

Marketing Management – Understanding Marketing Management 7th Edition
Chapter 1 Defining Marketing for the New Realities

- 1) Which of the following statements about marketing is true?
- A) It is of little importance when products are standardized.
 - B) It can help create jobs in the economy by building demand for goods and services.
 - C) It helps to build a loyal customer base but has no impact on a firm's intangible assets.
 - D) It is more important for bigger organizations than smaller ones.
 - E) It is seldom used by nonprofit organizations.

Answer: B

Objective: 1

Difficulty: Easy

- 2) _____ is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

- A) Marketing management
- B) Knowledge management
- C) Operations management
- D) Strategic management
- E) Distribution management

Answer: A

Objective: 2

Difficulty: Easy

- 3) Identify the correct statement about marketing management.

- A) It is primarily concerned with the systematic gathering, recording, and analysis of data about issues related to marketing products and services.
- B) It focuses mostly on monitoring the profitability of a company's products and services.
- C) It focuses solely on attaining an organization's sales goals in an efficient manner.
- D) It is defined as the field that deals with planning and managing a business at the highest level of corporate hierarchy.
- E) It occurs when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties.

Answer: E

Objective: 2

Difficulty: Moderate

4) A social definition of marketing says _____.

- A) effective marketing requires companies to remove intermediaries to achieve a closer connection with direct consumers
- B) a company should focus exclusively on achieving high production efficiency, low costs, and mass distribution to facilitate the broadest possible access to the company's products
- C) marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others
- D) marketing is the process of extracting the maximum value from consumers to facilitate corporate growth
- E) marketing is the process of aggressive selling and promotion to encourage the purchase of products that might otherwise be unsought by the consumer

Answer: C

Objective: 2

Difficulty: Easy

5) _____ goods constitute the bulk of most countries' production and marketing efforts.

- A) Durable
- B) Impulse
- C) Physical
- D) Luxury
- E) Intangible

Answer: C

Objective: 2

Difficulty: Easy

6) As economies advance, a growing proportion of their activities focuses on the production of _____.

- A) products
- B) events
- C) experiences
- D) luxury goods
- E) services

Answer: E

Objective: 2

Difficulty: Moderate

7) Car rental firms, hair dressers, and management consultants provide _____.

- A) goods
- B) experiences
- C) events
- D) services
- E) information

Answer: D

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

8) The World Cup is promoted aggressively to both companies and fans. This is an example of marketing a(n) _____.

- A) idea
- B) place
- C) luxury item
- D) event
- E) service

Answer: D

Objective: 2

Difficulty: Moderate

9) The "Malaysia, Truly Asia" ad campaign that showcased Malaysia's beautiful landscape and its multicultural society in order to attract tourists is an example of _____ marketing.

- A) event
- B) property
- C) service
- D) place
- E) idea

Answer: D

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

10) In Tokyo Disneyland, customers can visit a fairy kingdom, a pirate ship, or even a haunted house. Disney is marketing a(n) _____.

- A) experience
- B) service
- C) event
- D) organization
- E) good

Answer: A

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

11) Janet is very upset that she can't get tickets to a K-Pop concert because they are sold out. Which of the following demand states applies to Janet's situation?

- A) nonexistent demand
- B) latent demand
- C) full demand
- D) unwholesome demand
- E) overfull demand

Answer: E

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

12) Sales of pineapple tarts usually increase during the Chinese New Year season and decline thereafter. This is an example of _____ demand.

- A) irregular
- B) declining
- C) impulse
- D) latent
- E) negative

Answer: A

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

13) Julia is worried about the rising pollution levels in her city. She doesn't mind paying extra for goods and services that use sustainable processes to help control pollution. This is an example of _____ for pollution.

- A) declining demand
- B) nonexistent demand
- C) latent demand
- D) negative demand
- E) unwholesome demand

Answer: D

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

14) People in emerging countries today are becoming increasingly health conscious and are seeking healthy food choices. As a result, demand for health foods is rising steadily, creating an opportunity for marketers to exploit this _____ market.

- A) demographic
- B) business
- C) need
- D) geographic
- E) service

Answer: C

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

15) When consumers share a strong need that cannot be satisfied by an existing product, it is called _____.

- A) negative demand
- B) latent demand
- C) declining demand
- D) irregular demand
- E) nonexistent demand

Answer: B

Objective: 2

Difficulty: Moderate

16) When demand is _____, it implies that more customers would like to buy the product than can be satisfied.

- A) latent
- B) irregular
- C) overfull
- D) full
- E) negative

Answer: C

Objective: 2

Difficulty: Easy

17) In the case of _____, consumers dislike the product and may even pay a price to avoid it.

- A) nonexistent demand
- B) overfull demand
- C) irregular demand
- D) negative demand
- E) declining demand

Answer: D

Objective: 2

Difficulty: Easy

18) Organizations catering to the _____ need to price their offerings carefully because these markets usually have limited purchasing power.

- A) business market
- B) global market
- C) non-profit market
- D) consumer market
- E) exclusive market

Answer: C

Objective: 2

Difficulty: Easy

19) Which of the following is true of business markets?

- A) Buyers are usually not skilled at comparing competitive product offerings.
- B) Buyers have limited purchasing power.
- C) Property rights, language, culture, and local laws are the most important concerns.
- D) Products sold in such markets are usually highly standardized.
- E) Business buyers buy goods to make or resell a product to others at a profit.

Answer: E

Objective: 2

Difficulty: Moderate

20) A _____ is a cluster of complementary products and services that are closely related in the minds of consumers but are spread across a diverse set of industries.

- A) metamarket
- B) vertically integrated market
- C) horizontally integrated market

- D) marketpace
- E) synchronized market

Answer: A

Objective: 2

Difficulty: Moderate

21) Consider the real estate industry. The _____ for this industry includes construction companies, financing institutions, paint manufacturers, interior decorators, furniture manufacturers, and plumbing industries.

- A) marketpace
- B) latent market
- C) need market
- D) metamediary
- E) geographic market

Answer: D

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

22) Automobile manufacturers, new car and used car dealers, financing companies, and insurance companies are all part of the automobile _____.

- A) marketplace
- B) marketpace
- C) metamediary
- D) marketportal
- E) metamediary

Answer: E

Objective: 2

Difficulty: Moderate

23) _____ are basic human requirements, while _____ are wants for specific products backed by an ability to pay.

- A) Wants; needs
- B) Demands; wants
- C) Needs; wants
- D) Needs; demands
- E) Demands; needs

Answer: C

Objective: 3

Difficulty: Easy

24) When Frank buys his own house, he would like to have a home theater system and a jacuzzi. He plans to save enough money in the next three years so that he can fulfill his wish. Frank's desire for the home theater and the jacuzzi is an example of a(n) _____.

- A) need
- B) want
- C) demand
- D) unstated need
- E) latent demand

Answer: B

Objective: 3

AACSB: Analytic skills

Difficulty: Moderate

25) When companies measure the number of people who are willing and able to buy their products, they are measuring _____.

- A) demand
- B) price elasticity
- C) real needs
- D) standard of living
- E) disposable income

Answer: A

Objective: 3

Difficulty: Moderate

26) A(n) _____ need is one that the consumer is reluctant or unwilling to explicitly verbalize.

- A) secondary
- B) unstated
- C) delight
- D) secret
- E) stated

Answer: D

Objective: 3

Difficulty: Moderate

27) A(n) _____ need is a need that the consumer explicitly verbalizes.

- A) stated
- B) affirmative
- C) unsought
- D) delight
- E) secret

Answer: A

Objective: 3

Difficulty: Moderate

28) The identification and profiling of distinct groups of buyers who might prefer or require varying product and service mixes is known as _____.

- A) segmentation
- B) integration
- C) disintermediation
- D) cross-selling
- E) customization

Answer: A

Objective: 3

Difficulty: Moderate

29) Companies address needs by putting forth a _____, a set of benefits that they offer to customers to satisfy their needs.

- A) brand
- B) value proposition
- C) deal
- D) marketing plan
- E) demand

Answer: B

Objective: 3

Difficulty: Moderate

30) During market segmentation analysis, the marketer identifies which segments present the greatest opportunity. These segments are called _____.

- A) target markets
- B) capital markets
- C) tertiary markets
- D) demographic markets

E) developing markets

Answer: A

Objective: 3

Difficulty: Moderate

31) _____ reflects a customer's comparative judgment of a product's performance in relation to his or her expectations.

A) Brand equity

B) Satisfaction

C) Value

D) Perception

E) Brand image

Answer: B

Objective: 3

Difficulty: Easy

32) The value of an offering is described as _____.

A) the price consumers are charged for a product

B) the cost of manufacturing a product

C) the degree to which consumer demand for a product is positive

D) the sum of the tangible and intangible benefits and costs to customers

E) the intangible benefits gained from a product

Answer: D

Objective: 3

Difficulty: Moderate

33) When Volvo runs ads suggesting that its cars are the safest that money can buy, it is trying to _____.

- A) segment the market
- B) provide a service
- C) enter new a new market
- D) develop brand loyalty
- E) position its product

Answer: E

Objective: 3

AACSB: Analytic skills

Difficulty: Moderate

34) If a marketer uses warehouses, transportation companies, banks, and insurance companies to facilitate transactions with potential buyers, the marketer is using a _____.

- A) service channel
- B) distribution channel
- C) communication channel
- D) relationship channel
- E) standardized channel

Answer: A

Objective: 3

Difficulty: Moderate

35) The _____ is the channel stretching from raw materials to components to final products that are carried to final buyers.

- A) communication channel
- B) distribution channel
- C) supply chain
- D) service chain
- E) marketing chain

Answer: C

Objective: 3

Difficulty: Easy

36) The actual and potential rival offerings and substitutes that a buyer might consider are referred to as the _____.

- A) supply chain
- B) global market
- C) value proposition
- D) competition
- E) marketing environment

Answer: D

Objective: 3

Difficulty: Easy

37) The _____ includes the actors involved in producing, distributing, and promoting an offering. The main actors are the company, suppliers, distributors, dealers, and the target customers.

- A) economic environment
- B) management environment
- C) strategic environment
- D) task environment
- E) tactical environment

Answer: D

Objective: 3

AACSB: Analytic skills

Difficulty: Moderate

38) In an attempt to create greater competition and growth opportunities, countries often _____.

- A) increase trade barriers
- B) protect industries
- C) deregulate industries
- D) encourage intermediation
- E) reduce privatization

Answer: C

Objective: 4

AACSB: Multicultural diversity

Difficulty: Moderate

39) Rising promotion costs and shrinking profit margins are the result of _____.

- A) new and improved technology
- B) disintermediation
- C) industry convergence
- D) privatization
- E) heightened competition

Answer: E

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

40) Industry boundaries are blurring rapidly as companies identify new opportunities at the intersection of two or more industries. This is called _____.

- A) globalization
- B) customization
- C) industry convergence
- D) disintermediation
- E) privatization

Answer: C

Objective: 4

Difficulty: Easy

41) The success of online purchasing resulted in _____ in the delivery of products and services by intervening in the traditional flow of goods through distribution channels.

- A) disintermediation
- B) diversification
- C) reduced competition
- D) deregulation
- E) privatization

Answer: A

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

42) In response to threats from such companies as AOL, Amazon.com, Yahoo!, eBay, E*TRADE, and dozens of others, established manufacturers and retailers became "brick-and-click" oriented by adding online services to their existing offerings. This process is known as _____.

- A) reintermediation
- B) disintermediation
- C) retail transformation
- D) e-collaboration
- E) new-market synchronization

Answer: A

Objective: 4

Difficulty: Moderate

43) When eBay and Amazon.com cut out the majority of middlemen that normally would participate in the exchange process, it is an example of _____.

- A) deregulation
- B) reverse auctioning
- C) reintermediation
- D) disintermediation
- E) diversification

Answer: D

Objective: 4

AACSB: Use of IT

Difficulty: Moderate

44) Disintermediation via the Internet has resulted in _____.

- A) higher prices
- B) stronger brand loyalty
- C) greater emphasis on personal selling
- D) well-established brand names
- E) greater consumer buying power

Answer: E

Objective: 4

AACSB: Use of IT

Difficulty: Moderate

45) The _____ process consists of analyzing marketing opportunities, selecting target markets, designing marketing strategies, developing marketing programs, and managing the marketing effort.

- A) marketing planning
- B) strategic planning
- C) market research
- D) opportunity analysis
- E) operational management

Answer: A

Objective: 4

Difficulty: Moderate

46) Marketers must try to balance increased spending on search advertising, social media, direct email, and text/SMS marketing efforts with appropriate spending on _____.

- A) integrated marketing communications
- B) traditional marketing communications
- C) traditional selling
- D) traditional mass communications
- E) corporate communications

Answer: B

Objective: 4

Difficulty: Moderate

47) What are customer touch points?

- A) all aspects of the offering that directly affect consumer preferences
- B) all needs and wants of customers
- C) all direct or indirect interactions between the customer and the company
- D) all interactions between customers and competitors
- E) all factors that affect buying behavior

Answer: C

Objective: 4

Difficulty: Moderate

48) Which of the following holds that consumers prefer products that are widely available and inexpensive?

- A) the product concept
- B) the production concept
- C) the selling concept
- D) the performance concept
- E) the marketing concept

Answer: B

Objective: 4

Difficulty: Moderate

49) Managers of _____ businesses concentrate on achieving high manufacturing efficiency, low costs, and mass distribution.

- A) selling-oriented
- B) product-oriented
- C) production-oriented
- D) marketing-oriented
- E) consumer-oriented

Answer: C

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

50) The _____ concept holds that consumers will favor offerings with the best quality, performance, or innovative features.

- A) product
- B) marketing
- C) production
- D) selling
- E) holistic marketing

Answer: A

Objective: 4

Difficulty: Easy

51) Which of the following categories of goods and services is most likely to require an aggressive use of the selling concept?

- A) shopping goods
- B) unsought goods
- C) necessary goods
- D) luxury goods
- E) complementary goods

Answer: B

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

52) _____ makes sense in developing countries such as China where the largest PC manufacturer, Lenovo, and domestic appliances giant, Haier, take advantage of the country's huge inexpensive labor pool to dominate the market.

- A) selling orientation
- B) production orientation
- C) product orientation
- D) marketing orientation
- E) social orientation

Answer: B

Objective: 4

Difficulty: Moderate

53) Asia Webnex Pte Ltd produced and marketed cameras. After considerable research and development, they developed a new digital camera that had an array of new features. Asia Webnex was so sure about the new offering that they even reduced their marketing budget. What sort of orientation does Asia Webnex have toward the marketplace?

- A) production orientation
- B) product orientation
- C) selling orientation
- D) marketing orientation
- E) holistic marketing orientation

Answer: B

Objective: 4

Difficulty: Moderate

54) Rick Lee trains his company's sales force to go after the consumer. He repeatedly asks his team to bear in mind the essential fact that it is the sales team's responsibility to rouse the consumer's interest and make him feel that he needs the product. A true salesman is one who can convert an indifferent consumer walking into the store into a new customer. Lee believes in the _____ concept.

- A) product
- B) production
- C) selling
- D) marketing
- E) social responsibility

Answer: C

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

55) Marketers at Oh Le Pte Ltd believe in putting their customers ahead of everything else. Their products are carefully designed to meet customer requirements and the entire focus is on achieving customer satisfaction. Oh Le follows the _____ concept in doing business.

- A) production
- B) product
- C) selling
- D) marketing
- E) social responsibility

Answer: D

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

56) The _____ concept holds that consumers and businesses, if left alone, will ordinarily not buy enough of the organization's products.

- A) production
- B) selling
- C) marketing

- D) product
- E) holistic marketing

Answer: B

Objective: 4

Difficulty: Easy

57) The _____ is a customer-centered, “sense-and-respond” philosophy.

- A) the product concept
- B) the production concept
- C) the selling concept
- D) the marketing concept
- E) the holistic marketing concept

Answer: D

Objective: 4

Difficulty: Moderate

58) The marketing concept holds that _____.

- A) a firm should find the right products for its customers, and not the right customers for its products
- B) customers who are coaxed into buying a product will most likely buy it again
- C) a new product will not be successful unless it is priced, distributed, and sold properly
- D) consumers and businesses, if left alone, won't buy enough of the organization's products
- E) a better product will by itself lead people to buy it without much effort from the sellers

Answer: A

Objective: 4

Difficulty: Moderate

59) _____ is based on the development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies.

- A) Niche marketing
- B) Holistic marketing
- C) Relationship marketing
- D) Supply chain marketing
- E) Demand-centered marketing

Answer: B

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

60) _____ recognizes and reconciles the scope and complexities of marketing activities.

- A) Niche marketing
- B) Holistic marketing
- C) Relationship marketing
- D) Supply chain marketing
- E) Demand-centered marketing

Answer: B

Objective: 4

Difficulty: Moderate

61) What are the four broad themes of holistic marketing?

- A) relationship, internal, position, and performance marketing
- B) integrated, internal, position, and performance marketing
- C) relationship, integrated, internal, and performance marketing
- D) integrated, relationship, social responsibility, and position marketing
- E) relationship, social responsibility, internal, and performance marketing

Answer: C

Objective: 4

Difficulty: Moderate

62) _____ marketing aims to build mutually satisfying long-term collaboration with key constituents, such as customers, employees, suppliers, distributors, and other marketing partners, in order to earn and retain their business.

- A) Integrated
- B) Demand-based
- C) Direct
- D) Relationship
- E) Internal

Answer: D

Objective: 4

Difficulty: Easy

63) Tracy's is a chain of hair dressing salons for women. They use the television, magazines, radio, and newspapers to advertise their services. The owners ensure that all communication channels deliver a common message to prospective customers. Tracy's believes in _____.

- A) internal marketing
- B) integrated marketing
- C) socially responsible marketing
- D) global marketing
- E) relationship marketing

Answer: B

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

64) The ultimate outcome of relationship marketing is a unique company asset called the _____, consisting of the company and its supporting stakeholders.

- A) brand
- B) supply chain
- C) marketing network
- D) value proposition
- E) service channel

Answer: C

Objective: 4

Difficulty: Moderate

- 65) Which of the following is most consistent with the integrated marketing approach?
- A) A good product will sell itself.
 - B) If left alone, consumers are inclined to purchase only inexpensive products.
 - C) All communication to consumers must deliver a consistent brand message irrespective of the medium.
 - D) In order to succeed, the main focus should be on having an efficient production process in place.
 - E) Online marketing is less important than traditional marketing efforts.

Answer: C

Objective: 4

Difficulty: Moderate

- 66) Which aspect of holistic marketing motivates employees and ensures that everyone in the organization embraces appropriate marketing principles, especially senior management?

- A) relationship marketing
- B) integrated marketing
- C) internal marketing
- D) network marketing
- E) performance marketing

Answer: C

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

- 67) Financial accountability and social responsibility marketing are elements of _____.

- A) performance marketing
- B) relationship marketing
- C) internal marketing
- D) social marketing
- E) mass marketing

Answer: A

Objective: 4

Difficulty: Moderate

68) Companies are recognizing that much of their market value comes from _____, particularly their brands, customer base, employees, distributor and supplier relations, and intellectual capital.

- A) variable assets
- B) value propositions
- C) intangible assets
- D) market offerings
- E) industry convergence

Answer: C

Objective: 4

AACSB: Reflective thinking

Difficulty: Easy

69) Holistic marketing incorporates _____ where marketers must carefully consider their role in broader terms, and the ethical, environmental, legal, and social context of their activities.

- A) internal marketing
- B) cultural marketing
- C) social responsibility marketing
- D) relationship marketing
- E) integrated marketing

Answer: C

Objective: 4

Difficulty: Easy

70) The _____ holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being.

- A) selling concept
- B) integrated marketing concept
- C) societal marketing concept
- D) production concept
- E) relationship marketing concept

Answer: C

Objective: 4

AACSB: Analytic skills

Difficulty: Easy

71) Joanna owns a chain of fast-food joints. As the chain became more and more successful, she decided to contribute a share of her profits each year to support cancer research. This is an example of _____.

- A) corporate community involvement
- B) environmental marketing
- C) cause-related marketing
- D) benefit marketing
- E) responsible marketing

Answer: C

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

72) E. Jerome McCarthy classified marketing activities into the four Ps of the marketing mix. These four Ps stand for _____.

- A) product, positioning, place, and price
- B) product, production, price, and place
- C) promotion, place, positioning, and price
- D) place, promotion, production, and positioning
- E) product, price, promotion, and place

Answer: E

Objective: 4

Difficulty: Easy

73) Incorporating the holistic view of marketing, the four Ps of the marketing mix can be updated to _____.

- A) product, positioning, people, and price
- B) people, processes, place, and promotion
- C) product, processes, price, and people
- D) people, processes, programs, and performance
- E) product, price, promotion, and people

Answer: D

Objective: 4

AACSB: Multicultural diversity

Difficulty: Moderate

74) Which of the following reflects the "people" component of the marketing mix?

- A) the creativity, discipline, and structure brought to marketing management
- B) the development of new products by the marketers
- C) the firm's consumer-directed activities
- D) the right set of processes to guide activities and programs within the firm
- E) the internal marketing of the firm

Answer: E

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

75) Which of the four new Ps encompasses the old four Ps as well as a range of other marketing activities that might not fit well into the old view of marketing?

- A) programs
- B) processes
- C) promotion
- D) people
- E) performance

Answer: A

Objective: 4

Difficulty: Moderate

76) At the heart of any marketing program is the firm's _____, its tangible offering to the market.

- A) strategy
- B) product
- C) brand
- D) value
- E) people

Answer: B

Objective: 5

Difficulty: Easy

77) _____ activities include those the company undertakes to make the product accessible and available to target customers.

- A) Line extension
- B) Segmentation
- C) Marketing research
- D) Channel
- E) New-product development

Answer: D

Objective: 5

Difficulty: Moderate

78) A short definition of marketing is "meeting needs profitably."

Answer: TRUE

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

79) Services constitute the bulk of most countries' production and marketing efforts.

Answer: FALSE

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

80) Properties are intangible rights of ownership of either real property (real estate) or financial property (stocks and bonds).

Answer: TRUE

Objective: 2

Difficulty: Moderate

81) Place marketers include economic development specialists, real estate agents, commercial banks, local business associations, and advertising and public relations agencies.

Answer: TRUE

Objective: 2

Difficulty: Easy

82) Properties are bought and sold, and this requires marketing.

Answer: TRUE

Objective: 2

Difficulty: Easy

83) Organizations seldom work to build a strong, favorable, and unique image in the minds of

their target public.

Answer: FALSE

Objective: 2

Difficulty: Easy

84) Unwholesome demand occurs when consumers' purchases vary on a seasonal, monthly, weekly, daily, or even hourly basis.

Answer: FALSE

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

85) When consumers share a strong need that cannot be satisfied by an existing product, they are exhibiting latent demand.

Answer: TRUE

Objective: 2

Difficulty: Moderate

86) Advertising is the most important element in business marketing.

Answer: FALSE

Objective: 2

AACSB: Multicultural diversity

Difficulty: Moderate

87) Companies selling their goods to non-profit organizations often charge a premium over their normal prices because these organizations are largely indifferent to price.

Answer: FALSE

Objective: 2

AACSB: Reflective thinking

Difficulty: Easy

88) Shops and stores have a physical existence and as such are examples of marketpace.

Answer: FALSE

Objective: 2

AACSB: Use of IT

Difficulty: Easy

89) Wants are basic human requirements, such as food and shelter.

Answer: FALSE

Objective: 3

Difficulty: Easy

90) Demands are wants for specific products backed by an ability to pay.

Answer: TRUE

Objective: 3

AACSB: Analytic skills

Difficulty: Easy

91) Contrary to popular belief, marketers do not create needs.

Answer: TRUE

Objective: 3

Difficulty: Easy

92) The customer value triad consists of a combination of quality, durability, and price.

Answer: FALSE

Objective: 3

AACSB: Analytic skills

Difficulty: Moderate

93) A distribution channel includes distributors, wholesalers, retailers, and agents that display, sell, or deliver the physical product or service(s) to the buyer or user.

Answer: TRUE

Objective: 3

Difficulty: Easy

94) The task environment of a firm consists of demographic, economic, natural, and technological environments, as well as the political-legal system and the social-cultural arena.

Answer: FALSE

Objective: 3

AACSB: Analytic skills

Difficulty: Moderate

95) Regulation of industries has created greater competition and growth opportunities because the playing field has been leveled.

Answer: FALSE

Objective: 4

AACSB: Reflective thinking

Difficulty: Easy

96) Industry boundaries are blurring at an incredible rate as companies are recognizing that new opportunities lie at the intersection of two or more industries.

Answer: TRUE

Objective: 4

Difficulty: Easy

97) The overabundance of information available on the Internet has made it more difficult for consumers to compare product features and prices.

Answer: FALSE

Objective: 4

AACSB: Reflective thinking

Difficulty: Easy

98) Companies can facilitate and speed external communication among customers by creating online and off-line "buzz" through brand advocates and user communities.

Answer: TRUE

Objective: 4
Difficulty: Moderate

99) Micro-target marketing and two-way communications have become easier thanks to the proliferation of special-interest magazines, TV channels, and Internet newsgroups.

Answer: TRUE

Objective: 4
Difficulty: Easy

100) The production concept is one of the newest concepts in business.

Answer: FALSE

Objective: 4
Difficulty: Easy

101) The selling concept holds that consumers will favor those products that offer the most quality, performance, or innovative features.

Answer: FALSE

Objective: 4
AACSB: Analytic skills
Difficulty: Moderate

102) The selling concept holds that consumers will prefer products that are ethical, environmentally responsible, legal, and social in the context of marketing activities and programs.

Answer: FALSE

Objective: 4
AACSB: Analytic skills
Difficulty: Moderate

103) The marketing concept stresses on finding the right customers for the company's products.

Answer: FALSE

Objective: 4
AACSB: Analytic skills
Difficulty: Moderate

104) The selling concept is based on the development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies.

Answer: FALSE

Objective: 4
AACSB: Analytic skills
Difficulty: Moderate

105) Relationship marketing aims to build mutually satisfying long-term relationships with key parties.

Answer: TRUE

Objective: 4
Difficulty: Easy

106) Attracting a new customer costs far more than retaining an existing one.

Answer: TRUE

Objective: 4

AACSB: Analytic skills

Difficulty: Easy

107) One of the key themes of integrated marketing is that there are very few marketing activities that can effectively communicate and deliver value.

Answer: FALSE

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

108) Proponents of holistic marketing consider internal marketing to be as important as marketing to consumers.

Answer: TRUE

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

109) Integrated marketing is the task of hiring, training, and motivating able employees who want to serve customers well.

Answer: FALSE

Objective: 4

Difficulty: Easy

110) Performance marketing requires understanding the financial and non-financial returns to business and society from marketing activities and programs.

Answer: TRUE

Objective: 4

Difficulty: Easy

111) Performance marketing involves reviewing and assessing market share, customer loss rate, customer satisfaction, and product quality in the evaluation of the effectiveness of marketing activities.

Answer: TRUE

Objective: 4

Difficulty: Moderate

112) The societal marketing concept holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and the society's well-being.

Answer: TRUE

Objective: 4

Difficulty: Easy

113) Adapting and conducting business practices that protect the environment and human and animal rights is specifically a part of corporate social marketing.

Answer: FALSE

Objective: 4

Difficulty: Moderate

114) Cause-related marketing involves donating a percentage of revenues to a specific cause based on the revenue occurring during the announced period of support.

Answer: TRUE

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

115) Making gifts of money, goods, or time to help nonprofit organizations, groups, or individuals is known as corporate philanthropy.

Answer: TRUE

Objective: 4

Difficulty: Easy

116) The marketing-mix component called "people" reflects all the creativity, discipline, and structure brought to marketing management.

Answer: FALSE

Objective: 4

Difficulty: Easy

117) A firm's tangible offering to the market includes product quality, design, features, and packaging.

Answer: TRUE

Objective: 5

AACSB: Reflective thinking

Difficulty: Easy

118) Marketing has been described as being both an "art" and a "science." Discuss the differences and similarities between these two marketing thrusts. Provide your theoretical response and a "real-life" example where you have seen both processes work effectively at creating customer value and loyalty.

Answer: The student should demonstrate his or her understanding that the marketer must use data to understand customer needs and translate this understanding into properly designed products and services. This requires application of state-of-the-art tools and techniques. It is also an art as marketers try to find creative solutions to consumer needs.

Objective: 2

AACSB: Reflective thinking

Difficulty: Moderate

119) Marketers are involved in marketing 10 types of entities. List and briefly characterize these

entities.

Answer: The types of entities that are marketed are (1) goods—physical goods, (2) services—hotels and car rental services, (3) events—time-based events such as trade shows, (4) experiences—Walt Disney's Magic Kingdom, (5) persons—celebrity marketing, (6) places—cities, states, regions, and even whole nations, (7) properties—intangible rights of ownership of either real property or financial property, (8) organizations—corporate identity, (9) information—information produced and marketed as a product, and (10) ideas—marketing the basic idea of a market offering.

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

120) Marketers should be skilled in stimulating demand for a company's products. Just as production and logistics professionals are responsible for supply management, marketers are responsible for demand management. Marketing managers seek to influence the level, timing, and composition of demand to meet the organization's objectives. List and briefly characterize the eight different demand states.

Answer: The eight different demand states are (1) negative demand—consumers dislike the product and may even pay a price to avoid it, (2) nonexistent demand—consumers may be unaware or uninterested in the product, (3) latent demand—consumers may share a strong need that cannot be satisfied by an existing product, (4) declining demand—consumers begin to buy the product less frequently or not at all, (5) irregular demand—consumer purchases vary on a seasonal, monthly, weekly, daily, or even hourly basis, (6) full demand—consumers are adequately buying all products in the market, (7) overfull demand—more consumers would like to buy the product than can be satisfied, and (8) unwholesome demand—consumers may be attracted to products that have undesirable social consequences.

Objective: 2

AACSB: Analytic skills

Difficulty: Easy

121) Consumers often have many needs that are not readily obvious. Just observing their behavior inside a retail store is not enough to get a true understanding of their "needs." List and briefly describe the five types of needs that most consumers have.

Answer: Suppose a customer wants to buy a car. The five types of customer needs with respect to this example are (1) stated needs—the customer wants an inexpensive car, (2) real needs—the customer wants a car whose operating cost, not its initial price, is low, (3) unstated needs—the customer expects good service from the dealer, (4) delight needs—the customer would like the dealer to include an onboard navigation system, and (5) secret needs—the customer wants to be seen by friends as a savvy consumer.

Objective: 3

AACSB: Analytic skills

Difficulty: Easy

122) Distinguish between the concepts of value and satisfaction.

Answer: The offering will be successful if it delivers value and satisfaction to the target buyer. The buyer chooses between different offerings on the basis of his or her perception about which product will deliver the most value. *Value* reflects the perceived tangible and intangible benefits

and costs to customers. Value can be seen as primarily a combination of quality, service, and price (called the *customer-value triad*). *Satisfaction* reflects a person's comparative judgments resulting from a product's perceived performance (or outcome) in relation to his or her expectations.

Objective: 3

AACSB: Reflective thinking

Difficulty: Easy

123) Assume that you have been given the task of assisting a company in designing its marketing planning process. What components should be in such a process?

Answer: The marketing planning process consists of analyzing marketing opportunities, selecting target markets, designing strategies, developing marketing programs, and managing the marketing effort.

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

124) The competing concepts under which organizations have conducted marketing activities include: the production concept, product concept, selling concept, marketing concept, and holistic marketing concept. Evaluate the advantages and disadvantages of each concept. Which concept do you believe is the most effective? Why?

Answer: Although students will be expected to research each concept, they should conclude the most effective concept is the holistic marketing concept, where companies need to have a more complete, cohesive approach that goes beyond traditional applications of the marketing concept.

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

125) Define internal marketing and its role in the company. Outline how various departments within the company can demonstrate a customer focus.

Answer: Internal marketing is the task of hiring, training, and motivating able employees who want to serve customers well. Internal marketing must take place on two levels. At one level, the various marketing functions must work together. At the second level, other departments must embrace marketing and a “think customer” attitude.

Objective: 4

AACSB: Reflective thinking

Difficulty: Easy

126) According to Starbucks Chairman Howard Schultz, “We see a fundamental change in the way consumers buy their products and services ... Consumers now commonly engage in a cultural audit of providers. People want to know your value and ethics demonstrated by how you treat employees, the community in which you operate. The implication for marketers is to strike the balance between profitability and social consciousness and sensitivity ... It is not a program or a quarterly promotion, but rather a way of life. You have to integrate this level of social responsibility into your operation.”

Discuss the concept of social responsibility marketing and how it impacts both companies and consumers.

Answer: The social responsibility marketing concept holds that the organization's task is to determine the needs, wants, and interests of target markets and to deliver the desired satisfaction more effectively and efficiently than competitors in a way that preserves or enhances the consumer's and society's long-term well-being. Many companies actively engaged in corporate social responsibility campaigns to both motivate employees and attract consumers. As goods become more commoditized, and as consumers grow more socially conscious, some companies are adding social responsibility as a way to differentiate themselves from competitors, build consumer preference, and achieve notable sales and profit gains. They believe customers will increasingly look for signs of good corporate citizenship.

Objective: 4

AACSB: Ethical understanding and reasoning abilities

Difficulty: Moderate

127) Identify and define the traditional four Ps. Also identify the new four Ps and the reason for developing the new interpretation.

Answer: The traditional four Ps are: Product (product variety, quality, design, features, brand name, packaging, sizes, services, warranties, returns), Price (list price, discounts, allowances, payment period, credit terms), Promotion (sales promotion, advertising, sales force, public relations, direct marketing), and Place (channels, coverage, assortments, locations, inventory, transportation). However, given the breadth, complexity, and richness of marketing, as exemplified by holistic marketing, these 4 Ps are not the whole story anymore. Updating them to reflect the holistic marketing concept, researchers in this field arrived at a more representative set that encompasses modern marketing realities: people, processes, programs, and performance.

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

128) Discuss the eight demand states with respect to bifocal lenses (eyeglasses with two distinct optical powers; having one section that corrects for distant vision and another that corrects for near vision) for glasses.

Answer: Student answers may vary, but a possible answer includes the following: (1) negative demand—many people don't want to admit they need bifocals, (2) nonexistent demand—when bifocal lenses were first introduced, people didn't know they existed, (3) latent demand—before they were introduced, many people thought such a product would be nice, but didn't think it would ever exist, (4) declining demand—this will occur when something better and more convenient is invented, (5) irregular demand—the consumer perceives a need for eye care devices only periodically, possibly when they begin to have trouble with their vision, (6) full demand—the manufacturers of the lenses are making all they possibly can, (7) overfull demand—the manufacturers of the lenses can't make enough and inventories are low, and (8) unwholesome demand—seeking alternatives that can lead to undesirable consequences.

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

129) New terms are now being used to describe where marketing is done. Using the automobile market, describe automotive buying behavior for a: (1) marketplace, (2) marketspace, and (3) metamarket.

Answer: Responses to this question should include a reference to the following: (1) marketplace—shopping for an automobile at a dealer, (2) marketspace—shopping for an automobile via the Internet, eBay, or even designing your own car via a manufacturer's Web site, and (3) metamarket—(a cluster of complementary products and services that are closely related in the customer's mind but are spread across a diverse set of industries) that might include insurance companies, the racing industry, the travel industry, the customization industry, etc.

Objective: 2

AACSB: Analytic skills

Difficulty: Moderate

130) Carmaker, Kia, knows that to reach its target markets three kinds of marketing channels may be used. What are these three marketing channels and how might Kia use each of them?

Answer: The three marketing channels are communication, distribution, and service channels.

Kia uses advertising to position its products and convey a certain message to consumers (communication channel). The delivery of cars to end consumers would require a distribution channel, such as a car dealership, and the company can have tie-ups with insurance companies to provide car insurance (service channel).

Objective: 3

AACSB: Analytic skills

Difficulty: Moderate

131) The marketplace isn't what it used to be. List and briefly discuss the new behaviors, opportunities, and challenges that await the marketer in the 21st century.

Answer: Responses to this question should include: (1) changing technology, (2) globalization, (3) deregulation, (4) privatization, (5) customer resistance, (6) heightened competition, (7) industry convergence, (8) retail transformation, (9) disintermediation, (10) network information technology, (11) consumer buying power, (12) consumer information, (13) consumer participation, and (14) consumer resistance.

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

132) Discuss the concept of disintermediation and provide an example.

Answer: Disintermediation grew out of the rush to embrace the dot-coms and e-commerce.

Essentially, the dot-coms removed many of the traditional intermediaries by encouraging consumers to deal directly with the company via the Internet. "Brick-and-click" businesses eventually brought some of the intermediaries back through a process called *reintermediation*.

Objective: 4

AACSB: Use of IT

Difficulty: Easy

133) The digital revolution has placed a whole new set of capabilities in the hands of consumers and businesses. Describe the advantages that you as a consumer have today that your parents or grandparents didn't have.

Answer: Responses to this question should include: (1) a substantial increase in buying power, (2) a greater variety of available goods and services, (3) a great amount of information about practically anything, (4) greater ease in interacting and placing and receiving orders, and (5) an

increased ability to compare products and services.

Objective: 4

AACSB: Analytic skills

Difficulty: Easy

134) The Internet has given today's companies a new set of capabilities. Among those capabilities is the ability to operate a new information channel. Describe how information can be used by the marketer in this new channel.

Answer: Companies can operate a powerful new information and sales channel, the Internet, with augmented geographical reach to inform and promote their businesses and products worldwide. By establishing one or more Web sites, a company can list its products and services, its history, its business philosophy, its job opportunities, and other information of interest to visitors. This provides consumers with a direct access to the company. Almost all Web sites include a "contact us" section that enables consumers to put forth their queries and interact with the company directly. This in turn allows marketers to be aware of people's opinions and preferences.

Objective: 4

AACSB: Analytic skills

Difficulty: Easy

135) Discuss how companies can use the Internet to build their brands. Give an example of a company that has done so.

Answer: Online marketing activities can be used to build brands by increasing consumer exposure to the brand and creating an interactive experience between the customer and the brand, giving consumers access not only to company-created information but also consumer-generated content. For example, Carnival Connections, an online cruise-booking site, made it easy for cruise fans to compare notes on cruise destinations and onboard entertainment.

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

136) Arthur Tan has decided to start a business. He wants to manufacture vacuum cleaners and believes in the production concept. If this approach is taken, what will be Mr. Tan's primary areas of concentration as he builds his business?

Answer: This orientation holds that consumers will prefer products that are widely available and inexpensive. Managers of production-oriented businesses concentrate on high production efficiency, low costs, and mass distribution. Mr Tan will also want an efficient production process in place. This approach is also used when a company wants to expand the market. Students may use these facts as they design their answer.

Objective: 4

AACSB: Analytic skills

Difficulty: Easy

137) Increasingly, a key goal of marketing is to develop deep, enduring relationships with all entities that directly or indirectly affect the success of the firm. Discuss the merits of relationship marketing. From your experience as a consumer, describe the relationship marketing efforts undertaken by a company of your choice.

Answer: Students should understand that the relationship between any supplier and customer is not just in the mechanics of the transaction, but more importantly how the customer is treated during the transaction. The better the relationship, the more the likelihood of the customer remaining loyal. They should pick a company that has served them well and made them feel special each and every time.

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

138) What would be the marketing network elements for a motorcycle company such as Harley-Davidson?

Answer: A marketing network consists of the company and its supporting stakeholders. These stakeholders for Harley-Davidson are its customers, employees, suppliers, distributors, retailers, repair services, ad agencies, lobby groups, and motorcycle support clubs. The operating principle is simple: Build an effective network of relationships with key stakeholders, and profits will follow.

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

139) Your firm is in the process of moving from focusing on a financial scorecard as the basis for running and evaluating the organization to a marketing scorecard approach. What is a marketing scorecard approach and what might be some of its components?

Answer: Top management is going beyond sales revenue alone to examine the marketing scorecard. Today, the shift to the marketing scorecard attempts to interpret what is happening to market share, customer loss rate, customer satisfaction, product quality, and other measures. Managers know changes in marketing indicators predict changes in financial results.

Objective: 4

AACSB: Reflective thinking

Difficulty: Moderate

140) William Boon owns an extremely profitable sea-side resort. In order to increase his resort's brand value, Burns is considering cause-marketing. Give a few examples of how he may achieve this goal.

Answer: Cause marketing is promoting social issues through efforts such as sponsorships, licensing agreements, and advertising. The hotel can sponsor events addressing social issues. As it is a sea-side resort, it can support and sponsor efforts to protect marine life, preserve the natural environment, and prevent water pollution. (Answers can vary.)

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

141) You have been given the assignment of justifying cause-related marketing to your board of directors. What would be your primary argument in favor of such a proposal?

Answer: Companies see cause-related marketing as an opportunity to enhance their corporate reputation, raise brand awareness, increase customer loyalty, build sales, and increase press

coverage. They believe customers will increasingly look for signs of good corporate citizenship that go beyond supplying rational and emotional benefits. This should be the main line of argument in support of any cause-related marketing effort.

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate

142) Linda Lim has been given the task of developing the product element of her company's marketing mix. List the components that will likely be included in this element of the marketing mix.

Answer: Product variety, quality, design, features, brand name, packaging, sizes, services, warranties, and returns are the key elements of the product portion of the marketing mix.

Objective: 4

AACSB: Analytic skills

Difficulty: Moderate