Toys R Us stores mainly involved selling new products (toys) to new (toy) customers, a diversification strategy. Even though many of these people may have eaten at a McDonald's restaurant, the company leaves the restaurant business and goes into the toy marketing business, which is a new business for McDonald's.

*Blooms: Apply*

*Crane - Chapter 02 #122*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

123. Nike offers a new version of a running shoe to an established shoe market; this product strategy is known as:
- A. market penetration
  - B. market development
  - C.** product development
  - D. diversification

Text term definition - product development

*Blooms: Understand*

*Crane - Chapter 02 #123*

*Difficulty: Easy*

124. Matsura Industries distributes candy and coffee through its vending machines in Tokyo. The addition of sandwich vending machines to the same market is an example of a \_\_\_\_\_ strategy.

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

Product development is a market-product strategy that sells a new product to existing markets.

*Blooms: Understand*

*Crane - Chapter 02 #124*

*Difficulty: Easy*

125. In its inception, Transportation Safety Technologies, Inc. produced and sold safety devices to make the trucking industry safer especially on long hauls across North America. It soon realized that transporting goods across U.S. borders by truck was expensive and time-consuming for the truckers. Dozens of government agency approvals and costly downtime hamper the process. Transportation Safety Technologies, Inc., has recently begun providing its trucking companies with International Trade Data Systems (ITDS). This system stores information about each shipment in a centralized database, which can be accessed at border checkpoints and eliminate the need for costly manual inspections. This is an example of the implementation of a \_\_\_\_\_ strategy.

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

Product development is a market-product strategy that sells a new product to existing markets.

*Blooms: Apply*

*Crane - Chapter 02 #125*

*Difficulty: Difficult*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

126. Which of the following actions best illustrates a product development strategy for McDonald's?
- A. opening the first McDonald's in China
  - B. developing a line of McDonald's toys to be sold through Toys R Us stores
  - C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
  - D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase

The deli sandwiches (a new product) involve a new product for present restaurant customers, a product development strategy. (A secondary, minor effect might be to attract new customers.)

*Blooms: Apply*

*Crane - Chapter 02 #126*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

127. Starbucks created a corporate strategy that said: For every town in North America that has a population of 50,000, we will have at least two Starbucks stores. This is an example of which strategy?
- A. market development
  - B. market penetration
  - C. product development
  - D. diversification

Text term definition - market penetration

*Blooms: Apply*

*Crane - Chapter 02 #127*

*Difficulty: Medium*

128. Assume McDonald's is engaging in a market penetration strategy. Which of the following actions best illustrates a market penetration strategy?
- A. opening the first McDonald's in China
  - B. developing a line of McDonald's toys to be sold through Toys R Us stores
  - C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
  - D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase

The Monopoly promotion involves selling more of McDonald's existing menu to its present customers by encouraging more visits to the restaurant, a market penetration strategy. If you played the game in 2001, you may also remember a customer got additional game pieces on larger drink and French fries containers.

*Blooms: Apply*

*Crane - Chapter 02 #128*

*Difficulty: Medium*

129. For several years, advertisements for Arm & Hammer baking soda have prompted consumers to place an opened box of the product in the refrigerator to lessen food odour and to replace that box monthly. The same ads advise customers to pour the used box down their kitchen sinks to freshen drains. Arm & Hammer employed a \_\_\_\_\_ strategy in its attempt to sell more baking soda.

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

Arm & Hammer is attempting to sell more of their present product in current markets. The company is not creating new products nor are they seeking new markets for their product. They are attempting to create new uses for their product within existing markets.

*Blooms: Apply*

*Crane - Chapter 02 #129*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

130. Loyal consumers have found numerous uses for WD-40 lubricating spray beyond what its manufacturer intended. A few years ago, its manufacturer ran a contest asking people to send in ways that they used the product. For example, some respondents said they were using the product as an insect killing spray (and some people really were. By capitalizing on the unforeseen ways its product gets used, the WD-40 manufacturer could implement a \_\_\_\_\_ strategy.

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

A market penetration strategy increases sales to existing market.

*Blooms: Apply*

*Crane - Chapter 02 #130*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

131. NDCHealth Corp. is a U.S.-based company that provides pharmaceutical manufacturers with market research on prescription drug sales. It recently started distributing commonly-used prescription drugs in the United Kingdom. Since it was new to the wholesaling end of the pharmaceutical business, NDCHealth was implementing a \_\_\_\_\_ strategy.

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

Diversification involves developing new products and selling them in new markets.

*Blooms: Apply*

*Crane - Chapter 02 #131*

*Difficulty: Difficult*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

132. Zippo, which traditionally manufactures lighters, is considering offering motorcycle helmets. This is an example of which strategy"?

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

Text term definition - diversification

*Blooms: Apply*

*Crane - Chapter 02 #132*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*



133. Visiting Rollerblade's website shows that the company recently launched a new extendible children's skate. This is an example of which market-product strategy for Rollerblade?
- A. market penetration.
  - B. market development.
  - C. product development.
  - D. diversification.

Text term definition - product development

*Blooms: Apply*

*Crane - Chapter 02 #133*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

134. If McDonald's Canada decided to diversify its business offerings into a new area like financial services, their marketing strategy would be:
- A. market penetration.
  - B. market development.
  - C. related diversification.
  - D. unrelated diversification.

Unrelated diversification means the new products and new markets have nothing in common with existing operations. In this case, McDonald's Canada might diversify into completely new business areas such as financial services.

*Blooms: Apply*

*Crane - Chapter 02 #134*

*Difficulty: Easy*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

135. If McDonald's Canada decided to diversify its business offerings by buying out and operating a company like Red Lobster, their marketing strategy would be.
- A. market penetration.
  - B. market development.
  - C. related diversification.
  - D. product development.

Related diversification occurs when new products and new markets have something in common with the firm's existing operations. For example, McDonald's Canada could buy out and operate Red Lobster restaurants.

*Blooms: Understand*  
*Crane - Chapter 02 #135*  
*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

136. Coca-Cola introducing a new line of chai tea is an example of which market-product strategy?
- A. market penetration.
  - B. market development.
  - C. product development.
  - D. diversification.

Text term definition - product development

*Blooms: Remember*  
*Crane - Chapter 02 #136*  
*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

137. Every morning, the Marketing Manager for Whirlpool looks at an Excel spreadsheet that visually shows the sales of the previous day, categorized by retail outlet and advertising spend. This Manager is likely using which tool:

- A. marketing dashboard.
- B. marketing metric.
- C. marketing plan.
- D. marketing analysis.

Text term definition - marketing dashboard

*Blooms: Apply*

*Crane - Chapter 02 #137*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

138. The Marketing Manager at Whirlpool assesses the difference in sales of two retail outlets based on the advertising spend by each outlet. This item the Manager is assessing is known as a(n):

- A. marketing dashboard.
- B. marketing metric.
- C. marketing plan.
- D. marketing analysis.

Text term definition - marketing metric

*Blooms: Apply*

*Crane - Chapter 02 #138*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

139. An approach whereby an organization allocates its marketing mix resources to reach its target markets is known as:

- A. the calibrated marketing process
- B.** the strategic marketing process
- C. the situational marketing process
- D. the developmental market analysis

Key term definition - strategic marketing process

*Blooms: Remember*

*Crane - Chapter 02 #139*

*Difficulty: Easy*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

140. The key steps of planning, implementation, and control are part of what is called:

- A. gap analysis.
- B.** the strategic marketing process.
- C. the situational marketing process.
- D. the developmental market analysis.

Key term definition - strategic marketing process

*Blooms: Remember*

*Crane - Chapter 02 #140*

*Difficulty: Medium*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

141. The Marketing Manager at Pepsi describes to a new employee that her first major task is to develop a road map for Pepsi One. The new employee is confused, until he realizes that the Manager is referring to a(n) \_\_\_\_\_ for Pepsi One.

- A. marketing plan.
- B. 4Ps assessment.
- C. social media plan.
- D. SWOT analysis

The strategic marketing process is so central to the activities of most organizations that they formalize it as a marketing plan, which is a road map for the marketing activities of an organization for a specified future period of time, such as one year or five years.

*Blooms: Understand*

*Crane - Chapter 02 #141*

*Difficulty: Easy*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

142. What are the three steps involved in the PLANNING phase of the strategic marketing process?

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

"Planning; implementation; and control" describes the strategic marketing process; the question is only about one phase of that process. "Set market and product goals; select target markets; find points of difference; and position the product" describes the activities involved in second part of the market-product and goal setting portion (Step 2) of the planning phase. "Identify where we have been; where we are headed; and where we are now" lists are the questions to resolve during the situation (SWOT) analysis portion (Step 1) of the planning phase.

*Blooms: Understand*

*Crane - Chapter 02 #142*

*Difficulty: Medium*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

143. When Samsung considers launching a new smartphone, the first step the marketing department engages in is:
- A. establishing the budget.
  - B. developing advertising appeals.
  - C. goal setting.
  - D. situation analysis.

Although marketing consultants often want to establish the budget first, and many people think it is fun to do advertising, the planning for a strategic marketing program should always begin with the situation analysis.

*Blooms: Apply*

*Crane - Chapter 02 #143*

*Difficulty: Easy*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

144. Taking stock of where an organization has been recently, where it is now, and where it is headed in light of the organization's plans and the external factors and trends affecting it is called the:
- A. systems analysis.
  - B. strategic market planning.
  - C. goal setting.
  - D. situation analysis.

Key term definition - situation analysis

*Blooms: Remember*

*Crane - Chapter 02 #144*

*Difficulty: Medium*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

145. The components of strengths and weaknesses are often considered as which part of the situational analysis:

- A. internal to the organization
- B. external to the organization
- C. both internal and external to the organization
- D. not part of the situational analysis

Key term definition - SWOT analysis

*Blooms: Understand*

*Crane - Chapter 02 #145*

*Difficulty: Easy*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

146. Myers Apple Farm discovers the trend that consumers are more focused about buying locally produced and heirloom varieties of apples. Which aspect of the situational analysis is this considered:

- A. SWOT analysis.
- B. opportunity
- C. strength
- D. market trend

Key term definition - SWOT analysis

*Blooms: Apply*

*Crane - Chapter 02 #146*

*Difficulty: Easy*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*



147. In the 1980s, poor quality and Japanese imports drove the Harley-Davidson motorcycle company to brink of bankruptcy. The company's share of the U.S. super-heavy-weight market - motorcycles with engine capacity of 850 cubic centimeters or more - collapsed from more than 40 percent in the mid-1970s to 23 percent in 1983. However, by 1989, Harley-Davidson controlled some 65 percent of the U.S. market; and both in the U.S. and overseas markets, the company won't be able to meet demand for years. From a marketing perspective, what was the likely first step in Harley-Davidson's resurgence?

- A. development of a new mission statement and subsequent marketing strategy
- B. repositioning their product in the minds of motorcycle buyers
- C. performing a SWOT analysis
- D. seeking new markets for the motorcycles both in the U.S. and in foreign markets

Prior to making changes in either product or marketing strategy, the firm would have needed to ascertain its internal strengths and weaknesses and its external threats and opportunities. Such an analysis would show that the Harley-Davidson motorcycle company had problems in product quality, performance, and marketing strategies. Its primary strength was brand loyalty and brand recognition. Opportunities existed for Harley-Davidson in both domestic and foreign markets. A major threat came from imported motorcycles.

*Blooms: Apply*

*Crane - Chapter 02 #147*

*Difficulty: Easy*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

148. A television production company was looking for an idea for a new show and approached Emeril Lagasse, a charismatic chef that frequently appears on the Food Channel. It was decided the production company would build a show based around Lagasse's life. While the casting of the popular Lagasse insured people would watch the first couple shows, poor scripts led to the cancellation of the show. In terms of the SWOT analysis, the casting of Lagasse was a \_\_\_\_\_, and the poor scripts were a \_\_\_\_\_.

- A. strength; weakness
- B. weakness; threat
- C. threat; opportunity
- D. opportunity; threat

A weakness is an internal negative influence on an organization, such as poor scripts. A strength would be an internal positive influence casting of Lagasse. Lagasse's popularity before he became part of the project could have been viewed as an opportunity.

*Blooms: Apply*

*Crane - Chapter 02 #148*

*Difficulty: Easy*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

149. In the early months of 2002, strikes throughout Nigeria almost led to the country's financial ruin. For a company trying to do business in Nigeria during those months, the strikes would be an example of a(n):

- A. strength.
- B. weakness.
- C. threat.
- D. opportunity.

A threat is an external negative influence on organizations.

*Blooms: Apply*

*Crane - Chapter 02 #149*

*Difficulty: Medium*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

150. The terrorists' attack on the World Trade Center and the Pentagon led to many changes in the way people conducted their everyday lives. One outgrowth of this attack was a need to reconnect with old friends through the sending of greeting cards. American Greetings announced a significant increase in sales that it directly relates to events on September 11. For American Greetings the terrorists' attacks was an example of a(n):

- A. strength.
- B. weakness.
- C. threat.
- D. opportunity.

Keyword: SWOT (Opportunity)

*Blooms: Apply*

*Crane - Chapter 02 #150*

*Difficulty: Medium*

151. Situation analysis requires a firm to consider both internal and external factors. Which of the following is NOT an example of an external factor?

- A. competitive
- B. technological
- C. consumer demand
- D. departmental objectives

Departmental objectives as well as departmental resources and organizational strengths are examples of internal factors. The other choices are external factors.

*Blooms: Understand*

*Crane - Chapter 02 #151*

*Difficulty: Easy*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

152. The goal of a SWOT analysis is to:

- A. identify those critical factors that can have a major effect on the firm.
- B. keep top management placated.
- C. discover areas for diversified investment outside the firm's marketing areas.
- D. develop new products for new market segments.

SWOT analysis refers to a simple, effective technique to appraise problems and opportunities as a first step toward developing marketing objectives and goals.

*Blooms: Understand*

*Crane - Chapter 02 #152*

*Difficulty: Medium*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

153. A June 1998 Congressional initiative mandated that the U.S. Department of Transportation (USDOT) establish a national traffic information collection system. The marketing manager of a company that provided traffic reports for local radio stations would most likely incorporate which aspect of this knowledge into its SWOT analysis as:

- A. a strength if the company has an existing working relationship with the USDOT.
- B. a weakness if the USDOT will give this information directly to the radio stations.
- C. a threat if the company that provides local traffic information has no employees technologically capable of using the USDOT system.
- D. a threat if the USDOT is creating a network of local traffic-information providers to address the mandate.

A working relationship with the USDOT would be an internal force that would positively impact the company. If the information were provided directly to the radio stations so that the stations will no longer need to pay for the information, it would be a threat. It would be a weakness if there were no employees capable of using the equipment that could be overcome fairly easily. The creation of a network of companies like the local one would be an external positive influence and would therefore be an opportunity.

*Blooms: Apply*

*Crane - Chapter 02 #153*

*Difficulty: Difficult*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

154. 154. When deciding how the products Pepsi One will differ from Diet Pepsi, Pepsi must develop an effective:

- A. marketing program.
- B. market divestiture.
- C. market dramatization.
- D. product demonstration.

This is Step 2 in the strategic marketing process.

*Blooms: Apply*

*Crane - Chapter 02 #154*

*Difficulty: Medium*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

155. Ford Motor Company of Canada lumps together prospective buyers that share common needs for purchasing a new vehicle. What is Ford engaged in:

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

Key term definition - market segmentation

*Blooms: Apply*

*Crane - Chapter 02 #155*

*Difficulty: Easy*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

156. Categorizing a group of consumers for soda on the basis of whether they wanted sugar-free and caffeine-free, caffeine-free but with sugar, or regular with sugar and caffeine is an example of:

- A. Aggregation marketing
- B. Market segmentation**
- C. Market clustering
- D. Profiling

Market segmentation is the terms for aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action.

*Blooms: Apply*

*Crane - Chapter 02 #156*

*Difficulty: Medium*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

157. A toothbrush manufacturer sells several lines of toothbrushes. One line is for small children, one line is for people with gum problems, and one is for people who wear dentures. This product differentiation is the result of:

- A. organizational strengths.
- B. market programming.
- C. market segmentation.**
- D. distinctive competencies.

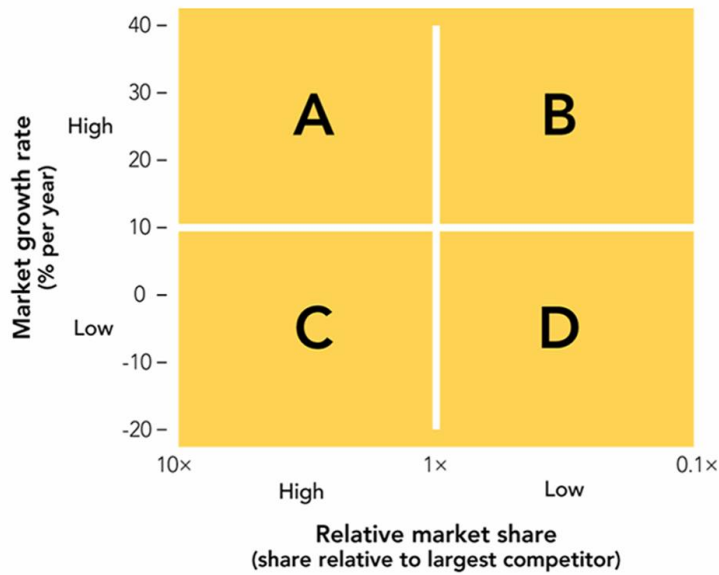
Market segmentation involves aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action.

*Blooms: Apply*

*Crane - Chapter 02 #157*

*Difficulty: Medium*

Figure 2-4



Crane - Chapter 02

158. SBUs found in quadrant "A" (Figure 2-4) would be called

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

SBUs with high growth rate and high relative market share are called stars.

Blooms: Apply

Crane - Chapter 02 #158

Difficulty: Medium

Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.



159. SBUs found in quadrant "B" (Figure 2-4) would be called

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

SBUs with high growth rate and low relative market share are called question marks.

*Blooms: Apply*

*Crane - Chapter 02 #159*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

160. SBUs found in quadrant "C" (Figure 2-4) would be called

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

SBUs with low growth rate and high relative market share are called cash cows.

*Blooms: Apply*

*Crane - Chapter 02 #160*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

161. SBUs found in quadrant "D" (Figure 2-4) would be called

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

SBUs with low growth rate and low relative market share are called dogs.

*Blooms: Apply*

*Crane - Chapter 02 #161*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

162. Goal setting as used in the text requires that the marketing manager set measurable \_\_\_\_\_ to be achieved.

- A. financial limits
- B. marketing objectives
- C. quality standards
- D. production quotas

Goal setting here involves setting measurable marketing objectives to be achieved possibly for a specific market, a specific product or brand, or an entire marketing program.

*Blooms: Remember*

*Crane - Chapter 02 #162*

*Difficulty: Easy*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

163. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's manufacturer is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. This is an example of:

- A. consumer standards.
- B. perceptual segments
- C. marketing armaments.
- D. points of difference.

Points of difference are those characteristics of a product that make it superior to competitive substitutes this case, the ability to capture a smell with which there is an emotional tie.

*Blooms: Apply*

*Crane - Chapter 02 #163*

*Difficulty: Easy*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

164. Having a high-definition (HD) screen on a computer tablet, when all competitive substitutes do not, is considered a:

- A. consumer standards.
- B. perceptual segments
- C. marketing armaments.
- D. point of difference.

Key term definition - points of difference

*Blooms: Apply*

*Crane - Chapter 02 #164*

165. At which step of the planning stage of the strategic marketing process does a firm develop the program's marketing mix?

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

The marketing program represents the "how" part of the strategic marketing process. At this point, an organization develops both its marketing mix and budget.

166. All of the following are critical components of a cohesive marketing program, except:

- A. product
- B. price.
- C. promotion.
- D. advertising.

A cohesive marketing program is composed of all of the 4 Ps, also known as "the marketing mix."

167. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's name is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. What element of the marketing program is being considered when the company's owner decided initially to market the perfumes in a limited number of very exclusive specialty department stores?

- A. product
- B. price
- C. promotion
- D. place

Where to sell the product would be decided with place strategy.

*Blooms: Apply*

*Crane - Chapter 02 #167*

*Difficulty: Easy*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

168. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's name is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. Which element of the marketing program is being considered when the company's owner decides to add scents that evoke colors?

- A. product
- B. price
- C. promotion
- D. place

The product strategy deals with features consumers might desire.

*Blooms: Apply*

*Crane - Chapter 02 #168*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

169. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's name is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. Which elements of the marketing program were being considered when the company's owner decided initially to market the perfume in 1-ounce coloured glass bottles that would not always be sold at list price?

- A. price and place
- B. place and promotion
- C. price and product
- D. promotion and price

All packaging issues relate to product strategy. The decision to sell at list price or not is a part of the pricing strategy.

*Blooms: Apply*

*Crane - Chapter 02 #169*

*Difficulty: Easy*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

170. Sheila Murray, brand director at Starbucks, had to determine how much to spend and then obtain funding to run a new national radio and print ad campaign. When it comes to implementing her plan, what component is Sheila paying attention to?

- A. obtaining resources.
- B. designing the marketing organization.
- C. developing schedules.
- D. executing the marketing program.

The four components of the implementation phase are: (1) obtaining resources, (2) designing the marketing organization, (3) developing schedules, and (4) actually executing the marketing program designed in the planning phase. Sheila Murray, brand and category director at Starbucks, had to determine how much to spend and then obtain funding from the company to run a new national radio and print ad. Because she had to find funds, this fits into the obtaining resources component of the implementation phase.

*Blooms: Understand*

*Crane - Chapter 02 #170*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*



171. Two major elements of the implementation phase of the strategic marketing process are:

- A. segmenting the market and selecting target markets.
- B. establishing a business mission and designing measurable goals and objectives.
- C. designing the marketing mix and setting the budget.
- D. executing the marketing program and designing the marketing organization.

The two key elements in the implementation phase are executing the program described in the marketing plan, and designing the marketing organization needed, as George Fisher did at Kodak.

*Blooms: Understand*

*Crane - Chapter 02 #171*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

172. When BellSouth made plans to increase its presence in the lucrative Latin American market, some of its employees decided BellSouth needed to acquire the rest of Telefonía Cellular de Nicaragua, one of its subsidiaries in Latin America. To do so, they paid a substantial sum to the wife of a Nicaraguan legislator who was responsible for legal changes that were needed to allow Telefonía to become completely owned by BellSouth. This payment was in direct violation of U.S. law, and BellSouth had to pay a hefty fine and divest itself of its illegal acquisition. In which phase of the strategic marketing process did the BellSouth strategy fail?

- A. the goal-setting phase
- B. the implementation phase**
- C. the control phase
- D. the strategic development phase

The best-planned marketing strategy is virtually worthless if the plan cannot be successfully implemented and executed. Successful implementation includes careful planning and attention to specific tactics.

*Blooms: Apply*

*Crane - Chapter 02 #172*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

173. Xbox video game consoles were developed through a joint venture between Microsoft and the WWF (World Wrestling Federation). Plans were made to rush the product to market to counter new Playstation and Nintendo consoles that were also being released about the same time. Complaints about the video game began immediately after its introduction. These complaints ranged from missing parts to incorrect programming.

In which phase of the strategic marketing process did the Xbox strategy fail?

- A. the goal-setting phase
- B.** the implementation phase
- C. the control phase
- D. the strategic development phase

The best-planned marketing strategy is virtually worthless if the plan cannot be successfully implemented and executed. Successful implementation includes careful planning and attention to specific tactics.

*Blooms: Apply*

*Crane - Chapter 02 #173*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

174. A marketing strategy is the means by which a marketing goal is to be achieved. Two factors that usually characterizing a marketing strategy are:

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

Strategy implies both the end sought (target market), and the means to achieve it (marketing program), such as pricing or promotional strategy.

*Blooms: Understand*

*Crane - Chapter 02 #174*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

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

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

"Communicate using direct mail about the various walking surfaces Schofield can create for contractors who are building riding and walking paths" is the only answer that both identifies a target market (contractors building riding and walking paths) and describes the program to reach it (direct mail to communicate the variety of surfaces). All the other answers are examples of marketing tactics only.

*Blooms: Apply*

*Crane - Chapter 02 #175*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

176. Apple's marketing department has specified a target market for the iPhone 5C, the subsequent actions undertaken to realize their goal of strong sales in this market is known as:

- A. plan
- B. procedure
- C. strategy
- D. concept

Key term definition - marketing strategy

*Blooms: Apply*

*Crane - Chapter 02 #176*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

177. Pizza-Pizza updates their Twitter and Facebook daily, highlighting local specials and interesting tid-bits about their products, these daily actions are known as marketing:

- A. strategies
- B. tactics
- C. social media presence
- D. social media marketing.

Key term definition - marketing tactics

*Blooms: Apply*

*Crane - Chapter 02 #177*

*Difficulty: Easy*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

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

- A. tactics.
- B. missions.
- C. visions.
- D. strategies.

Marketing tactics are operational decisions essential to the success of a marketing strategy.

*Blooms: Apply*

*Crane - Chapter 02 #178*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

179. At a recent executive meeting, the marketing manager said: "starting tomorrow, we will Tweet five times a day!" This decision is an example of a(n):

- A. marketing tactic
- B. marketing strategy
- C. rash decision
- D. un-analyzed decision

Marketing tactics are detailed day-to-day operational decisions essential to the overall success of marketing strategies. Actions must be taken as conditions change and special situations occur. They may or may not have been previously implemented.

*Blooms: Understand*

*Crane - Chapter 02 #179*

*Difficulty: Easy*

180. Six months into a new marketing program, the Manager assesses the current metrics of the plan to the original forecasted results. When she realizes that sales are not on target and the plan must be adjusted, she is:
- A. segmenting the market and selecting target markets.
  - B. establishing a business mission and designing measurable goals and objectives.
  - C. designing the marketing mix and setting the budget.
  - D. identifying deviations in the marketing plan and acting on them.

The control phase of the strategic marketing process seeks to keep the marketing program moving in the direction set for it. Accomplishing this requires the marketing manager to (1) compare the results of the marketing program with the goals in the written plans to identify deviations and (2) act on these deviations correcting negative deviations and exploiting positive ones.

*Blooms: Apply*

*Crane - Chapter 02 #180*

*Difficulty: Medium*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*



181. McCain is the largest French Fries provider to the food service and institutional market segment. When McCain decides to have a presence in over 100 countries, even if they are not profitable, their growth strategy is:

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

It also grows by constantly launching new products to meet the changing needs of its' customers. The company also continues to develop new markets (market development) with a presence in over 100 countries.

*Blooms: Understand*

*Crane - Chapter 02 #181*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

182. McCain is the largest French Fries provider to the food service and institutional market segment. When McCain decides to branch out from the frozen foods category into the ready-to-serve beverage market, their growth strategy is:

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

Finally, McCain also uses a diversification strategy, branching out from the frozen foods category into the ready-to-serve beverage market.

*Blooms: Apply*

*Crane - Chapter 02 #182*

183. Mars Incorporated targets health-conscious females by advertising its 3 MUSKETEERS→ Bar which has "45 percent less fat than average of the leading chocolate brands." It uses clever television ads to promote this product benefit and is achieving good sales results using this strategy. What phase of the Strategic Marketing Process is Mars at?

- A. the advertising phase
- B.** the implementation phase
- C. the control phase
- D. the planning phase

Mars bar is in the implementation phase when it is executing the marketing program. In this case Mars is promoting the bars as "45% less fat" which is part of the four marketing mix variables.

*Blooms: Apply*

*Crane - Chapter 02 #183*

*Difficulty: Easy*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

184. Mars Incorporated targets health-conscious females by advertising its 3 MUSKETEERS→ Bar which has "45 percent less fat than average of the leading chocolate brands." It uses clever television ads to promote this product benefit and is achieving good sales results using this strategy. Mars is \_\_\_\_\_ in the implementation phase of the strategic marketing process.

- A. obtaining resources
- B. designing the marketing organization
- C. developing schedules
- D. executing the marketing program

Mars bar is in the implementation phase when it is executing the marketing program. In this case Mars is promoting the bars as "45% less fat" which is part of the four marketing mix variables.

*Blooms: Understand*

*Crane - Chapter 02 #184*

*Difficulty: Easy*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

185. Mars Incorporated targets health-conscious females by advertising its 3 MUSKETEERS→ Bar which has "45 percent less fat than average of the leading chocolate brands." It uses clever television ads to promote this product benefit and is achieving good sales results using this strategy. Mars is \_\_\_\_\_ in the second stage of the strategic marketing process.

- A. executing the marketing program
- B. planning the marketing program
- C. designing the marketing organization
- D. determining the marketing strategy

The implementation phase is the second stage of the strategic marketing process. Mars bar is in the implementation phase when it is executing the marketing program. In this case Mars is promoting the bars as "45% less fat" which is part of the four marketing mix variables

*Blooms: Apply*

*Crane - Chapter 02 #185*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

186. Describe the composition of the three levels within organizations.

The three levels are:

Answers will vary

Feedback: (1) corporate level where the top management directs overall strategy for the entire organization

(2) business unit (business units refers to the subsets of the organization that market a set of products to a clearly defined segment) level where business unit managers set the direction for their products and markets to exploit value-creating opportunities

(3) functional level where groups of specialists actually create value for the organization. (The term department is generally used to refer to those functional areas.)

*Blooms: Remember*

*Crane - Chapter 02 #186*

*Difficulty: Medium*

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

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

Answers will vary

Feedback: The Saturn plant operates as a business unit of General Motors. It is an organization that markets a set of related products (in this case various Saturn models) to a clearly defined group of customers (people who want to own Saturn cars).

*Blooms: Apply*

*Crane - Chapter 02 #187*

*Difficulty: Easy*

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

188. What is the source of cross-functional conflict and how can it be overcome?

Answers will vary

Feedback: Cross-functional conflict can arise because of marketing's drive to implement the marketing concept and increase customer value. Other departments may see this as making their jobs more difficult. It is marketing's job to make these departments understand that without satisfied customers who buy the organization's products, there is no company.

*Blooms: Understand*

*Crane - Chapter 02 #188*

*Difficulty: Medium*

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

189. What is a corporate mission? How can it be used as a motivational tool?

Answers will vary

Feedback: A corporate mission is a statement of the organization's scope, often identifying its customers, markets, products, technology, and values. It is often used interchangeably with vision. A well-crafted mission statement can have an inspirational theme that ignites the loyalty of the employees and makes them willing to work harder to see that the company achieves its mission.

*Blooms: Remember*

*Crane - Chapter 02 #189*

*Difficulty: Medium*

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

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

Answers will vary

Feedback: Students' answers will vary, but each answer should recognize that there are both external and internal stakeholders for each organization. Their lists could include students, deans, instructors, the community in which the institution is located, boards or governments that regulate campus activities, guest speakers, and graduates.

*Blooms: Apply*

*Crane - Chapter 02 #190*

*Difficulty: Easy*

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

191. Name and briefly describe the seven types of corporate goals set in advance of work?

The seven types of corporate goals set in advance of work are:

Answers will vary

Feedback: (1) Profit. Economic theory assumes a firm seeks to maximize long-run profit.

(2) Sales Revenue. A firm may elect to maintain or increase its sales level, even though profitability may not be maximized.

(3) Market Share. A firm may choose to maintain or increase its market share-sometimes at the expense of greater profits.

(4) Unit Sales. The effects of inflation may cause a firm to focus on the number of units it sells.

(5) Quality. A firm may emphasize the need to maintain or improve the quality of its products and services, especially if quality has been poor in the past.

(6) Employee welfare. A firm may recognize the critical importance of its employees by having an explicit goal stating its commitment to good employment opportunities and working conditions.

(7) Social responsibility. A firm may seek to balance conflicting goals of consumers, employees, and stockholders to promote overall welfare of all these groups.

*Blooms: Remember*

*Crane - Chapter 02 #191*

*Difficulty: Medium*

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



192. What are the three levels of strategy in organizations? Describe each.

Answers will vary

Feedback: See Figure 2-1 on page 27.

*Blooms: Remember*

*Crane - Chapter 02 #192*

*Difficulty: Medium*

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

193. One of the most recognized approaches to business portfolio analysis is the Boston Consulting Group's growth-share matrix. By dividing each dimension into high and low categories, the matrix contains four cells. Briefly describe the four quadrants of the matrix. BCG has given specific names and descriptions to the four quadrants in its growth-share matrix. They are as follows:

Answers will vary

Feedback: (1) Cash Cows - (lower left quadrant) have a dominant share of a slow growth market; they typically generate large amounts of cash to invest in other SBUs.

(2) Stars - (upper left quadrant) have a high share of high-growth markets; they may not generate enough cash to support their own needs to support future growth.

(3) Question Marks or Problem Children - (upper right quadrant) are SBUs with a low share of high growth markets; they require large amounts of money just to maintain their market share.

(4) Dogs - (lower right quadrant) have a low share of low-growth markets; although they may generate enough cash to sustain themselves, they hold little promise of becoming winners for the firm.

*Blooms: Understand*

*Crane - Chapter 02 #193*

194. The Boston Consulting Group's business portfolio analysis model can be used to guide a firm as it tries to change its relative market share (the factor on the horizontal axis). What conscious decisions can management make on the role each SBU should have in the future and how money should be budgeted for its operations?

Answers will vary

Feedback: The firm can invest more in the SBU in order to build its share, it can invest just enough to hold the SBU's share at about its current level, it can harvest the SBU trying to milk its short-term cash flow, even though it may lose share and become a dog in the longer run, or the firm can divest the SBU by phasing it out or actually selling it to gain cash to invest in the remaining SBUs.

*Blooms: Understand*

*Crane - Chapter 02 #194*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

195. Identify and describe the four market-product strategies an organization uses to identify alternative market opportunities.

The four market-product strategies an organization uses to identify alternative market opportunities are:

Answers will vary

Feedback: (1) market penetration, which involves selling more of an existing product to existing market segments

(2) product development, which involves developing a new product for existing market segments

(3) market development, which involves selling an existing product to new market segments

(4) diversification, which involves selling a new product to new market segments

*Blooms: Understand*

*Crane - Chapter 02 #195*

*Difficulty: Medium*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

196. Identify the three phases of the strategic marketing process and briefly describe what happens during each phase.

The three phases of the strategic marketing process are the Planning Phase, the Implementation Phase, and the Control Phase.

Answers will vary

Feedback: (1) Planning Phase includes

(a) situation (SWOT) analysis to identify industry trends, analyze competitors, assess own company, and research customer

(b) market-product focus and goal setting, which involves setting market and product goals, selecting target markets, finding points of difference, and positioning the product

(c) marketing program development, which involves developing the program's marketing mix, and developing the budget by estimating revenues, expenses, and profits.

(2) Implementation Phase involves

(a) obtaining resources

(b) designing the marketing organization

(c) developing schedules

(d) executing the marketing program.

(3) Control Phase involves

(a) comparing the results of the marketing program plans to the results achieved to identify deviations

(b) acting to correct negative deviations, and exploit positive ones

*Blooms: Understand*

*Crane - Chapter 02 #196*

*Difficulty: Difficult*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

197. Identify and describe the four critical factors in a SWOT analysis that help an organization identify the critical strategy-related factors that could have major effects on it.  
The four critical factors in a SWOT analysis are:

Answers will vary

Feedback: (1) internal strengths, such as the quality, brand name prominence, and technical leadership of its products

(2) internal weaknesses, such as unfocused mission, poor responsiveness to customer needs, and revenues derived from slow-growth businesses

(3) external opportunities, such as growing international markets, and cooperative joint ventures

(4) external threats, such as increasing local or foreign competition resulting in declining market share, lower production costs from foreign manufacturers, and adverse governmental regulations

*Blooms: Remember*

*Crane - Chapter 02 #197*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

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

Answers will vary

Feedback: Figure 2-7 illustrates the principal components under each of the four Ps. Product features, brand name, packaging, service, warranty. Price list price, discounts, allowances, credit terms, payment period. Promotion advertising, personal selling, sales promotion, publicity. Place outlets, channels, coverage, transportation, and stock level. The instructor should probably not expect students to recall every item, but can set a reasonable number of items correctly identified, according to his or her expectations.

*Blooms: Remember*

*Crane - Chapter 02 #198*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*

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

Answers will vary

Feedback: A marketing program should include product, price, promotion, and place strategies. Students' examples will vary. The product strategy would include packaging and design of shirts. Promotion strategy would encompass how the group plans to communicate information about the sale to other students. Price strategy would include list price and any quantity discounts. Place strategy would include how the shirts will arrive at the point of sale and selection of the point of sale.

*Blooms: Apply*

*Crane - Chapter 02 #199*

*Difficulty: Medium*

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

The four components of the implementation phase of the strategic marketing process are:

Answers will vary

Feedback:

- (1) obtaining resources
- (2) designing the marketing organization
- (3) developing schedules
- (4) actually executing the marketing program designed in the planning phase

*Blooms: Understand*

*Crane - Chapter 02 #200*

*Difficulty: Difficult*

201. What are the basic differences between marketing strategies and marketing tactics?

Answers will vary

Feedback: A marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by

(1) a specified target market

(2) a marketing program to reach it; it implies both the end sought (target market) and the means to achieve it (marketing program).

Marketing tactics, on the other hand, are detailed day-to-day operational decisions essential to the overall success of marketing strategies, such as writing advertising copy or selecting the amount for temporary price reductions. Compared with marketing strategies, marketing tactics generally involve actions that must be taken right away.

*Blooms: Understand*

*Crane - Chapter 02 #201*

*Difficulty: Medium*

*Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.*



202. What is the purpose of the control phase of the strategic marketing process? How is control accomplished?

Answers will vary

Feedback: The control phase of the strategic marketing process seeks to keep the marketing program moving in the direction it is set for. Accomplishing this requires the marketing manager to compare the results of the marketing program with goals in the written plans to identify deviations and to act on these deviations - correcting negative deviations and exploiting positive ones.

*Blooms: Understand*

*Crane - Chapter 02 #202*

*Difficulty: Difficult*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

203. A SWOT analysis can be useful in helping Ben & Jerry's identify new ice cream flavours and social responsibility programs that will contribute to its mission. What elements might *their* SWOT analysis contain?

Answers will vary

Feedback: See Figure 2-6, page 44. Student answers will likely vary.

*Blooms: Understand*

*Crane - Chapter 02 #203*

*Difficulty: Medium*

*Learning Objective: 02-04 Explain why managers use marketing dashboards and marketing metrics.*

204. Many traditional educational institutions are facing budgetary constraints. Using the four market-product strategies as a framework for your answer, how might these institutions profitably expand in the new economy?

Answers will vary

Feedback: See Figure 2-4, page 38. Student answers will likely vary.

*Blooms: Understand*

*Crane - Chapter 02 #204*

*Difficulty: Difficult*

*Learning Objective: 02-03 Discuss how an organization assesses where it is now and where it seeks to be.*

205. Describe the advantages of integrating social media metrics, such as website traffic sources, click-through-rates, cost-per-click, page views, and page-view-flows, into a marketing dashboard?

Answers will vary

Feedback: Two major reasons, cited on page 40: (1) spot deviations from plans and (2) take corrective actions

*Blooms: Understand*

*Crane - Chapter 02 #205*

*Difficulty: Medium*

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

# Chapter 02 Developing Successful Marketing Strategies

## Summary

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