

c1

Student: _____

1. The Southwind Camper Company's goal is to sell 10,000 camper trailers each year. What can one conclude from this objective?
 - A. The company has a customer orientation.
 - B. The company does not adhere to the marketing concept.
 - C. The company is determined to satisfy customer needs.
 - D. The company wants to use a customer focused strategy.

2. An organization seeking to make a profit by serving the needs of customer groups is focusing on
 - A. customer orientation.
 - B. production orientation.
 - C. selling orientation.
 - D. personal marketing orientation.

3. The purpose of the marketing concept is to rivet the attention of marketing managers on serving broad classes of
 - A. supplier needs.
 - B. employee needs.
 - C. management needs.
 - D. customer needs.

4. Focusing on building long-term _____ where the initial sale is viewed as the beginning step and not as the end goal, is the crux of the marketing concept.
 - A. selling orientation
 - B. production orientation
 - C. investor-relations
 - D. consumer-relations

5. Marketing managers can satisfy customers more efficiently in the present than anticipate changes in customer needs in the future. Which of the following best explains this statement?

- A. Organizations need more planning to devise better sales strategies.
- B. Marketing strategies should focus on production orientation.
- C. Managers need to first identify customer needs and then work backwards to devise products and services to satisfy these needs.
- D. Organizations need new customers; hence the need to manipulate customers to do what suits the interests of the firm.

6. The customer will be more satisfied and the firm will be more profitable when

- A. organizations and customers have a long-term relationship.
- B. the sales process is product oriented.
- C. products are advertised frequently and contain a varying media mix.
- D. products are sold at discounts.

7. Effective marketing requires that _____ come first in organizational decision making.

- A. advertising strategies
- B. selling orientation
- C. production orientation
- D. consumer needs

8. The process of planning and executing conceptions, pricing, promotion, and distribution of ideas, goods and services to create exchange that satisfy individual and organizational goals is the definition of

- A. marketing.
- B. management.
- C. strategic planning.
- D. accounting.

9. Which type of marketing is designed to create exchanges for intangible products?

- A. Product
- B. Service
- C. Place
- D. Cause

10. Identify the marketing type which is designed to attract donors, members, participants, or volunteers?

- A. Product
- B. Organization
- C. Place
- D. Cause

11. Company X manufactures sports goods. They introduce a new product targeted at children between ages 7 and 10. The marketing team envisions an entirely new marketing strategy for its sport goods. This is an example of which type of marketing?

- A. Product
- B. Service
- C. Cause
- D. Place

12. In large organizations, the marketing plans of individual departments are guided by

- A. plans rolled out by the production unit..
- B. sales strategies of the marketing department.
- C. planning activities of the organizational units.
- D. strategic plans or blueprints for the entire organization.

13. Which type of marketing would involve strategies to elect a political candidate?

- A. Product
- B. Service
- C. Person
- D. Place

14. Over three-quarters of the 100 largest U.S. corporations of 70 years ago have fallen from the list because

- A. of regulations that disallowed their business activities.
- B. of unfair trade practices.
- C. they failed to recognize that strategies need to reflect changing environments.
- D. their mission was just to provide value for customers, employees, and investors..

15. The true mission of a company is to provide value for three key constituencies, namely

- A. investors, employees, and customers.
- B. investors, customers, and politicians.
- C. managers, employees, and customers.
- D. employees, customers, and families.

16. The organization's mission, objectives, strategies, and its portfolio plan are the four major components of its

- A. strategic plan.
- B. mission statement.
- C. sales strategy.
- D. marketing plan.

17. _____ includes all the activities that lead to the development of a clear organizational mission, organizational objectives, and appropriate strategies to achieve those objectives.

- A. Strategic planning
- B. Organization's growth
- C. Financial planning
- D. Investment decisions

18. _____, if performed successfully, plays a key role in achieving equilibrium between the short and the long term by balancing acceptable finance performance with preparation of inevitable changes in market, technology, and competition, as well as the economic and political arenas.

- A. Production planning
- B. Team planning
- C. Strategic planning
- D. Sales planning

19. The organization's environment provides the _____ that sustains the organization, whether it is a business, a college or university, or a government agency.

- A. products
- B. competition
- C. resources
- D. structure

20. The organization's environment provides the resources that sustain the organization. In exchange for these resources, the organization must supply the environment with

- A. services without any additional cost.
- B. highly priced but quality goods.
- C. quality goods at an acceptable price.
- D. community service at all times.

21. Twenty years ago Bob and Aileen Long started the Vidalia Onion Store for the purpose of sharing the taste of sweet Vidalia onions with the world. In recent years, the couple has added other Georgia products, such as peanuts, peaches, and pecans to its inventory, without changing the business's name or its mission. The store can now be described as a

- A. drifting organization.
- B. customer oriented organization.
- C. competitive organization.
- D. changing organization.

22. The Steakhouse is a restaurant selling steaks. Its mission statement was to provide its customers with the world's best steaks. Changes in consumer tastes resulted in fewer customers for the steakhouse. The company had to venture into new and different markets to maintain profitability. These new conditions and a redundant mission statement would make the steakhouse a(n)

- A. process related organization.
- B. organization without any strategy.
- C. drifting organization.
- D. functional organization.

23. Organizations expand into new products, new markets, and even new industries. In this process, the organization's original purpose may become irrelevant. In these circumstances the organization can be best described as a

- A. drifting organization.
- B. functional organization.
- C. horizontal organization.
- D. cooperative organization.

24. The mission statement, or purpose, of an organization is the description of its reason for

- A. revenues.
- B. profitability.
- C. existence.
- D. growth.

25. Which of the following is not stated as being a basic question an organization must answer when examining and restating its mission?

- A. What is our business?
- B. Who is the customer?
- C. What do customers value?
- D. What is our sales strategy?

26. Imagine you have been asked to develop an organizational strategy for a regional chain of restaurants called The Blue Crab. This chain of restaurants was founded with the expressed purpose of providing its customers with the finest seafood eating experience possible. Since its opening, the chain has added a retail outlet in each restaurant where it sells dishes, pottery, utensils, and novelty items, all with a beach theme. Your first thought is that the chain needs to restate its mission. The basic questions that must be answered before a new mission statement can be formulated are all of the following, except

- A. who is the customer?
- B. what do customers value?
- C. what will the business be?
- D. what will the production strategy be?

27. All of the following are key elements that the management must take into account while developing a statement of mission, except the

- A. organization's history.
- B. organization's distinctive competencies.
- C. organization's culture.
- D. organizations environment.

28. The core things that an organization does well are known as its

- A. distinctive values.
- B. distinctive competencies.
- C. distinctive ideals.
- D. distinctive technologies.

29. _____ dictates the opportunities, constraints, and threats that must be identified before a mission statement is developed.

- A. Organization's history
- B. Organization's culture
- C. Organization's environment
- D. Organization's competencies

30. Slatescape is a relatively new company that mines and crushes slate for use as mulch in gardens. The managers of the company reviewed its short history, took into account the organization's environment, and laid stress on its distinctive competencies. The managers are attempting to

- A. develop a mission statement
- B. distinguish between primary and secondary objectives
- C. develop an effective marketing mix
- D. evaluate its marketing plan

31. The mission statement of a company should have a(n)

- A. product focus.
- B. external focus.
- C. internal focus.
- D. service focus.

32. Which of the following statements about a mission statement is true?

- A. Even though no one denies the importance of the mission statement, it is the least used of all of the management tools.
- B. An effective mission statement takes an internal organizational focus.
- C. It should be focused on the physical product or service that the organization is offering at present.
- D. It should be focused on the broad class of needs that the organization is seeking to satisfy.

33. When the mission statement of an organization is focused on markets rather than products, it means that the mission statement

- A. has an external rather than an internal focus.
- B. needs to divert towards the internal problems.
- C. needs to change its focus to services.
- D. is focusing on the narrow class of needs.

34. A popular brand of bed sheets in the 1940s was Indian Head. Its manufacturer claimed its sheets were so well-made that consumers might want to include them in their wills so the sheets could be passed down to their grandchildren. The company was proud of its product quality and formulated its mission statement based on it - "To be the producers of the best bed sheets in the market". What could potentially be wrong with such a mission statement?

- A. It has an external focus.
- B. It focuses on the market rather than on the product.
- C. It defines the company in terms of its marketing capabilities.
- D. It focuses on the product rather than on its market.

35. What is most likely wrong with the following mission statement for a store that sells lighting fixtures: "Our mission is to make sure every customer who buys a lighting fixture at our store is 100 percent satisfied with his or her purchase?"

- A. The mission statement is not specific.
- B. The mission statement is not well framed.
- C. The mission statement cannot fulfill the organizational productivity.
- D. The mission is not achievable or realistic.

36. A company's mission statement is "to produce the highest-quality products at the lowest possible cost". What is most likely wrong with this mission statement?

- A. The mission statement is not specific.
- B. The mission statement is not well framed.
- C. The mission statement cannot fulfill the organizational productivity.
- D. The mission is not achievable or realistic.

37. Which of the following does not pertain to organizational objectives?

- A. They can be converted into specific action.
- B. They serve as a starting point for specific objectives at lower levels in the organization.
- C. They can establish short-run priorities for the organization.
- D. They serve as standards against which overall organizational performance can be evaluated.

38. If formulated properly, all of the following are stated end results of an effective organizational objective, except

- A. they can be converted into mission and vision statements.
- B. they will provide direction and serve as a starting point for more specific and detailed objectives at lower levels in the organization.
- C. they can establish long-run priorities for the organization.
- D. they can facilitate management control because they serve as standards against which overall organizational performance can be evaluated.

39. All of the following are some common shortcomings in mission statements, except

- A. they do not provide direction to decision makers when faced with product/market choices.
- B. they are not motivational.
- C. they are too broad and do not rule out any opportunity management might wish to pursue.
- D. they are externally focused instead of having an internal focus.

40. Which of the following is true of organizational objectives?

- A. An organizational objective should reflect on the organization's finances rather than its commitment to the customers.
- B. Objectives are not considered dominant necessities to carry out the organizational mission.
- C. Objectives are specific, measurable, action commitments on the part of the organization.
- D. An organizational objective is distilled into a specific and achievable organization mission.

41. Maintaining consistent levels of employee satisfaction with our own and similar industries could be a possible objective of which of the following areas of performance?

- A. Market standing
- B. Worker performance and attitude
- C. Manager performance and responsibility
- D. Productivity

42. Protecting and maintaining resources such as equipment, buildings, inventory, and funds could be a possible objective of which of the following areas of performance?
- A. Physical and financial resources
 - B. Productivity
 - C. Market standing
 - D. Manager performance and attitude
43. When an organization has formulated its mission and developed its objectives, the next managerial task is to develop
- A. job descriptions.
 - B. organizational strategies.
 - C. mission and vision statements.
 - D. cross-functional teams.
44. Which strategy focuses primarily on increasing the sales of present products to present customers?
- A. Market development strategy
 - B. Product development strategies
 - C. Diversification
 - D. Market penetration strategy
45. The marketing slogan, "It's not just for breakfast anymore" has been very successful for the orange juice industry. With this slogan, the orange juice industry is trying to get people who like a glass of orange juice with their breakfast to consider having a glass at another time of the day, like as an afternoon snack instead of a cola. This slogan is most closely related to a
- A. product diversification strategy.
 - B. market penetration strategy.
 - C. product development strategy.
 - D. market integration strategy.
46. At the supermarket, Lisa noticed that her favorite stain remover now comes in spray bottles, 2 sizes of aerosol cans, and a refill bottle. Given this information and the fact that the stain remover has reduced its shelf price by 5 percent, you could say the manufacturer of the stain remover has implemented a _____ strategy.
- A. market differentiation
 - B. product development
 - C. diversification
 - D. market penetration

47. Company ABC advertises on national television the grand price reduction on their line of bathing accessories. Such a scenario pertains to which of the following framework of organizational growth strategies?
- A. Product development
 - B. Market consolidation
 - C. Product diversification
 - D. Market penetration
48. As part of its 1998 summer ad campaign, NBC ran ads that previewed reruns of popular TV programs and used the slogan, "New to You" to get people who had missed the shows during the previous season to watch. This slogan is most closely related to which of the organizational growth strategies?
- A. Product development
 - B. Market development
 - C. Market diversification
 - D. Market penetration
49. When weekend gardeners think of mulch to put around their plants and keep away the weeds, they tend to think in terms of pine bark, wood chips, or pine straw. Slatescape has developed mulch made out of crushed slate rock. The company first targeted landscape businesses and was successful in marketing to businesses and to government agencies. In order to expand its business, the company must now educate consumers about the product. Slatescape will be implementing a
- A. market penetration strategy.
 - B. market differentiation strategy.
 - C. diversification strategy.
 - D. market development strategy.
50. Lilly's, a fashion accessories company is continuously on the look-out to expand its market overseas. This instance describes
- A. market development.
 - B. market segmentation.
 - C. market consolidation.
 - D. market differentiation.
51. Market development strategy involves
- A. increasing the sale of present products to present customers.
 - B. finding new customers for its present products.
 - C. targeting present customers for the newly developed products.
 - D. leading an organization into entirely new and unrelated businesses.

52. Product development strategy

- A. involves seeking new products for customers not currently being served.
- B. offers product-line extensions of existing products to present customers.
- C. is merely getting the product to a new market.
- D. deals with developing a production plan for a product.

53. Eddy's Ice Cream developed a line of whole fruit sorbets targeted at people who are loyal Eddy's consumers, but dislike all the fat and calories in ice cream. What organizational growth strategy was used here?

- A. Product development
- B. Diversification
- C. Customer value
- D. Market development

54. Huggies first started out in the disposable diaper industry. It then developed 'Pull-Ups', disposable training pants for kids who were in the transition stage between diapers and cloth underwear. What kind of a growth strategy did Huggies use when it developed this new product?

- A. Diversification
- B. Porter's model
- C. Market penetration
- D. Product development

55. The Grand Ole Opry shows are played in an auditorium that is at best 75 percent full. Most of the audience is over 50. One of the ideas suggested to increase its audience size and appeal to younger country music fans is to use RealAudio broadcasts of the Opry shows on the Internet. In terms of organizational strategies, this is an example of

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

56. In the mid-1990s, McDonald's opened a new chain of restaurants called Hearth Express. Hearth Express was targeted at McDonald's current customers who wanted a more leisurely home-style meal. The Hearth Express menu included rotisserie chicken, twice-baked squash, baked beans, and fresh baked bread. Identify the strategy used by McDonald's in introducing Hearth Express.

- A. Market development
- B. Product differentiation
- C. Market penetration
- D. Product development

57. The Mattel Corporation targets children from the age of 3 and up. Fisher-Price makes toys for babies and toddlers. The Mattel Corporation recently purchased Fisher-Price for \$1.1 billion. This acquisition gives Mattel a new product line aimed at the younger siblings of its current target market. By targeting the under-three group with age-appropriate toys, Mattel has implemented a _____ strategy.

- A. diversification
- B. product differentiation
- C. Porter's model
- D. market penetration

58. In its advertising, Suave hair care products compares hair shampooed and conditioned with Suave products to hair on which more expensive salon products were used. The company hopes that the ad establishes how similar results can be achieved by using Suave, a much less expensive product. If the promotion is targeted at consumers who once used Suave, but abandoned it when they could afford more expensive products, then the company is using a _____ strategy.

- A. product development
- B. market differentiation
- C. market development
- D. product differentiation

59. The ability to outperform competitors in providing something that the market values, is called

- A. diversification.
- B. market promotion.
- C. competitive advantage.
- D. market analysis.

60. There are more than a half dozen different sports drinks in the market, but only one brand—Juicy Juice Score by Libby's, is made with fruit juice. What kind of organizational strategy based on competitive advantage is Libby's using with Juicy Juice Score?

- A. Strategy based on customer value
- B. Strategy based on differentiation
- C. Strategy based on cost-leadership
- D. Strategy based on diversification

61. Ford has used the 2003 Taurus to better align itself with its target market. It is the only car in its price range with cup holders that accept coffee cups with handles and expand to hold large soft drinks. It has power-adjusted pedals to enable short drivers to sit farther from the steering wheel. It has more legroom for passengers in the back seat. With the redesigned Taurus, Ford has implemented a _____ strategy.

- A. market development
- B. prestige value
- C. diversification
- D. differentiation

62. The advertising for Bertolli spaghetti sauce states that it is the only leading brand of sauce made from tomatoes picked no more than 24 hours before they are used. Therefore, Bertolli claims to taste more like homemade because it is fresher. Identify the strategy used by Bertolli in terms of its competitive advantage.
- A. Product development
 - B. Diversification
 - C. Product diversification
 - D. Differentiation
63. Healthline is Eckerd Drug Stores' brand of incontinence products. Healthline products sell for \$2 to \$5 less than the rival Depends brand. According to Michael Porter's model, Eckerd is using a _____ strategy to market Healthline products.
- A. differentiation
 - B. product development
 - C. market development
 - D. cost leadership
64. Which of the following pertains to strategic business units?
- A. They share the organizational mission statement.
 - B. They have centralized management, no competitors, and little autonomy.
 - C. They are a number of organizations which have come together to achieve some common goal.
 - D. They can be planned independently of the other businesses of the total organization.
65. Monsanto is an enterprise that is composed of three parts. Its biotech section, which is working to develop crops that are pest and disease-resistant so farmers can eventually eliminate chemical spraying, provides about half of its sales. Pharmaceuticals from its G.D. Searle subsidiary contribute a third of its revenues; and food products, dominated by the artificial sweetener NutraSweet, make up less than 20 per cent of its total revenue. These three divisions are Monsanto's
- A. strategic business units.
 - B. sales-buying units.
 - C. small business units.
 - D. segmented business units.
66. Monsanto is an enterprise that is composed of three parts. Its biotech section, (researching to develop crops that are pest and disease-resistant) provides about half of its sales. Pharmaceuticals from its G.D. Searle subsidiary contribute a third of its revenues; and food products, dominated by the artificial sweetener NutraSweet, make up less than 20 per cent of its total revenue. Monsanto's three strategic business units would generally
- A. have no external competitors.
 - B. share the same mission as Monsanto.
 - C. use centralized planning and not operate independently.
 - D. have their own distinct missions.

67. All of the following are components of the marketing plan except

- A. portfolio planning.
- B. target market selection.
- C. pricing strategy.
- D. situation analysis.

68. Which of the following is not a major area of concern for situational analysis?

- A. Political environment
- B. Competitive environment
- C. Physical environment
- D. Social environment

69. The cooperative environment includes

- A. all firms and individuals who have a vested interest in accomplishing the firm's objectives.
- B. primarily other firms in the industry that rival the organization for both resources and sales.
- C. the attitudes and reactions of the general public, social and business critics.
- D. protection against business competition and consumer rights.

70. The _____ for Coca-Cola Classic includes lemon-lime drinks, fruit juice, bottled water, sports drinks, other colas, caffeine-free colas, diet drinks, cherry-flavored drinks, and dairy beverages.

- A. competitive environment
- B. technological environment
- C. cooperative environment
- D. economic environment

71. The National Basketball Association (NBA) charges a family of four about \$200 for tickets to see a basketball game at Madison Square Garden. Concerns that many people do not have the sort of discretionary income that makes such a family outing possible has led the NBA to come up with creative discounts. This has shown that NBA is responsive to the _____ environment.

- A. social
- B. competitive
- C. cooperative
- D. economic

72. Since September 11, 2001, the number of people attending church and looking to religion to provide solace has increased. As a result, Bible publishers have developed the Starting Point Study Bible that explains what they are reading and includes a dictionary of biblical terms. Identify the type of environment which caused this change.

- A. Social
- B. Competitive
- C. Cooperative
- D. Economic

73. The removal of tariffs on the importation of Canadian lumber will adversely affect the U.S. lumber industry because Canada is able to produce lumber much more inexpensively than the U.S. This tariff removal is an example of how the _____ environment can affect businesses.

- A. cooperative
- B. comparative
- C. social
- D. legal

74. Which of the following is not an interrelated task in the process of marketing planning?

- A. Developing the product
- B. Developing the marketing mix
- C. Establishing marketing objectives
- D. Selecting the target market

75. All of the following are true with respect to establishing marketing objectives except they

- A. are derived from organizational objectives.
- B. are stated as standards of performance.
- C. provide the framework for the marketing plan.
- D. are a set of controllable variables used for the target market.

76. Establishing objectives, selecting the target market, and developing the marketing mix are three interrelated tasks pertaining to

- A. the selling concept.
- B. market planning.
- C. organizational mission.
- D. performance objectives.

77. Identify the factor that is not stated as being generally useful for ranking the present and potential target markets.

- A. Profitability of the target markets.
- B. Present and future sales volume of the target markets.
- C. Match between what it takes to appeal successfully to the segment and the organization's capabilities.
- D. Dependence on industrial buyers and market segmentation.

78. Olde Westport Spice & Trading Company sells 14 seasoning mixes for everything from spicy chili, to curry rice, to dip for chips and vegetables. A 5.5 ounce bottle of one of its seasoning mixes costs between \$3.95 and \$5.95 depending on its contents. The owners of the company market the product by attending 135 craft fairs annually, giving out free samples of food made with the various seasonings, and making sure each person who tries a sample leaves with a brochure and mail order form. People learn about the product from attending the fair, articles in cooking magazines, and word of mouth. This example best describes Olde Westport's

- A. competitive advantage.
- B. target market.
- C. marketing mix.
- D. product life cycle.

79. Identify the error that many companies make when developing strategies aimed at increasing the number of first-time users?

- A. Developing the marketing mix before identifying the target market.
- B. Not developing marketing objectives that are aligned with organizational objectives.
- C. Not ranking target markets according to the present and future sales volume.
- D. Neglecting the present customers while developing market share and sales strategies.

80. Performing marketing tasks according to a predefined schedule is a part of

- A. establishing the marketing plan.
- B. developing the marketing plan.
- C. implementing the marketing plan.
- D. controlling the marketing plan.

81. Recently there has been a shift from the traditional role of marketing, which was based on dividing work according to function, to bringing managers and employees together to participate in

- A. cross-functional teams.
- B. production teams.
- C. function based teams.
- D. virtual teams.

82. Which of the following statements about strategic planning is true?

- A. Strategic planning is clearly a top management responsibility and does not require the active participation of marketing managers.
- B. Planning done in functional areas of the organization should be independent of the strategic plan.
- C. There is no direct relationship between strategic planning and the planning done by managers at all levels.
- D. Marketing executives are involved in the strategic planning process as they influence the process by providing important inputs.

83. Which of the following is not a functional area plan derived from the strategic plan?

- A. Production plan
- B. Finance plan
- C. Operations plan
- D. Technology plan

84. If done properly, _____ helps in clearly defining a blueprint for management action in all functional areas of the organization.

- A. sales promotion
- B. strategic planning
- C. product planning
- D. marketing planning

85. Designing additional features into a product that will induce new uses by existing buyers can be best described as an objective of the

- A. production department.
- B. marketing department.
- C. support department.
- D. sales department.

86. This is an example of a marketing department objective: "Increase market share by 5 percent by attracting new market segments for existing use by year-end". This objective would best suit which of the following options of organizational strategies?

- A. Market penetration or market development
- B. Market development or product development
- C. Diversification or market penetration
- D. Product development or diversification

87. Portfolio models

- A. provide a long-term time perspective for analyzing the organization's external environment.
- B. examine the competitive position of an organization's principal rivals.
- C. classify SBUs to determine the future cash contribution that can be expected from each of them.
- D. are not effective in situations where management must make resource allocation decisions across product lines.

88. On what assumption is the BCG Portfolio Model predicated?

- A. Profitability and cash flow will be closely related to sales volume.
- B. ROI will be directly related to sales volume.
- C. Cash flow is equal to investment.
- D. Investment + Cash flow = Profitability.

89. In the early 1990s, Procter & Gamble marketed three brands of toilet paper, Charmin, White Cloud, and Banner. The toilet paper industry is typically described as a low growth industry. In 1993, P&G spent \$8.1 million to advertise Charmin and was rewarded with sales of over \$312 million. In that same year, it spent nearly \$8 million marketing White Cloud, but the toilet paper had disappointing sales of less than \$63 million. Banner, with hardly any promotion at all, had \$3.6 million in sales. According to the BCG Portfolio Model, which of the following statements about these three products best describes the situation in 1993?

- A. Charmin is a star, White Cloud is a cash cow, and Banner is a dog.
- B. Charmin is a cash cow, and White Cloud and Banner are both question marks.
- C. Charmin and White Cloud are cash cows, and Banner is a dog.
- D. Charmin is a cash cow, and White Cloud and Banner are both dogs.

90. The cell phone market is experiencing rapid growth, but the cell phones made by Broadwing Inc., have such a low market share that Broadwing is looking to sell its cell phone division. According to the BCG Portfolio Model, the Broadwing cell phone division would be an example of a

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

91. According to the BCG matrix, _____ are often market leaders, but the market they are in is not growing rapidly.

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

92. The BCG matrix identifies _____ as SBUs that have a low share of a low-growth market.

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

93. With an ever-burgeoning population, futurists predict the need for more efficient ways to produce food to feed the earth's population, and many companies are involved in genetic research. One of the companies at the forefront of research on disease and insect-resistant seeds is Monsanto's biotech division, which has already produced soybean and corn seeds that are immune to several diseases that reduce crop yields. In terms of the BCG Portfolio Model, Monsanto's biotech division is a

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

94. In the early 1990s, Procter & Gamble marketed three brands of toilet paper, Charmin, White Cloud, and Banner. The toilet paper industry is typically described as a low growth industry. In 1993, P&G spent \$8.1 million to advertise Charmin and was rewarded with sales of over \$312 million. In that same year, it spent nearly \$8 million marketing White Cloud, but the toilet paper had disappointing sales of less than \$63 million. Banner, with hardly any promotion at all, had \$3.6 million in sales. Which of the following statements best describes the role that each should have played in P&G's marketing plan, given what you know about the BCG Portfolio Model?

- A. P&G should have built market share for both Charmin and White Cloud and sold Banner.
- B. P&G should have devised strategies to hold the market share for Charmin, divested itself of White Cloud, and harvested Banner.
- C. P&G should have harvested Charmin and divested itself of Banner and White Cloud.
- D. P&G should have harvested Charmin and White Cloud, and built market share for Banner.

95. In 1997, Monsanto sold its chemical products division because the division was showing slow growth in a market that was rapidly expanding. Monsanto used a _____ strategy with its chemical products division, which would be classified by the BCG Portfolio Model as a _____.

- A. divest; question mark
- B. divest; dog
- C. hold share; cash cow
- D. harvest; cash cow

96. Which of the following objectives seek to increase the products short-term cash flow without concern for the long run impact?
- A. Hold share
 - B. Harvest
 - C. Divest
 - D. Build share
97. Which of the following pertains to the objective "build share"?
- A. Sacrifices immediate earnings to improve market share.
 - B. Increases the product's short-term cash flow without concern for the long-run impact.
 - C. Involves selling or divesting the SBU because better investment opportunities exist elsewhere.
 - D. Seeks to preserve the SBU's market share.
98. According to the General Electric Portfolio Model, what should an organization do with its SBUs that fall into the red zone?
- A. Hold share and build share
 - B. Harvest or divest
 - C. Produce and divest
 - D. Build share and harvest
99. In the early 1990s, Procter & Gamble marketed three brands of toilet paper, Charmin, White Cloud, and Banner. The toilet paper industry is typically described as a low growth industry. In 1993 P&G spent \$8.1 million to advertise Charmin and was rewarded with sales of over \$312 million. In that same year, it spent nearly \$8 million marketing White Cloud, but the toilet paper had disappointing sales of less than \$63 million. Banner, with hardly any promotion at all, had \$3.6 million in sales. According to the General Electric Portfolio Model, which of the following statements about these three products best describes the situation in 1993?
- A. Charmin would be in the red zone, while White Cloud and Banner would be in the green zone.
 - B. In spite of the difference in sales, both White Cloud and Charmin are in the yellow zone.
 - C. Due to the low market growth in the toilet paper industry, Charmin is low in business strength.
 - D. White Cloud and Banner are low in industry attractiveness and in business strength and are in the red zone.
100. Which of the following pertains to a company with high business strength in terms of the GE portfolio model?
- A. Has a high level of profitability.
 - B. Be readily able to recover from inflation.
 - C. Larger market share as compared to competitors.
 - D. The larger the market, the more attractive it will be.

c1 Key

1. (p. 2) The Southwind Camper Company's goal is to sell 10,000 camper trailers each year. What can one conclude from this objective?

- A. The company has a customer orientation.
- B.** The company does not adhere to the marketing concept.
- C. The company is determined to satisfy customer needs.
- D. The company wants to use a customer focused strategy.

The purpose of the marketing concept is to rivet the attention of marketing managers on serving broad classes of customer needs (customer orientation).

Peter - Chapter 01 #1

2. (p. 2) An organization seeking to make a profit by serving the needs of customer groups is focusing on

- A.** customer orientation.
- B. production orientation.
- C. selling orientation.
- D. personal marketing orientation.

Marketing concept means that an organization should seek to make a profit by serving the needs of customer groups - Purpose of the marketing concept is to rivet the attention of marketing managers on serving broad classes of customer needs.

Peter - Chapter 01 #2

3. (p. 2) The purpose of the marketing concept is to rivet the attention of marketing managers on serving broad classes of

- A. supplier needs.
- B. employee needs.
- C. management needs.
- D.** customer needs.

The purpose of the marketing concept is to rivet the attention of marketing managers on serving broad classes of customer needs.

Peter - Chapter 01 #3

4. (p. 2) Focusing on building long-term _____ where the initial sale is viewed as the beginning step and not as the end goal, is the crux of the marketing concept.

- A. selling orientation
- B. production orientation
- C. investor-relations
- D. consumer-relations**

The marketing concept means that an organization should seek to make a profit by serving the needs of customer groups. This means that organizations should focus on building long-term customer relationships in which the initial sale is viewed as a beginning step in the process, not as an end goal.

Peter - Chapter 01 #4

5. (p. 2) Marketing managers can satisfy customers more efficiently in the present than anticipate changes in customer needs in the future. Which of the following best explains this statement?

- A. Organizations need more planning to devise better sales strategies.
- B. Marketing strategies should focus on production orientation.
- C. Managers need to first identify customer needs and then work backwards to devise products and services to satisfy these needs.**
- D. Organizations need new customers; hence the need to manipulate customers to do what suits the interests of the firm.

Effective marketing starts with the recognition of customer needs and then works backward to devise products and services to satisfy these needs.

Peter - Chapter 01 #5

6. (p. 2) The customer will be more satisfied and the firm will be more profitable when

- A. organizations and customers have a long-term relationship.**
- B. the sales process is product oriented.
- C. products are advertised frequently and contain a varying media mix.
- D. products are sold at discounts.

Organizations should focus on building long-term customer relationships in which the initial sale is viewed as a beginning step in the process, not as an end goal. As a result, the customer will be more satisfied and the firm will be more profitable.

Peter - Chapter 01 #6

7. (p. 2) Effective marketing requires that _____ come first in organizational decision making.

- A. advertising strategies
- B. selling orientation
- C. production orientation
- D. consumer needs**

Effective marketing as defined in the text requires that consumer needs come first in organizational decision making.

Peter - Chapter 01 #7

8. (p. 3) The process of planning and executing conceptions, pricing, promotion, and distribution of ideas, goods and services to create exchange that satisfy individual and organizational goals is the definition of

- A. marketing.**
- B. management.
- C. strategic planning.
- D. accounting.

The American Marketing Association defines marketing as "the process of planning and executing conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals."

Peter - Chapter 01 #8

9. (p. 4) Which type of marketing is designed to create exchanges for intangible products?

- A. Product
- B. Service**
- C. Place
- D. Cause

Marketing designed to create exchanges for intangible products is called service marketing.

Peter - Chapter 01 #9

10. (p. 4) Identify the marketing type which is designed to attract donors, members, participants, or volunteers?

- A. Product
- B. Organization
- C. Place
- D. Cause**

Marketing designed to attract donors, members, participants, or volunteer's is called cause marketing.

Peter - Chapter 01 #10

11. (p. 4) Company X manufactures sports goods. They introduce a new product targeted at children between ages 7 and 10. The marketing team envisions an entirely new marketing strategy for its sport goods. This is an example of which type of marketing?

- A.** Product
- B. Service
- C. Cause
- D. Place

Marketing designed to create exchange for tangible products is called product marketing.

Peter - Chapter 01 #11

12. (p. 4) In large organizations, the marketing plans of individual departments are guided by

- A. plans rolled out by the production unit..
- B. sales strategies of the marketing department.
- C. planning activities of the organizational units.
- D.** strategic plans or blueprints for the entire organization.

Let us assume that we are dealing with a large business organization that has several business divisions and several product lines within each division. Before any marketing plan can be implemented by individual divisions or departments, a plan has to be developed for the entire organization.

Peter - Chapter 01 #12

13. (p. 4) Which type of marketing would involve strategies to elect a political candidate?

- A. Product
- B. Service
- C.** Person
- D. Place

This is an example of marketing designed to create favorable actions toward persons.

Peter - Chapter 01 #13

14. (p. 4) Over three-quarters of the 100 largest U.S. corporations of 70 years ago have fallen from the list because

- A. of regulations that disallowed their business activities.
- B. of unfair trade practices.
- C. they failed to recognize that strategies need to reflect changing environments.**
- D. their mission was just to provide value for customers, employees, and investors..

The management failed to recognize that business strategies need to reflect changing environments and emphasis must be placed on developing business systems that allow for continuous improvement.

Peter - Chapter 01 #14

15. (p. 5) The true mission of a company is to provide value for three key constituencies, namely

- A. investors, employees, and customers.**
- B. investors, customers, and politicians.
- C. managers, employees, and customers.
- D. employees, customers, and families.

The true mission of the organization is to provide value for three key constituencies: customers, employees, and investors.

Peter - Chapter 01 #15

16. (p. 5) The organization's mission, objectives, strategies, and its portfolio plan are the four major components of its

- A. strategic plan.**
- B. mission statement.
- C. sales strategy.
- D. marketing plan.

Four components of a strategic plan: mission, objectives, strategies, and portfolio plan.

Peter - Chapter 01 #16

17. (p. 5) _____ includes all the activities that lead to the development of a clear organizational mission, organizational objectives, and appropriate strategies to achieve those objectives.

- A.** Strategic planning
- B. Organization's growth
- C. Financial planning
- D. Investment decisions

Strategic planning includes all the activities that lead to the development of a clear organizational mission, organizational objectives, and appropriate strategies to achieve those objectives.

Peter - Chapter 01 #17

18. (p. 5) _____, if performed successfully, plays a key role in achieving equilibrium between the short and the long term by balancing acceptable financial performance with preparation of inevitable changes in market, technology, and competition, as well as the economic and political arenas.

- A. Production planning
- B. Team planning
- C.** Strategic planning
- D. Sales planning

Strategic planning, if performed successfully, plays a key role in achieving equilibrium between the short and the long term by balancing acceptable financial performance with preparation for inevitable changes in markets, technology, and competition, as well as in economic and political arenas.

Peter - Chapter 01 #18

19. (p. 5) The organization's environment provides the _____ that sustains the organization, whether it is a business, a college or university, or a government agency.

- A. products
- B. competition
- C.** resources
- D. structure

The organization's environment provides the resources that sustain the organization whether it is a business, a college or university, or a government agency.

Peter - Chapter 01 #19

20. (p. 5-6) The organization's environment provides the resources that sustain the organization. In exchange for these resources, the organization must supply the environment with

- A. services without any additional cost.
- B. highly priced but quality goods.
- C. quality goods at an acceptable price.**
- D. community service at all times.

The organization must supply the environment with quality goods and services at an acceptable price.

Peter - Chapter 01 #20

21. (p. 6) Twenty years ago Bob and Aileen Long started the Vidalia Onion Store for the purpose of sharing the taste of sweet Vidalia onions with the world. In recent years, the couple has added other Georgia products, such as peanuts, peaches, and pecans to its inventory, without changing the business's name or its mission. The store can now be described as a

- A. drifting organization.**
- B. customer oriented organization.
- C. competitive organization.
- D. changing organization.

"Drifting" organization is an organization without a clear mission, vision, or purpose to guide critical decisions.

Peter - Chapter 01 #21

22. (p. 6) The Steakhouse is a restaurant selling steaks. Its mission statement was to provide its customers with the world's best steaks. Changes in consumer tastes resulted in fewer customers for the steakhouse. The company had to venture into new and different markets to maintain profitability. These new conditions and a redundant mission statement would make the steakhouse a(n)

- A. process related organization.
- B. organization without any strategy.
- C. drifting organization.**
- D. functional organization.

A "drifting" organization is without a clear mission, vision, or purpose to guide critical decisions.

Peter - Chapter 01 #22

23. (p. 6) Organizations expand into new products, new markets, and even new industries. In this process, the organization's original purpose may become irrelevant. In these circumstances the organization can be best described as a

- A.** drifting organization.
- B. functional organization.
- C. horizontal organization.
- D. cooperative organization.

A "drifting" organization is without a clear mission, vision, or purpose to guide critical decisions. When this occurs management should search for a purpose or emphatically restate or reinforce the original purpose.

Peter - Chapter 01 #23

24. (p. 6) The mission statement, or purpose, of an organization is the description of its reason for

- A. revenues.
- B. profitability.
- C.** existence.
- D. growth.

The mission statement, or purpose, of an organization is the description of its reason for existence.

Peter - Chapter 01 #24

25. (p. 6-7) Which of the following is not stated as being a basic question an organization must answer when examining and restating its mission?

- A. What is our business?
- B. Who is the customer?
- C. What do customers value?
- D.** What is our sales strategy?

The basic questions that must be answered when an organization decides to examine and restate its mission are: What is our business? Who is the customer? What do customers value? What will our business be?

Peter - Chapter 01 #25

26. (p. 6-7) Imagine you have been asked to develop an organizational strategy for a regional chain of restaurants called The Blue Crab. This chain of restaurants was founded with the expressed purpose of providing its customers with the finest seafood eating experience possible. Since its opening, the chain has added a retail outlet in each restaurant where it sells dishes, pottery, utensils, and novelty items, all with a beach theme. Your first thought is that the chain needs to restate its mission. The basic questions that must be answered before a new mission statement can be formulated are all of the following, except

- A. who is the customer?
- B. what do customers value?
- C. what will the business be?
- D.** what will the production strategy be?

The basic questions that must be answered when an organization decides to examine and restate its mission are: What is our business? Who is the customer? What do customers value? What will our business be?

Peter - Chapter 01 #26

27. (p. 7) All of the following are key elements that the management must take into account while developing a statement of mission, except the

- A. organization's history.
- B. organization's distinctive competencies.
- C.** organization's culture.
- D. organizations environment.

In developing a statement of mission, management must take into account three key elements: the organization's history, its distinctive competencies, and its environment.

Peter - Chapter 01 #27

28. (p. 7) The core things that an organization does well are known as its

- A. distinctive values.
- B.** distinctive competencies.
- C. distinctive ideals.
- D. distinctive technologies.

Distinctive competencies are things that an organization does well.

Peter - Chapter 01 #28

29. (p. 7) _____ dictates the opportunities, constraints, and threats that must be identified before a mission statement is developed.

- A. Organization's history
- B. Organization's culture
- C. Organization's environment**
- D. Organization's competencies

The organization's environment dictates the opportunities, constraints, and threats that must be identified before a mission statement is developed.

Peter - Chapter 01 #29

30. (p. 7) Slatescape is a relatively new company that mines and crushes slate for use as mulch in gardens. The managers of the company reviewed its short history, took into account the organization's environment, and laid stress on its distinctive competencies. The managers are attempting to

- A. develop a mission statement**
- B. distinguish between primary and secondary objectives
- C. develop an effective marketing mix
- D. evaluate its marketing plan

In formulating a mission statement, the organization's history, its distinctive competencies, and its environment must be considered.

Peter - Chapter 01 #30

31. (p. 8) The mission statement of a company should have a(n)

- A. product focus.
- B. external focus.**
- C. internal focus.
- D. service focus.

The mission statement should focus on the broad class that an organization is seeking to satisfy (external focus), not on the physical products or services that an organization is offering at present (internal focus).

Peter - Chapter 01 #31

32. (p. 8) Which of the following statements about a mission statement is true?

- A. Even though no one denies the importance of the mission statement, it is the least used of all of the management tools.
- B. An effective mission statement takes an internal organizational focus.
- C. It should be focused on the physical product or service that the organization is offering at present.
- D.** It should be focused on the broad class of needs that the organization is seeking to satisfy.

The mission statement should focus on the broad class of needs that the organization is seeking to satisfy.

Peter - Chapter 01 #32

33. (p. 8) When the mission statement of an organization is focused on markets rather than products, it means that the mission statement

- A.** has an external rather than an internal focus.
- B. needs to divert towards the internal problems.
- C. needs to change its focus to services.
- D. is focusing on the narrow class of needs.

A key feature of mission statements has been an external rather than internal focus. In other words, the mission statement should focus on the broad class of needs that the organization is seeking to satisfy.

Peter - Chapter 01 #33

34. (p. 8) A popular brand of bed sheets in the 1940s was Indian Head. Its manufacturer claimed its sheets were so well-made that consumers might want to include them in their wills so the sheets could be passed down to their grandchildren. The company was proud of its product quality and formulated its mission statement based on it - "To be the producers of the best bed sheets in the market". What could potentially be wrong with such a mission statement?

- A. It has an external focus.
- B. It focuses on the market rather than on the product.
- C. It defines the company in terms of its marketing capabilities.
- D.** It focuses on the product rather than on its market.

The mission statement should focus on the broad class of needs that the organization is seeking to satisfy (external focus), not on the physical product or service that the organization is offering at present (internal focus).

Peter - Chapter 01 #34

35. (p. 8) What is most likely wrong with the following mission statement for a store that sells lighting fixtures: "Our mission is to make sure every customer who buys a lighting fixture at our store is 100 percent satisfied with his or her purchase?"

- A. The mission statement is not specific.
- B. The mission statement is not well framed.
- C. The mission statement cannot fulfill the organizational productivity.
- D.** The mission is not achievable or realistic.

While the mission statement should stretch the organization toward more effective performance, it should, at the same time, be realistic and achievable.

Peter - Chapter 01 #35

36. (p. 8) A company's mission statement is "to produce the highest-quality products at the lowest possible cost". What is most likely wrong with this mission statement?

- A.** The mission statement is not specific.
- B. The mission statement is not well framed.
- C. The mission statement cannot fulfill the organizational productivity.
- D. The mission is not achievable or realistic.

A statement of mission must be specific to provide direction and guidelines to management when they are choosing between alternative courses of action.

Peter - Chapter 01 #36

37. (p. 8) Which of the following does not pertain to organizational objectives?

- A. They can be converted into specific action.
- B. They serve as a starting point for specific objectives at lower levels in the organization.
- C.** They can establish short-run priorities for the organization.
- D. They serve as standards against which overall organizational performance can be evaluated.

Organizational objectives establish long-run priorities for the organization.

Peter - Chapter 01 #37

38. (p. 8) If formulated properly, all of the following are stated end results of an effective organizational objective, except

- A.** they can be converted into mission and vision statements.
- B. they will provide direction and serve as a starting point for more specific and detailed objectives at lower levels in the organization.
- C. they can establish long-run priorities for the organization.
- D. they can facilitate management control because they serve as standards against which overall organizational performance can be evaluated.

Organizational objectives are specific, measurable, action commitments by which the mission of the organization is to be achieved.

Peter - Chapter 01 #38

39. (p. 8) All of the following are some common shortcomings in mission statements, except

- A. they do not provide direction to decision makers when faced with product/market choices.
- B. they are not motivational.
- C. they are too broad and do not rule out any opportunity management might wish to pursue.
- D.** they are externally focused instead of having an internal focus.

In recent years, a key feature of mission statements has been an external rather than internal focus.

Peter - Chapter 01 #39

40. (p. 8) Which of the following is true of organizational objectives?

- A. An organizational objective should reflect on the organization's finances rather than its commitment to the customers.
- B. Objectives are not considered dominant necessities to carry out the organizational mission.
- C.** Objectives are specific, measurable, action commitments on the part of the organization.
- D. An organizational objective is distilled into a specific and achievable organization mission.

Organizational objectives must be specific, measurable, action commitments by which the mission of the organization is to be achieved.

Peter - Chapter 01 #40

41. (p. 9) Maintaining consistent levels of employee satisfaction with our own and similar industries could be a possible objective of which of the following areas of performance?

- A. Market standing
- B. Worker performance and attitude**
- C. Manager performance and responsibility
- D. Productivity

Worker performance and attitude: Maintaining consistent levels of employee satisfaction with our own and similar industries relates to worker performance and attitude.

Peter - Chapter 01 #41

42. (p. 9) Protecting and maintaining resources such as equipment, buildings, inventory, and funds could be a possible objective of which of the following areas of performance?

- A. Physical and financial resources**
- B. Productivity
- C. Market standing
- D. Manager performance and attitude

Protecting and maintaining resources such as equipment, buildings, inventory, and funds deals with physical and financial resources.

Peter - Chapter 01 #42

43. (p. 9-10) When an organization has formulated its mission and developed its objectives, the next managerial task is to develop

- A. job descriptions.
- B. organizational strategies.**
- C. mission and vision statements.
- D. cross-functional teams.

When an organization has formulated its mission and developed its objectives, it knows where it wants to go. The next managerial task is to develop a "grand design" to get there which constitutes the organizational strategies.

Peter - Chapter 01 #43

44. (p. 10) Which strategy focuses primarily on increasing the sales of present products to present customers?

- A. Market development strategy
- B. Product development strategies
- C. Diversification
- D. Market penetration strategy**

Market penetration strategies focus primarily on increasing the sale of present products to present customers.

Peter - Chapter 01 #44

45. (p. 10) The marketing slogan, "It's not just for breakfast anymore" has been very successful for the orange juice industry. With this slogan, the orange juice industry is trying to get people who like a glass of orange juice with their breakfast to consider having a glass at another time of the day, like as an afternoon snack instead of a cola. This slogan is most closely related to a

- A. product diversification strategy.
- B. market penetration strategy.**
- C. product development strategy.
- D. market integration strategy.

Encouraging present customers to use more of the product: "Orange Juice Isn't Just for Breakfast Anymore." is an example of market penetration strategy.

Peter - Chapter 01 #45

46. (p. 10) At the supermarket, Lisa noticed that her favorite stain remover now comes in spray bottles, 2 sizes of aerosol cans, and a refill bottle. Given this information and the fact that the stain remover has reduced its shelf price by 5 percent, you could say the manufacturer of the stain remover has implemented a _____ strategy.

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

The company has created new ways of packaging the stain remover, changed its distribution strategy, and modified its price in order to increase sales among those who are current users. The product itself did not change.

Peter - Chapter 01 #46

47. (p. 10) Company ABC advertises on national television the grand price reduction on their line of bathing accessories. Such a scenario pertains to which of the following framework of organizational growth strategies?

- A. Product development
- B. Market consolidation
- C. Product diversification
- D. Market penetration**

Market penetration strategies focus primarily on increasing the sale of present products to present customers. The strategies used can include price reductions, advertising that stresses the many benefits of the product etc.

Peter - Chapter 01 #47

48. (p. 11) As part of its 1998 summer ad campaign, NBC ran ads that previewed reruns of popular TV programs and used the slogan, "New to You" to get people who had missed the shows during the previous season to watch. This slogan is most closely related to which of the organizational growth strategies?

- A. Product development
- B. Market development**
- C. Market diversification
- D. Market penetration

Pursuing growth through market development, an organization would seek to find new customers for its present products.

Peter - Chapter 01 #48

49. (p. 11) When weekend gardeners think of mulch to put around their plants and keep away the weeds, they tend to think in terms of pine bark, wood chips, or pine straw. Slatescape has developed mulch made out of crushed slate rock. The company first targeted landscape businesses and was successful in marketing to businesses and to government agencies. In order to expand its business, the company must now educate consumers about the product. Slatescape will be implementing a

- A. market penetration strategy.
- B. market differentiation strategy.
- C. diversification strategy.
- D. market development strategy.**

Pursuing growth through market development, an organization would seek to find new customers for its present products. Also, sometimes companies spend large sums of money simply to educate consumers as to why they should consider buying the product.

Peter - Chapter 01 #49

50. (p. 11) Lilly's, a fashion accessories company is continuously on the look-out to expand its market overseas.

This instance describes

- A.** market development.
- B. market segmentation.
- C. market consolidation.
- D. market differentiation.

Pursuing growth through market development, an organization would seek to find new customers for its present products.

Peter - Chapter 01 #50

51. (p. 11) Market development strategy involves

- A. increasing the sale of present products to present customers.
- B.** finding new customers for its present products.
- C. targeting present customers for the newly developed products.
- D. leading an organization into entirely new and unrelated businesses.

Market development strategies pursue growth through market development and finding new customers for its present products.

Peter - Chapter 01 #51

52. (p. 11) Product development strategy

- A. involves seeking new products for customers not currently being served.
- B.** offers product-line extensions of existing products to present customers.
- C. is merely getting the product to a new market.
- D. deals with developing a production plan for a product.

With this particular strategy, the new products developed would be directed primarily to present customers.

Peter - Chapter 01 #52

53. (p. 11) Eddy's Ice Cream developed a line of whole fruit sorbets targeted at people who are loyal Eddy's consumers, but dislike all the fat and calories in ice cream. What organizational growth strategy was used here?

- A.** Product development
- B. Diversification
- C. Customer value
- D. Market development

In product development strategy, the new products developed would be directed primarily to present customers.

Peter - Chapter 01 #53

54. (p. 11) Huggies first started out in the disposable diaper industry. It then developed 'Pull-Ups', disposable training pants for kids who were in the transition stage between diapers and cloth underwear. What kind of a growth strategy did Huggies use when it developed this new product?

- A. Diversification
- B. Porter's model
- C. Market penetration
- D. Product development**

In product development strategy, the new products developed would be directed primarily to present customers.

Peter - Chapter 01 #54

55. (p. 11) The Grand Ole Opry shows are played in an auditorium that is at best 75 percent full. Most of the audience is over 50. One of the ideas suggested to increase its audience size and appeal to younger country music fans is to use RealAudio broadcasts of the Opry shows on the Internet. In terms of organizational strategies, this is an example of

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

The Opry wants to reach a different younger audience that is currently not Opry fans without changing the Opry itself. An organization would seek to find new customers for its present products.

Peter - Chapter 01 #55

56. (p. 11) In the mid-1990s, McDonald's opened a new chain of restaurants called Hearth Express. Hearth Express was targeted at McDonald's current customers who wanted a more leisurely home-style meal. The Hearth Express menu included rotisserie chicken, twice-baked squash, baked beans, and fresh baked bread. Identify the strategy used by McDonald's in introducing Hearth Express.

- A. Market development
- B. Product differentiation
- C. Market penetration
- D. Product development**

McDonald's wanted to appeal to current customers who wanted a change from McDonald's fast-food menu. In product development strategy the new products developed would be directed primarily to present customers.

Peter - Chapter 01 #56

57. (p. 11) The Mattel Corporation targets children from the age of 3 and up. Fisher-Price makes toys for babies and toddlers. The Mattel Corporation recently purchased Fisher-Price for \$1.1 billion. This acquisition gives Mattel a new product line aimed at the younger siblings of its current target market. By targeting the under-three group with age-appropriate toys, Mattel has implemented a _____ strategy.

- A.** diversification
- B. product differentiation
- C. Porter's model
- D. market penetration

Diversification: This strategy can lead the organization into entirely new and even unrelated businesses. It involves seeking new products (often through acquisitions) for customers not currently being served.

Peter - Chapter 01 #57

58. (p. 11) In its advertising, Suave hair care products compares hair shampooed and conditioned with Suave products to hair on which more expensive salon products were used. The company hopes that the ad establishes how similar results can be achieved by using Suave, a much less expensive product. If the promotion is targeted at consumers who once used Suave, but abandoned it when they could afford more expensive products, then the company is using a _____ strategy.

- A. product development
- B. market differentiation
- C.** market development
- D. product differentiation

Market development strategies: Pursuing growth through market development, an organization would seek to find new customers for its present products.

Peter - Chapter 01 #58

59. (p. 11-12) The ability to outperform competitors in providing something that the market values, is called

- A. diversification.
- B. market promotion.
- C.** competitive advantage.
- D. market analysis.

Competitive advantage is an ability to outperform competitors in providing something that the market values.

Peter - Chapter 01 #59

60. (p. 12) There are more than a half dozen different sports drinks in the market, but only one brand—Juicy Juice Score by Libby's, is made with fruit juice. What kind of organizational strategy based on competitive advantage is Libby's using with Juicy Juice Score?

- A. Strategy based on customer value
- B.** Strategy based on differentiation
- C. Strategy based on cost-leadership
- D. Strategy based on diversification

In a strategy based on differentiation, a firm seeks to be unique in its industry or market segment along particular dimensions that the customers value. These dimensions might pertain to design, quality, service, variety of offerings, brand name, or some other factor.

Peter - Chapter 01 #60

61. (p. 12) Ford has used the 2003 Taurus to better align itself with its target market. It is the only car in its price range with cup holders that accept coffee cups with handles and expand to hold large soft drinks. It has power-adjusted pedals to enable short drivers to sit farther from the steering wheel. It has more legroom for passengers in the back seat. With the redesigned Taurus, Ford has implemented a _____ strategy.

- A. market development
- B. prestige value
- C. diversification
- D.** differentiation

Using a strategy based on differentiation, a firm seeks to be unique in its industry or market segment along particular dimensions that the customers value. These dimensions might pertain to design, quality, service, variety of offerings, brand name, or some other factor.

Peter - Chapter 01 #61

62. (p. 12) The advertising for Bertolli spaghetti sauce states that it is the only leading brand of sauce made from tomatoes picked no more than 24 hours before they are used. Therefore, Bertolli claims to taste more like homemade because it is fresher. Identify the strategy used by Bertolli in terms of its competitive advantage.

- A. Product development
- B. Diversification
- C. Product diversification
- D.** Differentiation

Using a strategy based on differentiation, a firm seeks to be unique in its industry or market segment along particular dimensions that the customers value. These dimensions might pertain to design, quality, service, variety of offerings, brand name, or some other factor.

Peter - Chapter 01 #62

63. (p. 12) Healthline is Eckerd Drug Stores' brand of incontinence products. Healthline products sell for \$2 to \$5 less than the rival Depends brand. According to Michael Porter's model, Eckerd is using a _____ strategy to market Healthline products.

- A. differentiation
- B. product development
- C. market development
- D. cost leadership**

Using a cost leadership strategy, a firm would focus on being the low-cost company in its industry. They would stress efficiency and offer a standard, no-frills product.

Peter - Chapter 01 #63

64. (p. 13) Which of the following pertains to strategic business units?

- A. They share the organizational mission statement.
- B. They have centralized management, no competitors, and little autonomy.
- C. They are a number of organizations which have come together to achieve some common goal.
- D. They can be planned independently of the other businesses of the total organization.**

They can be planned independently of the other businesses of the total organization.

Peter - Chapter 01 #64

65. (p. 13) Monsanto is an enterprise that is composed of three parts. Its biotech section, which is working to develop crops that are pest and disease-resistant so farmers can eventually eliminate chemical spraying, provides about half of its sales. Pharmaceuticals from its G.D. Searle subsidiary contribute a third of its revenues; and food products, dominated by the artificial sweetener NutraSweet, make up less than 20 per cent of its total revenue. These three divisions are Monsanto's

- A. strategic business units.**
- B. sales-buying units.
- C. small business units.
- D. segmented business units.

Strategic business units (SBUs) are a single business or collection of related businesses.

Peter - Chapter 01 #65

66. (p. 13) Monsanto is an enterprise that is composed of three parts. Its biotech section, (researching to develop crops that are pest and disease-resistant) provides about half of its sales. Pharmaceuticals from its G.D. Searle subsidiary contribute a third of its revenues; and food products, dominated by the artificial sweetener NutraSweet, make up less than 20 per cent of its total revenue. Monsanto's three strategic business units would generally

- A. have no external competitors.
- B. share the same mission as Monsanto.
- C. use centralized planning and not operate independently.
- D.** have their own distinct missions.

Strategic business units (SBUs) have a distinct mission.

Peter - Chapter 01 #66

67. (p. 14) All of the following are components of the marketing plan except

- A.** portfolio planning.
- B. target market selection.
- C. pricing strategy.
- D. situation analysis.

Portfolio planning is an element of the strategic plan.

Peter - Chapter 01 #67

68. (p. 14) Which of the following is not a major area of concern for situational analysis?

- A. Political environment
- B. Competitive environment
- C.** Physical environment
- D. Social environment

The situation analysis can be divided into six major areas of concern: (1) the cooperative environment; (2) the competitive environment; (3) the economic environment; (4) the social environment; (5) the political environment; and (6) the legal environment.

Peter - Chapter 01 #68

69. (p. 14) The cooperative environment includes

- A.** all firms and individuals who have a vested interest in accomplishing the firm's objectives.
- B. primarily other firms in the industry that rival the organization for both resources and sales.
- C. the attitudes and reactions of the general public, social and business critics.
- D. protection against business competition and consumer rights.

The cooperative environment includes all firms and individuals who have a vested interest in the firm's accomplishing its objectives.

Peter - Chapter 01 #69

70. (p. 15) The _____ for Coca-Cola Classic includes lemon-lime drinks, fruit juice, bottled water, sports drinks, other colas, caffeine-free colas, diet drinks, cherry-flavored drinks, and dairy beverages.

- A.** competitive environment
- B. technological environment
- C. cooperative environment
- D. economic environment

The competitive environment includes primarily other firms in the industry that rival the organization for both resources and sales.

Peter - Chapter 01 #70

71. (p. 15) The National Basketball Association (NBA) charges a family of four about \$200 for tickets to see a basketball game at Madison Square Garden. Concerns that many people do not have the sort of discretionary income that makes such a family outing possible has led the NBA to come up with creative discounts. This has shown that NBA is responsive to the _____ environment.

- A. social
- B. competitive
- C. cooperative
- D.** economic

Economic factors such as high inflation and unemployment levels can limit the size of the market that can afford to purchase a firm's top-of-the-line product.

Peter - Chapter 01 #71

72. (p. 15) Since September 11, 2001, the number of people attending church and looking to religion to provide solace has increased. As a result, Bible publishers have developed the Starting Point Study Bible that explains what they are reading and includes a dictionary of biblical terms. Identify the type of environment which caused this change.

- A.** Social
- B. Competitive
- C. Cooperative
- D. Economic

The social environment includes general cultural and social traditions, norms, and attitudes. While these values change slowly, such changes often bring about the need for new products and services.

Peter - Chapter 01 #72

73. (p. 15) The removal of tariffs on the importation of Canadian lumber will adversely affect the U.S. lumber industry because Canada is able to produce lumber much more inexpensively than the U.S. This tariff removal is an example of how the _____ environment can affect businesses.

- A. cooperative
- B. comparative
- C. social
- D.** legal

The legal environment includes a host of federal, state, and local legislation directed at protecting both business competition and consumer rights. This usually acts as a constraint on business behavior, but again can be viewed as providing opportunities for marketing safer and more efficient products.

Peter - Chapter 01 #73

74. (p. 16) Which of the following is not an interrelated task in the process of marketing planning?

- A.** Developing the product
- B. Developing the marketing mix
- C. Establishing marketing objectives
- D. Selecting the target market

The marketing process can be viewed in terms of three interrelated tasks: (1) establishing marketing objectives, (2) selecting the target market, and (3) developing the marketing mix.

Peter - Chapter 01 #74

75. (p. 16) All of the following are true with respect to establishing marketing objectives except they

- A. are derived from organizational objectives.
- B. are stated as standards of performance.
- C. provide the framework for the marketing plan.
- D.** are a set of controllable variables used for the target market.

Marketing objectives usually are derived from organizational objectives. They are usually stated as standards of performance and objectives provide the framework for the marketing plan.

Peter - Chapter 01 #75

76. (p. 16) Establishing objectives, selecting the target market, and developing the marketing mix are three interrelated tasks pertaining to

- A. the selling concept.
- B.** market planning.
- C. organizational mission.
- D. performance objectives.

Market planning can be viewed in terms of three interrelated tasks: (1) establishing marketing objectives, (2) selecting the target market, and (3) developing the marketing mix.

Peter - Chapter 01 #76

77. (p. 17) Identify the factor that is not stated as being generally useful for ranking the present and potential target markets.

- A. Profitability of the target markets.
- B. Present and future sales volume of the target markets.
- C. Match between what it takes to appeal successfully to the segment and the organization's capabilities.
- D.** Dependence on industrial buyers and market segmentation.

Present target markets and potential target markets are ranked according to (a) profitability; (b) present and future sales volume; and (c) the match between what it takes to appeal successfully to the segment and the organization's capabilities.

Peter - Chapter 01 #77

78. (p. 17) Olde Westport Spice & Trading Company sells 14 seasoning mixes for everything from spicy chili, to curry rice, to dip for chips and vegetables. A 5.5 ounce bottle of one of its seasoning mixes costs between \$3.95 and \$5.95 depending on its contents. The owners of the company market the product by attending 135 craft fairs annually, giving out free samples of food made with the various seasonings, and making sure each person who tries a sample leaves with a brochure and mail order form. People learn about the product from attending the fair, articles in cooking magazines, and word of mouth. This example best describes Olde Westport's

- A. competitive advantage.
- B. target market.
- C. marketing mix.**
- D. product life cycle.

The marketing mix is the set of controllable variables that must be managed to satisfy the target market and achieve organizational objectives. The controllable variables are product, promotion, distribution, and price.

Peter - Chapter 01 #78

79. (p. 17) Identify the error that many companies make when developing strategies aimed at increasing the number of first-time users?

- A. Developing the marketing mix before identifying the target market.
- B. Not developing marketing objectives that are aligned with organizational objectives.
- C. Not ranking target markets according to the present and future sales volume.
- D. Neglecting the present customers while developing market share and sales strategies.**

One cautionary note on this process involves the importance of not neglecting present customers when developing market share and sales strategies.

Peter - Chapter 01 #79

80. (p. 18) Performing marketing tasks according to a predefined schedule is a part of

- A. establishing the marketing plan.
- B. developing the marketing plan.
- C. implementing the marketing plan.**
- D. controlling the marketing plan.

Implementing the marketing plan involves putting the plan into action and performing marketing tasks according to the predefined schedule.

Peter - Chapter 01 #80

81. (p. 18) Recently there has been a shift from the traditional role of marketing, which was based on dividing work according to function, to bringing managers and employees together to participate in

- A.** cross-functional teams.
- B. production teams.
- C. function based teams.
- D. virtual teams.

More and more organizations are rethinking the traditional role of marketing. Rather than dividing work according to, they are bringing managers and employees together to participate in cross-functional teams.

Peter - Chapter 01 #81

82. (p. 18) Which of the following statements about strategic planning is true?

- A. Strategic planning is clearly a top management responsibility and does not require the active participation of marketing managers.
- B. Planning done in functional areas of the organization should be independent of the strategic plan.
- C. There is no direct relationship between strategic planning and the planning done by managers at all levels.
- D.** Marketing executives are involved in the strategic planning process as they influence the process by providing important inputs.

Marketing executives are involved in the strategic planning process as they influence the process by providing important inputs in the form of information and suggestions.

Peter - Chapter 01 #82

83. (p. 19) Which of the following is not a functional area plan derived from the strategic plan?

- A. Production plan
- B. Finance plan
- C.** Operations plan
- D. Technology plan

Functional area plans derived from strategic plan are: production plan, finance plan, technology plan, marketing plan, and human resource plan.

Peter - Chapter 01 #83

84. (p. 19) If done properly, _____ helps in clearly defining a blueprint for management action in all functional areas of the organization.

- A. sales promotion
- B. strategic planning**
- C. product planning
- D. marketing planning

If done properly, strategic planning results in a clearly defined blueprint for management action in all functional areas of the organization.

Peter - Chapter 01 #84

85. (p. 20) Designing additional features into a product that will induce new uses by existing buyers can be best described as an objective of the

- A. production department.**
- B. marketing department.
- C. support department.
- D. sales department.

Refer Figure 1.7.

Peter - Chapter 01 #85

86. (p. 20) This is an example of a marketing department objective: "Increase market share by 5 percent by attracting new market segments for existing use by year-end". This objective would best suit which of the following options of organizational strategies?

- A. Market penetration or market development**
- B. Market development or product development
- C. Diversification or market penetration
- D. Product development or diversification

Refer to figure 1.7.

Peter - Chapter 01 #86

87. (p. 23) Portfolio models

- A. provide a long-term time perspective for analyzing the organization's external environment.
- B. examine the competitive position of an organization's principal rivals.
- C.** classify SBUs to determine the future cash contribution that can be expected from each of them.
- D. are not effective in situations where management must make resource allocation decisions across product lines.

Portfolio models can be used to classify SBUs to determine the future cash contributions that can be expected from each SBU as well as the future resources that each will require.

Peter - Chapter 01 #87

88. (p. 24) On what assumption is the BCG Portfolio Model predicated?

- A.** Profitability and cash flow will be closely related to sales volume.
- B. ROI will be directly related to sales volume.
- C. Cash flow is equal to investment.
- D. Investment + Cash flow = Profitability.

The BCG model is based on the assumption that profitability and cash flow will be closely related to sales volume.

Peter - Chapter 01 #88

89. (p. 24) In the early 1990s, Procter & Gamble marketed three brands of toilet paper, Charmin, White Cloud, and Banner. The toilet paper industry is typically described as a low growth industry. In 1993, P&G spent \$8.1 million to advertise Charmin and was rewarded with sales of over \$312 million. In that same year, it spent nearly \$8 million marketing White Cloud, but the toilet paper had disappointing sales of less than \$63 million. Banner, with hardly any promotion at all, had \$3.6 million in sales. According to the BCG Portfolio Model, which of the following statements about these three products best describes the situation in 1993?

- A. Charmin is a star, White Cloud is a cash cow, and Banner is a dog.
- B. Charmin is a cash cow, and White Cloud and Banner are both question marks.
- C. Charmin and White Cloud are cash cows, and Banner is a dog.
- D.** Charmin is a cash cow, and White Cloud and Banner are both dogs.

The BCG is based on the assumption that profitability and cash flow will be closely related to sales volume. Stars are SBUs with a high share of a high-growth market. Cash cows are often market leaders, but the market they are in is not growing rapidly. Dogs are SBUs that have a low share of a low-growth market. Question marks are SBUs with a low share of a high growth market.

Peter - Chapter 01 #89

90. (p. 24) The cell phone market is experiencing rapid growth, but the cell phones made by Broadwing Inc., have such a low market share that Broadwing is looking to sell its cell phone division. According to the BCG Portfolio Model, the Broadwing cell phone division would be an example of a
- A. dog.
 - B. cash cow.
 - C.** question mark.
 - D. star.

Question marks are SBUs with a low share of a high growth market.

Peter - Chapter 01 #90

91. (p. 24) According to the BCG matrix, _____ are often market leaders, but the market they are in is not growing rapidly.
- A.** cash cows
 - B. question marks
 - C. stars
 - D. dogs

According to the BCG matrix cash cows are often market leaders, but the market they are in is not growing rapidly.

Peter - Chapter 01 #91

92. (p. 24) The BCG matrix identifies _____ as SBUs that have a low share of a low-growth market.
- A. cash cows
 - B. question marks
 - C. stars
 - D.** dogs

Dogs are SBUs that have a low share of a low-growth market.

Peter - Chapter 01 #92

93. (p. 24) With an ever-burgeoning population, futurists predict the need for more efficient ways to produce food to feed the earth's population, and many companies are involved in genetic research. One of the companies at the forefront of research on disease and insect-resistant seeds is Monsanto's biotech division, which has already produced soybean and corn seeds that are immune to several diseases that reduce crop yields. In terms of the BCG Portfolio Model, Monsanto's biotech division is a

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

Question marks are SBUs with a low share of a high growth market. They have great potential but require great resources if the firm is to successfully build market share.

Peter - Chapter 01 #93

94. (p. 25) In the early 1990s, Procter & Gamble marketed three brands of toilet paper, Charmin, White Cloud, and Banner. The toilet paper industry is typically described as a low growth industry. In 1993, P&G spent \$8.1 million to advertise Charmin and was rewarded with sales of over \$312 million. In that same year, it spent nearly \$8 million marketing White Cloud, but the toilet paper had disappointing sales of less than \$63 million. Banner, with hardly any promotion at all, had \$3.6 million in sales. Which of the following statements best describes the role that each should have played in P&G's marketing plan, given what you know about the BCG Portfolio Model?

- A. P&G should have built market share for both Charmin and White Cloud and sold Banner.
- B. P&G should have devised strategies to hold the market share for Charmin, divested itself of White Cloud, and harvested Banner.**
- C. P&G should have harvested Charmin and divested itself of Banner and White Cloud.
- D. P&G should have harvested Charmin and White Cloud, and built market share for Banner.

Hold share: This objective seeks to preserve the SBU's market share. Harvest: Here, the objective seeks to increase the product's short-term cash flow without concern for the long-run impact. Divest: This objective involves selling or divesting the SBU because better investment opportunities exist elsewhere.

Peter - Chapter 01 #94

95. (p. 25) In 1997, Monsanto sold its chemical products division because the division was showing slow growth in a market that was rapidly expanding. Monsanto used a _____ strategy with its chemical products division, which would be classified by the BCG Portfolio Model as a _____.

- A.** divest; question mark
- B. divest; dog
- C. hold share; cash cow
- D. harvest; cash cow

Question marks are SBUs with a low share of a high growth market and Divest involves selling or divesting the SBU because better investment opportunities exist elsewhere.

Peter - Chapter 01 #95

96. (p. 25) Which of the following objectives seek to increase the products short-term cash flow without concern for the long run impact?

- A. Hold share
- B.** Harvest
- C. Divest
- D. Build share

Harvest seeks to increase the product's short-term cash flow without concern for the long run impact.

Peter - Chapter 01 #96

97. (p. 25) Which of the following pertains to the objective "build share"?

- A.** Sacrifices immediate earnings to improve market share.
- B. Increases the product's short-term cash flow without concern for the long-run impact.
- C. Involves selling or divesting the SBU because better investment opportunities exist elsewhere.
- D. Seeks to preserve the SBU's market share.

Build share objective sacrifices immediate earnings to improve market share.

Peter - Chapter 01 #97

98. (p. 26) According to the General Electric Portfolio Model, what should an organization do with its SBUs that fall into the red zone?

- A. Hold share and build share
- B. Harvest or divest**
- C. Produce and divest
- D. Build share and harvest

SBUs in the red zone are low in both industry attractiveness and business strength. The firm will usually decide to harvest or divest these SBUs.

Peter - Chapter 01 #98

99. (p. 26) In the early 1990s, Procter & Gamble marketed three brands of toilet paper, Charmin, White Cloud, and Banner. The toilet paper industry is typically described as a low growth industry. In 1993 P&G spent \$8.1 million to advertise Charmin and was rewarded with sales of over \$312 million. In that same year, it spent nearly \$8 million marketing White Cloud, but the toilet paper had disappointing sales of less than \$63 million. Banner, with hardly any promotion at all, had \$3.6 million in sales. According to the General Electric Portfolio Model, which of the following statements about these three products best describes the situation in 1993?

- A. Charmin would be in the red zone, while White Cloud and Banner would be in the green zone.
- B. In spite of the difference in sales, both White Cloud and Charmin are in the yellow zone.
- C. Due to the low market growth in the toilet paper industry, Charmin is low in business strength.
- D. White Cloud and Banner are low in industry attractiveness and in business strength and are in the red zone.**

Refer Fig A-3. Once the SBUs are classified, they are placed on the grid Priority "A" SBUs are often called the green zone, Priority "B" SBUs are often called the yellow zone are those medium in both industry attractiveness and business strength. Priority "C" SBUs often called the red zone.

Peter - Chapter 01 #99

100. (p. 26) Which of the following pertains to a company with high business strength in terms of the GE portfolio model?

- A. Has a high level of profitability.
- B. Be readily able to recover from inflation.
- C. Larger market share as compared to competitors.**
- D. The larger the market, the more attractive it will be.

Business strength is a composite index made up of factors such as market share—the higher the SBU's share of market, the greater its business strength; and share compared with leading competitor—the closer the SBU's share to the market leader, the greater its business strength.

Peter - Chapter 01 #100

c1 Summary

<u>Category</u>	<u># of Questions</u>
Peter - Chapter 01	100