

Marketing Defined, Explained, Applied, 2e (Levens)
Chapter 2 The Market in Marketing

1) Which of the following terms is used to describe the set of forces that influence the ability of a business to create value and attract and serve customers?

- A) the marketing environment
- B) the cultural environment
- C) Porter's Five Forces
- D) the target market
- E) the marketing mix

Answer: A

Diff: 1 Page Ref: 15

Skill: Concept

Objective: 2-1

2) The _____ of a business is made up of all the activities that occur within the organizational functions of the business.

- A) marketing environment
- B) internal environment
- C) microenvironment
- D) macroenvironment
- E) external environment

Answer: B

Diff: 1 Page Ref: 15

Skill: Concept

Objective: 2-1

3) Employees are part of a company's _____.

- A) external environment
- B) internal environment
- C) political environment
- D) macroenvironment
- E) competitive environment

Answer: B

Diff: 2 Page Ref: 15

Skill: Concept

Objective: 2-1

4) The implementation of marketing practices directed outside the business to create value and to form productive customer relationships is called _____.

- A) internal marketing
- B) external marketing
- C) relationship marketing
- D) social marketing
- E) business marketing

Answer: B

Diff: 2 Page Ref: 15

AACSB: Communication abilities

Skill: Concept

Objective: 2-1

5) Most businesses focus the majority of their marketing efforts toward managing the _____.

- A) legal environment
- B) internal environment
- C) microenvironment
- D) macroenvironment
- E) economic environment

Answer: C

Diff: 2 Page Ref: 15

Skill: Concept

Objective: 2-1

6) A firm's internal environment does NOT include _____.

- A) its employees
- B) its internal stakeholders
- C) its financial capital
- D) its brands
- E) elements of the legal environment

Answer: E

Diff: 2 Page Ref: 16

Skill: Concept

Objective: 2-1

7) Which of the following are NOT part of a company's external environment?

- A) suppliers
- B) customers
- C) employees
- D) media outlets
- E) government regulations

Answer: C

Diff: 2 Page Ref: 16

Skill: Concept

Objective: 2-1

8) You are directed to study the actors close to the company, yet outside its internal environment, that affect its ability to serve its customers. What are you studying?

- A) the macroenvironment
- B) the microenvironment
- C) the political environment
- D) the social and cultural environment
- E) the global environment

Answer: B

Diff: 1 Page Ref: 15

Skill: Concept

Objective: 2-1

9) Which of the following are NOT part of a company's microenvironment?

- A) suppliers
- B) competitors
- C) governments
- D) customers
- E) distributors

Answer: C

Diff: 2 Page Ref: 15

Skill: Concept

Objective: 2-1

10) Porter's Five Forces of Competitive Position Model is used to determine where power exists in a company's _____.

- A) internal environment
- B) business market
- C) consumer market
- D) microenvironment
- E) macroenvironment

Answer: D

Diff: 2 Page Ref: 15

Skill: Concept

Objective: 2-1

11) Which of the following is NOT one of the forces in Porter's Five Forces of Competitive Position Model?

- A) bargaining power of suppliers
- B) threat of substitute products
- C) bargaining power of customers
- D) threat of relevant regulations
- E) threat of new entrants

Answer: D

Diff: 2 Page Ref: 15

Skill: Concept

Objective: 2-1

12) A company would most likely use the Porter analysis for which of the following?

- A) to determine whether or not to expand a brand into a new market segment
- B) to assess employee understanding of and commitment to company values
- C) to identify shifting cultural values relevant to the company's products
- D) to identify lobbying efforts with the highest likelihood of success
- E) to influence social movements relevant to the company's brands

Answer: A

Diff: 2 Page Ref: 15

Skill: Concept

Objective: 2-1

13) A supplier with which of the following is likely able to exert the most power over a company?

- A) low prices
- B) high prices
- C) many competitors
- D) few or no competitors
- E) many customers

Answer: D

Diff: 2 Page Ref: 16

Skill: Concept

Objective: 2-1

14) The _____ buyers that are available in a market, the _____ an individual buyer is to a business.

- A) fewer; less important
- B) fewer; more important
- C) more; more important
- D) more wealthy; less important
- E) more diverse; more important

Answer: B

Diff: 3 Page Ref: 16

Skill: Concept

Objective: 2-1

15) You are directed to study the cultural, economic, technological, political, and legal factors that are larger forces affecting your company. What are you studying?

- A) the macroenvironment
- B) the microenvironment
- C) the business market
- D) the marketing mix
- E) the global environment

Answer: A

Diff: 1 Page Ref: 16

Skill: Concept

Objective: 2-1

16) The _____ environment consists of factors that affect consumer purchase ability and buying behavior.

- A) cultural
- B) political
- C) technological
- D) economic
- E) legal

Answer: D

Diff: 1 Page Ref: 17

Skill: Concept

Objective: 2-1

17) _____ is an increase in the price of a collection of goods that represent the overall economy.

- A) Income
- B) Inflation
- C) Deflation
- D) Utility
- E) Surplus

Answer: B

Diff: 1 Page Ref: 17

Skill: Concept

Objective: 2-1

18) Which of the following is the most likely result when average income levels do not keep pace with inflation?

- A) Utility decreases.
- B) Demand increases.
- C) Demand decreases.
- D) Demographic shifts occur.
- E) Unemployment levels go down.

Answer: C

Diff: 3 Page Ref: 17

Skill: Concept

Objective: 2-1

19) Income levels are average _____ used to approximate national earnings.

- A) business revenues
- B) business profits
- C) consumer savings
- D) consumer earnings
- E) employment levels

Answer: D

Diff: 1 Page Ref: 17

Skill: Concept

Objective: 2-1

20) The unemployment level is determined by the number of unemployed persons divided by the _____.

- A) total population
- B) adult population
- C) aggregate labor force
- D) total number of employees in the private sector
- E) total number of employees in the public sector

Answer: C

Diff: 2 Page Ref: 17

Skill: Concept

Objective: 2-1

21) Your marketing department is currently researching the age, race, and household structures of your target market. Which environment is being researched?

- A) social and cultural
- B) competitive
- C) economic
- D) legal
- E) political

Answer: A

Diff: 2 Page Ref: 17

AACSB: Multicultural and diversity understanding

Skill: Concept

Objective: 2-1

22) _____ are characteristics of human population that are used to identify markets.

- A) Needs
- B) Demographics
- C) Social movements
- D) Demands
- E) The Four Ps

Answer: B

Diff: 1 Page Ref: 17

Skill: Concept

Objective: 2-1

23) As consumers age, which of the following generally happens?

- A) consumption halts
- B) life stages stabilize
- C) income level increases
- D) demand decreases
- E) market diversity increases

Answer: C

Diff: 2 Page Ref: 17

AACSB: Multicultural and diversity understanding

Skill: Concept

Objective: 2-1

24) The _____ environment includes factors that relate to the nature, quantity, and potential actions of a company's competitors.

- A) cultural
- B) economic
- C) legal
- D) political
- E) competitive

Answer: E

Diff: 2 Page Ref: 17

Skill: Concept

Objective: 2-1

25) Business legislation has been created for three basic reasons: to protect companies from each other, to protect consumers, and to _____.

- A) protect the interests of society
- B) regulate prices
- C) increase world trade
- D) regulate monopolies
- E) promote social responsibility

Answer: A

Diff: 3 Page Ref: 18

AACSB: Ethical understanding and reasoning abilities

Skill: Concept

Objective: 2-1

26) Marketers should be aware of laws and government regulations that influence or limit various organizations and individuals in a given society. This is most accurately described as the _____ environment.

- A) legal
- B) cultural
- C) competitive
- D) technological
- E) economic

Answer: A

Diff: 1 Page Ref: 18

AACSB: Ethical understanding and reasoning abilities

Skill: Concept

Objective: 2-1

27) The U.S. Consumer Product Safety Commission and the Food and Drug Administration are most accurately characterized as part of the _____ environment.

- A) economic
- B) cultural
- C) legal
- D) technological
- E) political

Answer: C

Diff: 2 Page Ref: 18

AACSB: Ethical understanding and reasoning abilities

Skill: Concept

Objective: 2-1

28) Under which system of government is everything controlled by the government?

- A) democracy
- B) federal system
- C) republic
- D) dictatorship
- E) social movement

Answer: D

Diff: 2 Page Ref: 18

AACSB: Dynamics of the global economy

Skill: Concept

Objective: 2-1

29) By definition, the _____ environment focuses on scientific activities and innovations.

- A) cultural
- B) political
- C) technological
- D) competitive
- E) legal

Answer: C

Diff: 1 Page Ref: 18

AACSB: Use of information technology

Skill: Concept

Objective: 2-1

30) The consumer market is made up of which of the following?

- A) individuals who are actual or potential buyers of goods or services for personal consumption
- B) households that are actual or potential buyers of goods or services for personal consumption
- C) businesses that are actual or potential buyers of goods and services for use in the production of other products or services
- D) A and B
- E) all of the above

Answer: D

Diff: 1 Page Ref: 19

Skill: Concept

Objective: 2-2

31) Percy Original caters to a market of individuals and households that are the end users of the company's products and services. Percy Original caters to a _____ market.

- A) business
- B) reseller
- C) government
- D) consumer
- E) private

Answer: D

Diff: 2 Page Ref: 19

Skill: Concept

Objective: 2-2

32) By definition, a consumer product is intended to do which of the following?

- A) fulfill a consumer desire
- B) fulfill a business need
- C) promote a brand
- D) create a consumer's surplus
- E) match a customer's perceived utility

Answer: A

Diff: 1 Page Ref: 19

Skill: Concept

Objective: 2-2

33) Which of the following best explains how consumers make purchase decisions in consumer markets?

- A) by analyzing proposals
- B) by qualifying potential sources
- C) by assessing the utility of the offered product or service
- D) by building relationships with suppliers
- E) by searching for a consumer's surplus

Answer: C

Diff: 3 Page Ref: 19

Skill: Concept

Objective: 2-2

- 34) By definition, a consumer's surplus occurs when _____.
- A) there are more buyers for a product than units of the product available for sale
 - B) there are more units of a product available for sale than buyers of the product
 - C) consumers purchase a product at a price greater than the utility of the product
 - D) consumers purchase a product at a price less than the utility of the product
 - E) consumers assign a lower utility to a product than marketers had expected

Answer: D

Diff: 2 Page Ref: 19

Skill: Concept

Objective: 2-1

- 35) A consumer's surplus represents an advantage for _____.

- A) producers
- B) suppliers
- C) consumers
- D) marketers
- E) business markets

Answer: C

Diff: 2 Page Ref: 19

Skill: Concept

Objective: 2-1

- 36) Every consumer brand strives to be both _____ and _____.

- A) widely available; low-cost
- B) relevant; unique
- C) unique; widely available
- D) relevant; low-cost
- E) low-utility; unique

Answer: B

Diff: 3 Page Ref: 19

Skill: Concept

Objective: 2-1

- 37) Members of which type of market buy goods and services that are used in, or in support of, the production of other products or services?

- A) business
- B) international
- C) wholesale
- D) consumer
- E) retail

Answer: A

Diff: 1 Page Ref: 20

Skill: Concept

Objective: 2-3

38) _____ involves the sale of products and services from one business to another.

- A) Distributive marketing
- B) Consumer marketing
- C) Customer marketing
- D) Business-to-business
- E) Demand marketing

Answer: D

Diff: 1 Page Ref: 20

Skill: Concept

Objective: 2-3

39) In marketing terms, B2B stands for _____.

- A) buyer-to-buyer
- B) buyer-to-business
- C) business-to-buyer
- D) business-to-business
- E) bank-to-business

Answer: D

Diff: 1 Page Ref: 20

Skill: Concept

Objective: 2-3

40) Which of the following is true about business marketers in comparison to consumer marketers?

- A) They deal with far fewer but far larger buyers.
- B) They deal with far more but far smaller buyers.
- C) They deal with a less structured buying process.
- D) They involve fewer individuals in the buying process.
- E) They deal with the same decision buying process.

Answer: A

Diff: 2 Page Ref: 20

Skill: Concept

Objective: 2-3

41) _____ for a product or service results from the demand for another product or service.

- A) Cause-and-effect demand
- B) Derived demand
- C) Fixed demand
- D) Fluctuating demand
- E) Elastic demand

Answer: B

Diff: 1 Page Ref: 20

Skill: Concept

Objective: 2-3

42) A business buyer who is considering a change in product specifications, terms, and possibly suppliers is most likely in a _____ situation.

- A) modified rebuy
- B) new task
- C) straight rebuy
- D) solution selling
- E) value analysis

Answer: A

Diff: 2 Page Ref: 20

Skill: Concept

Objective: 2-3

43) Large business purchasers usually call for detailed product specifications, written purchase orders, careful supplier searches, and formal approval. These are all examples of how the business buying process is more _____ than the consumer buying process.

- A) formalized
- B) creative
- C) opinion-based
- D) independent
- E) concentrated

Answer: A

Diff: 2 Page Ref: 20

Skill: Concept

Objective: 2-3

44) The group of people in an organization who participate in the procurement process is referred to as the _____.

- A) buyer institution
- B) buyclass
- C) buying center
- D) purchasing hierarchy
- E) purchasing office

Answer: C

Diff: 1 Page Ref: 20

Skill: Concept

Objective: 2-3

45) The first step of the business buying process is _____.

- A) general need description
- B) evaluations of proposals
- C) problem or need recognition
- D) selection of an order routine
- E) performance feedback

Answer: C

Diff: 2 Page Ref: 21

Skill: Concept

Objective: 2-3

46) Empire Products has begun a process to find the best suppliers. Empire Products is actively engaged in which step of the buyer purchase process?

- A) recognition of the problem or need
- B) selection of an order routine
- C) search for and qualification of potential sources
- D) evaluation of proposals
- E) performance feedback and evaluation

Answer: C

Diff: 2 Page Ref: 21

Skill: Concept

Objective: 2-3

47) In the generally accepted stages of the business buying process, the step following the description of the characteristics of the item and the quantity needed is the _____.

- A) acquisitions of proposals
- B) search for and qualification of potential sources
- C) recognition of the organization's problem or need
- D) determination of the characteristics of the needed item
- E) selection of an order routine

Answer: B

Diff: 3 Page Ref: 21

Skill: Concept

Objective: 2-3

48) In the generally accepted stages of the business buying process, the step following the recognition of the organizational problem or need is the _____.

- A) acquisition and analysis of proposals
- B) search for and qualification of potential sources
- C) description of the characteristics of the item and quantity needed
- D) determination of the characteristics of the item and quantity needed
- E) performance feedback and evaluation

Answer: D

Diff: 3 Page Ref: 21

Skill: Concept

Objective: 2-3

49) When deciding how to fulfill a purchasing need, a business would most likely find making the product on its own to be the best option when _____.

- A) the business does not have the capacity to produce the product
- B) the product is expected to have rapid technological change
- C) the business wants to retain a competitive uniqueness
- D) the product is expected to need frequent servicing
- E) the product is expected to undergo rapid changes

Answer: C

Diff: 2 Page Ref: 21

Skill: Concept

Objective: 2-3

50) When deciding how to fulfill a purchasing need, a business would most likely find leasing the product to be the best option when _____.

- A) the business has the capacity to produce the product
- B) the product is expected to have rapid technological change
- C) the business wants to retain a competitive uniqueness
- D) the product is expected to need little servicing
- E) the product is expected to undergo few changes

Answer: B

Diff: 2 Page Ref: 21

AACSB: Use of information technology

Skill: Concept

Objective: 2-3

51) In recent years, security regulations initiated by the federal government through the Transportation Safety Administration affected Southwest Airlines. These regulations are part of the _____ affecting this airline.

- A) external environment
- B) internal environment
- C) competitive environment
- D) brand strategies
- E) microenvironment

Answer: A

Diff: 2 Page Ref: 15

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-1

52) Which of the following is NOT an example of external marketing?

- A) using information from checkout scanner data to make marketing decisions
- B) holding company values training sessions for employees
- C) lobbying local and state governments for beneficial regulations
- D) purchasing advertising in multiple media forms
- E) distributing press releases about brands and company practices to media outlets

Answer: B

Diff: 2 Page Ref: 15

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-1

53) Which of the following is a consumer product?

- A) salt and gravel used by cities to spread on icy roads
- B) a bulk package of tissues to be separated and resold at a convenience store
- C) a bag of potato chips to be eaten by an individual
- D) a carton of tomatoes to be used at a restaurant
- E) a set of cleaning supplies used at an office

Answer: C

Diff: 2 Page Ref: 19

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-2

54) Which of the following is the best example of a consumer market that is saturated with brands?

- A) the gluten-free baked goods market
- B) the hybrid automobile market
- C) the luxury RV market
- D) the hearing aid market
- E) the laundry detergent market

Answer: E

Diff: 2 Page Ref: 19

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-2

55) Which of the following is NOT part of the business market?

- A) Scott Sign Systems sells interior signs to an Alabama resort.
- B) A municipal government buys chemicals for its city swimming pools.
- C) Sue buys a gift for her mother.
- D) A Canadian software company buys tickets to send a group of salespeople to make a presentation to a heavy equipment manufacturer in Japan.
- E) Airmark sells a vinyl printing press to a manufacturer of plastic bags.

Answer: C

Diff: 2 Page Ref: 20

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-3

56) Which of the following is an example of a B2B transaction?

- A) Maurice buys a new razor on his way home from work.
- B) The amateur gardener buys a new wheelbarrow.
- C) The retailer buys athletic shoes to sell in his store.
- D) The professional chef bakes a birthday cake for her son.
- E) Robyn's mother hires a math tutor to help Robyn pass algebra.

Answer: C

Diff: 2 Page Ref: 20

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-3

57) Innovations is a producer of electronic circuits that power a variety of technological devices produced by other companies. Innovations sells its products to _____ markets.

- A) business
- B) government
- C) consumer
- D) internal
- E) financial

Answer: A

Diff: 2 Page Ref: 20

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-3

58) You regularly purchase cleaning supplies for your custodial staff, using the same vendor and ordering relatively consistent amounts of the same products with each purchase. This is an example of a _____ situation.

- A) modified rebuy
- B) new task
- C) straight rebuy
- D) solution selling
- E) value analysis

Answer: C

Diff: 2 Page Ref: 20

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-3

59) Worthington Farm raises chickens. For years, it has used wooden coops for hauling its poultry to market. The owner of the farm needs to buy some replacement coops and is considering buying plastic coops that are slightly more expensive than wooden ones but much easier to clean after use. This purchase of coops is an example of a _____.

- A) modified rebuy
- B) new task
- C) straight rebuy
- D) solution selling situation
- E) value analysis

Answer: A

Diff: 2 Page Ref: 20

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-3

60) The EPA has mandated that, in order to reduce local pollution, your printing plant switch from oil-based to water-based inks. This will require entirely new printing presses and a new printing plate technology. After carefully searching through numerous manufacturers' equipment descriptions and gathering opinions from all relevant parties related to the work, the printing plant's buying center will be ready to make this _____ purchase.

- A) modified rebuy
- B) new task
- C) straight rebuy
- D) straight task
- E) situational analysis

Answer: B

Diff: 2 Page Ref: 20

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-3

61) A trucking company is considering purchasing new trucks that are powered by ethanol instead of diesel fuel. In terms of the buying center, the truck drivers who must make sure that the trucks' fuel tanks do not run out of fuel are the _____.

- A) initiators
- B) deciders
- C) buyers
- D) users
- E) gatekeepers

Answer: D

Diff: 2 Page Ref: 21

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-3

62) Don Brady is responsible for obtaining price quotations from various vendors. After reviewing the vendors' proposals, Don then determines whether or not to send each vendor a contract. Don apparently plays two roles in the buying center, that of _____ and _____.

- A) user; buyer
- B) buyer; gatekeeper
- C) initiator; user
- D) decider; buyer
- E) gatekeeper; influencer

Answer: D

Diff: 3 Page Ref: 20-21

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-3

63) Business marketers often alert customers to potential problems and then show how their products provide solutions. These marketers are hoping to influence which stage of the business purchase process?

- A) description of the characteristics of the needed item
- B) evaluation of proposals
- C) recognition of a problem or need
- D) selection of an order routine
- E) performance feedback

Answer: C

Diff: 2 Page Ref: 21

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-3

Refer to the scenario below to answer the following questions.

Casey Brickly opened The Landing on the north shore of Witmer Lake in 1962. With a sandwich counter on one side and a bait shop and grocery on the other, The Landing was an immediate hit with weekend lake visitors and local residents alike. In the summer, boaters parked at the piers and bought all their lake needs—rods and reels, bait, fishing licenses, snacks, soft drinks—at The Landing. Even during the winter months, snowmobilers and ice fishermen were lured to The Landing for a snack and hot coffee or hot chocolate.

As time passed, the business changed and grew tremendously. What was formerly a weekend tourist area gradually became a year-round residential area. Many of the houses, which were built as cottages in the 1950s and 1960s, were remodeled into year-round homes. By the end of the 1970s, the days of small motor boats and 10 mile-per-hour speed limits were gone; skiing and speed boats became all the rage. For some time, The Landing continued to attract flocks of patrons.

In the 1980s, however, Casey started to realize that the grocery area in The Landing could not compete with larger local retailers. He eventually enlarged the sandwich counter, transforming the bait shop and grocery into a restaurant with a full menu typical of any diner.

"Getting rid of the bait shop was hard to do," Casey admitted. "I still had a summer crowd that relied on us for their fishing needs, but we couldn't survive a whole year on four months of profit."

By 2005, the atmosphere of Witmer Lake and the neighboring lakes had become upscale. "I could see that people were spending more on their speed boats than what they had originally paid for their cottages!" Casey exclaimed. Many of the cottages were being inherited by children and grandchildren of the original owners. Once again, the scene started to change as many of the lake houses were used only as weekend lake homes. Unlike the previous generation, a vast number of the current owners could afford to live closer to their jobs while maintaining lake homes. "At this point, business wasn't growing," Casey said.

As local competition continued to increase, Casey converted the diner atmosphere of The Landing into a bar with a lounge area. "The change might have been too drastic," Casey said, "but it was the only way we could maintain a strong, year-round business in spite of the population shifts and competitive forces."

64) Which microenvironment factors have affected The Landing the most?

- A) competitors
- B) suppliers
- C) government agencies
- D) natural environment
- E) economic environment

Answer: A

Diff: 2 Page Ref: 15

AACSB: Analytic skills

Skill: Application

Objective: 2-1

65) Which of the following macroenvironmental forces has had the greatest effect on The Landing?

- A) the social and cultural environment
- B) the technological environment
- C) the sustainable environment
- D) the political environment
- E) the social responsibility environment

Answer: A

Diff: 2 Page Ref: 16

AACSB: Analytic skills

Skill: Application

Objective: 2-1

66) Marketing practices implemented within a company are considered internal marketing.

Answer: TRUE

Diff: 1 Page Ref: 15

Skill: Concept

Objective: 2-1

67) The microenvironment and the macroenvironment are both part of a company's external environment.

Answer: TRUE

Diff: 2 Page Ref: 15

Skill: Concept

Objective: 2-1

68) In general, companies are placing less emphasis on internal marketing than they have in the past.

Answer: FALSE

Diff: 2 Page Ref: 15

AACSB: Communication abilities

Skill: Concept

Objective: 2-1

69) The microenvironment consists of larger societal forces that affect a company, such as economic, political, and cultural forces.

Answer: FALSE

Diff: 1 Page Ref: 15

Skill: Concept

Objective: 2-1

70) The threat of substitutes can reduce the power of a business.

Answer: TRUE

Diff: 2 Page Ref: 15

Skill: Concept

Objective: 2-1

71) Any change in the status of a competitor will affect the power a business is able to exert in its market and industry.

Answer: TRUE

Diff: 2 Page Ref: 15

Skill: Concept

Objective: 2-1

72) The macroenvironment consists of the factors close to but not within the company that affect its ability to serve its customers.

Answer: FALSE

Diff: 1 Page Ref: 16

Skill: Concept

Objective: 2-1

73) An increase in the unemployment level generally increases the ability of individuals to purchase products and services.

Answer: FALSE

Diff: 2 Page Ref: 17

Skill: Concept

Objective: 2-1

74) Marketers must increasingly consider the needs of traditional married households because this segment of the population is growing more rapidly than single-family households.

Answer: FALSE

Diff: 2 Page Ref: 17

AACSB: Multicultural and diversity understanding

Skill: Concept

Objective: 2-1

75) Consumer organizations such as environmental and minority groups that may question a company's marketing decisions are part of the political environment.

Answer: TRUE

Diff: 2 Page Ref: 18

Skill: Concept

Objective: 2-1

76) More than one-third of the American consumer buying power comes from California, Texas, New York, and Florida.

Answer: TRUE

Diff: 2 Page Ref: 19

Skill: Concept

Objective: 2-2

77) Consumer markets are, by definition, very large.

Answer: FALSE

Diff: 2 Page Ref: 19

Skill: Concept

Objective: 2-2

78) A consumer product may be intended for individual or business use.

Answer: FALSE

Diff: 2 Page Ref: 19

Skill: Concept

Objective: 2-2

79) Marketing can influence consumers' perceptions of a product's utility.

Answer: TRUE

Diff: 2 Page Ref: 19

AACSB: Communication abilities

Skill: Concept

Objective: 2-2

80) A business marketer normally deals with far fewer buyers than a consumer marketer does.

Answer: TRUE

Diff: 2 Page Ref: 20

Skill: Concept

Objective: 2-3

81) As a part of the human resources department of her company, Jenna makes sure that employees are made aware of and understand changes to the company's policies. Jenna is engaged in a type of marketing.

Answer: TRUE

Diff: 3 Page Ref: 15

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-1

82) A company markets wild and crazy games for teens to play at parties. This is an example of a business market.

Answer: FALSE

Diff: 2 Page Ref: 19

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-2

83) Of the different types of buying situations, the modified rebuy presents the fewest decisions for a business buyer to make.

Answer: FALSE

Diff: 2 Page Ref: 20

AACSB: Analytic skills

Skill: Application

Objective: 2-3

84) Give two examples of how companies can gather information to respond to changes in the microenvironment.

Answer: Answers will vary. A company can use data from checkout scanners and purchase transaction databases to track customer preferences and buying behavior.

Diff: 2 Page Ref: 15

AACSB: Analytic skills

Skill: Application

Objective: 2-1

85) How might a company try to influence its macroenvironment?

Answer: Answers will vary. Though businesses do not typically directly influence the macroenvironment, many companies lobby state governments and the federal government in an attempt to influence the legal environment.

Diff: 3 Page Ref: 15

AACSB: Analytic skills

Skill: Application

Objective: 2-1

86) Explain the relationship between the number and size of buyers for a product or service and the level of power those buyers can exert on a company.

Answer: When more, smaller buyers are available, each buyer exerts less power over the company; when only a few, larger buyers make up the market, each buyer exerts much more power over the company.

Diff: 2 Page Ref: 16

AACSB: Analytic skills

Skill: Application

Objective: 2-1

87) Angela's company is trying to determine whether to enter a new market segment. How might her company use Porter's Model to make a decision?

Answer: Angela's company could use Porter's Model to assess the threat of other entrants into the market segment, the bargaining power of suppliers and customers, the threat of substitute products, and the competitive rivalry already existing within the market.

Diff: 3 Page Ref: 16

AACSB: Analytic skills

Skill: Application

Objective: 2-1

88) Explain how marketers have responded to growing diversity in the United States.

Answer: Marketers have varied their advertising methods, as well as their products and services, to reach the increasingly diverse markets in the United States.

Diff: 2 Page Ref: 17

AACSB: Multicultural and diversity understanding

Skill: Application

Objective: 2-1

89) Explain why a consumer may decide not to purchase a product or service she wants even though it offers a significant consumer's surplus.

Answer: A significant difference between the product's purchase price and its perceived utility may cause a consumer to believe that something must be wrong with the product for it to be offered at such a discount.

Diff: 3 Page Ref: 19

AACSB: Analytic skills

Skill: Application

Objective: 2-2

90) Explain why national marketers might pay particular attention to the preferences of consumers in large states such as New York and California.

Answer: Consumers in the populous states of New York, California, Texas, and Florida represent more than one-third of the buying power of the American consumer market, so national marketers will want to appeal to those consumers' preferences.

Diff: 3 Page Ref: 19

AACSB: Analytic skills

Skill: Application

Objective: 2-2

91) Which business buying situation is the marketer's greatest opportunity? Why?

Answer: The new task situation presents the greatest opportunity because a first-time purchaser will seek out more information from a marketer and does not have established relationships with other marketers.

Diff: 3 Page Ref: 20

AACSB: Analytic skills

Skill: Application

Objective: 2-3

92) In which type of buying situation would a supplier most likely focus on maintaining product and service quality? Why?

Answer: A supplier would focus on maintaining product and service quality in a straight rebuy because no new or modified purchases are required; the supplier's task is to keep the customer satisfied with the current procurement relationship.

Diff: 3 Page Ref: 20

AACSB: Analytic skills

Skill: Application

Objective: 2-3

93) Although a company has purchased printers and copiers before, Xerox now offers the firm a multitasking machine that prints, copies, scans, and faxes. Explain what type of buying situation this is.

Answer: This is a modified rebuy. The firm has already purchased similar machinery, but this purchase now involves a modified machine.

Diff: 3 Page Ref: 20

AACSB: Reflective thinking skills

Skill: Application

Objective: 2-3

94) Identify and describe the main components of a company's marketing environment.

Answer: A company's marketing environment is the set of forces that influence the company's ability to create value and to attract and serve customers. The marketing environment consists of the company's internal environment and external environment. The internal environment involves all of the activities that take place within the company. The external environment includes the microenvironment and the macroenvironment. The microenvironment involves forces close to yet outside the company, such as customers, competitors, and suppliers. The macroenvironment is made up of greater societal forces, including economic, legal, political, cultural, and technological environments.

Diff: 3 Page Ref: 15

AACSB: Analytic skills

Skill: Application

Objective: 2-1

95) Briefly describe how the demographic makeup of the United States is changing.

Answer: Demographics include characteristics such as age, race, and household structure. The United States is becoming much more demographically diverse. Hispanic, Asian American, and African American population segments are growing. Household structure is also more diverse, with more and more people waiting to marry later in life or not at all.

Diff: 2 Page Ref: 17

AACSB: Multicultural and diversity understanding

Skill: Application

Objective: 2-1

96) Explain how a consumer market is determined and give two examples of consumer markets of different size.

Answer: A consumer market is composed of the individuals and households who are potential or actual buyers and end users of a product or service. A consumer market is not a fixed entity—it exists in relation to the product or service being marketed. An example of a large consumer market is the market for tennis shoes. An example of a small consumer market is the market for SCUBA gear. (Examples will vary.)

Diff: 2 Page Ref: 19

AACSB: Analytic skills

Skill: Application

Objective: 2-2

97) Briefly explain how brands influence purchase decisions in consumer markets.

Answer: Marketers use brands to convey a product or service's value to consumers. Through marketing activities such as advertising and sales promotion, marketers position a brand to be unique and relevant to the brand's consumer market. The presentation of the brand affects consumers' perceived utility of the brand, influencing their decision to buy and how much they are willing to pay.

Diff: 2 Page Ref: 19

AACSB: Analytic skills

Skill: Application

Objective: 2-2

98) Explain how the decision process in the business market and consumer market differs.

Answer: Business buyers usually face more complex buying decisions than do consumer buyers, as business purchases more often involve large sums of money and interactions among many people. Because the purchases are more complex, business buyers may take longer to make their decisions and are likely to use a more formalized buying process.

Diff: 2 Page Ref: 20

AACSB: Analytic skills

Skill: Application

Objective: 2-3

99) Compare and contrast the three major types of business buying situations.

Answer: A straight rebuy is a fairly routine decision in which the buyer reorders without any modifications from existing suppliers. In a modified rebuy, the buyer decides to consider alternative suppliers. A company buying a product or service for the first time faces a new task situation.

Diff: 2 Page Ref: 20

AACSB: Analytic skills

Skill: Application

Objective: 2-3

100) List the eight steps in the complete buyer purchase process in their correct order.

Answer: Step 1: recognition of the organizational problem or need. Step 2: determination of the characteristics of the item and quantity needed. Step 3: description of the characteristics of the item and quantity needed. Step 4: search for and qualification of potential sources. Step 5: acquisition and analysis of proposals. Step 6: evaluation of the proposals and selection of suppliers. Step 7: selection of an order routine. Step 8: performance feedback and evaluation.

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AACSB: Analytic skills

Skill: Application

Objective: 2-3