



Chapter 2

Company and marketing strategy: Partnering to build customer engagement, value and relationships

Choose the one alternative that best completes the statement or answers the question.

1) _____ is the process of developing and maintaining a strategic fit between the organisation's goals and capabilities and its changing market opportunities.

- A) Strategic planning
- B) Annual market planning
- C) Short-term planning
- D) Long-range planning
- E) SBU planning

Answer: A

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role

Objective: LO 2.1 Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

2) _____ involves adapting a firm to take advantage of opportunities in its constantly changing environment.

- A) Long-range planning
- B) Short-range planning
- C) Annual planning
- D) Strategic planning
- E) Environmental scanning

Answer: D

AACSB: Written and oral communication

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Difficulty: Moderate

3) Nokia has an annual plan in place to deal with the company's current SBUs and their operations. However, as a growth-oriented firm, it is interested in both domestic and international markets. This requires Nokia to constantly monitor the environment and adapt to the opportunities with which it is



presented. To take advantage of its changing marketing opportunities, it is most important for Nokia to have which of the following in place?

- A) value-delivery network
- B) mission statement
- C) supporting objectives
- D) strategic plan
- E) country marketing plan

Answer: D

AACSB: Written and oral communication

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Difficulty: Moderate

4) The first step in strategic planning is to _____.

- A) set objectives and goals
- B) develop the business portfolio
- C) define the company mission
- D) plan marketing strategies
- E) identify a problem

Answer: C

AACSB: Written and oral communication

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Difficulty: Basic

5) Which of the following is NOT a step in the strategic planning process?

- A) defining the company mission
- B) setting company objectives and goals
- C) designing the business portfolio
- D) planning marketing and other functional strategies
- E) identifying the company's culture

Answer: E

AACSB: Written and oral communication

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Difficulty: Moderate

6) Which of the following provides a CORRECT ANSWER to these questions: What is our business? Who are our customers? What do our customers value? What should our business be?

- A) objectives and goals



- B) mission statement
- C) business portfolio
- D) marketing and functional strategies
- E) operational strategies

Answer: B

AACSB: Written and oral communication

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Difficulty: Moderate

7) A vendor for Ford Motor Company received the following message from one of Ford's marketing managers: 'As we move forward during the 21st century, it is incumbent upon us to inform you that Ford is committed to building profitable customer relationships by creating environmentally better cars and getting them to market faster at lower costs.' The marketing manager is most likely referring to Ford's _____.

- A) vision statement
- B) market tactics
- C) business portfolio
- D) mission statement
- E) business objectives

Answer: D

AACSB: Reflective Thinking

Topic: Company-wide strategic planning: Defining marketing's role

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Difficulty: Moderate

8) _____ should be market oriented and defined in terms of _____.

- A) Strategic plans; company needs
- B) Annual plans; product needs
- C) Mission statements; customer needs
- D) Objectives; customer needs
- E) Marketing plans; profitability

Answer: C

AACSB: Written and oral communication

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Difficulty: Moderate

9) Monsanto operates in many businesses, including pharmaceuticals and food products. The company defines its _____ as creating 'abundant food and a healthy environment'.



- A) strategy
- B) market development
- C) business portfolio
- D) mission
- E) value-delivery network

Answer: D

AACSB: Reflective thinking

Topic: Company-wide strategic planning: Defining marketing's role

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Difficulty: Complex

10) A company operates as two distinct businesses — one that sells lawn and garden products, and one that markets booklets. Each business is called a _____.

- A) separate entity
- B) strategic business unit (SBU)
- C) matrix
- D) division
- E) business portfolio

Answer: B

AACSB: Reflective Thinking

Topic: Company-wide strategic planning: Defining marketing's role

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Difficulty: Complex

11) A(n) _____ defines a business in terms of satisfying basic customer needs.

- A) market-oriented mission statement
- B) product-oriented mission statement
- C) technology-oriented mission statement
- D) environment-oriented mission statement
- E) strategic plan

Answer: A

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role

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Difficulty: Moderate

12) When the makers of a ballpoint pen state they are in the communication equipment business, they are defining their mission too _____.

- A) narrowly
- B) realistically



- C) specifically
- D) broadly
- E) numerically

Answer: D

AACSB: Reflective Thinking

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Difficulty: Basic

13) All of the following are accurate guidelines for a company's mission statement EXCEPT which one?

- A) A mission statement should be realistic.
- B) A mission statement should focus on sales or profits.
- C) A mission statement should fit the market environment.
- D) A mission statement should be specific.
- E) A mission statement should motivate employees.

Answer: B

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role

Objective: LO 2.1 Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

14) Which of the following is NOT a market-oriented business definition?

- A) 'To provide a global trading platform where practically anyone can trade practically anything'.
- B) 'To sell tools and home repair and improvement items'.
- C) 'To deliver low prices every day'.
- D) 'To be the guardian of our customers' financial dreams'.
- E) 'To bring inspiration and innovation to every athlete in the world'.

Answer: B

AACSB: Reflective Thinking

Topic: Company-wide strategic planning: Defining marketing's role

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Difficulty: Moderate

15) Which of the following is NOT an example of a market-oriented mission statement?

- A) 'We make the internet buying experience fast, easy, and enjoyable'.
- B) 'We create customer connectivity anytime, anywhere'.
- C) 'We create fantasies'.
- D) 'We hold online auctions'.
- E) 'We empower customers to achieve the homes of their dreams'

Answer: D



AACSB: Reflective Thinking

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Difficulty: Moderate

16) All of the following are examples of product-oriented mission statements, EXCEPT which one?

A) 'At Google we provide online services'.

B) 'At Disney we run theme parks'.

C) 'At Nike we sell shoes'.

D) 'At Revlon we sell lifestyle and self-expression; success and status; memories, hopes, and dreams'.

E) 'At Hilton Hotels we rent rooms'.

Answer: D

AACSB: Reflective Thinking

Topic: Company-wide strategic planning: Defining marketing's role

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Difficulty: Moderate

17) Revlon has clearly defined its 'mission' of selling lifestyle and self-expression. In order for the firm to launch its strategic plan, the mission needs to be turned into detailed _____ that guide each level of the company.

A) sets of strategies

B) sets of tactics

C) sets of product mixes

D) supporting objectives

E) sets of promotional tools

Answer: D

AACSB: Reflective Thinking

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Difficulty: Moderate

18) Lynx, a popular brand of male toiletries, defines itself as being in the business of assisting men in the 'mating game'. This is an example of _____.

A) market-oriented mission statement

B) product-oriented mission statement

C) technology-oriented mission statement

D) environment-oriented mission statement

E) a promotional tag line

Answer: A

AACSB: Reflective Thinking



Topic: Company-wide strategic planning: Defining marketing's role
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Difficulty: Moderate

19) In spite of its many obvious benefits, not all companies use strategic planning.
A) True
B) False

Answer: A

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role
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Difficulty: Basic

20) The primary activity in strategic planning is goal setting.
A) True
B) False

Answer: B

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role
Objective: LO 2.1 Explain company-wide strategic planning and its four steps.
Difficulty: Complex

21) A major resources firm has just developed a formal statement of its purpose. This firm has put together a mission statement.
A) True
B) False

Answer: A

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role
Objective: LO 2.1 Explain company-wide strategic planning and its four steps.
Difficulty: Basic

22) Mission statements should be realistic and general in nature.
A) True
B) False

Answer: B

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role
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Difficulty: Basic



23) Mission statements should both fit the market environment and be motivating.

A) True

B) False

Answer: A

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role

Objective: LO 2.1 Explain company-wide strategic planning and its four steps.

Difficulty: Basic

24) At McDonald's, 'to be our customers' favourite place and way to eat' is a product-oriented mission.

A) True

B) False

Answer: B

AACSB: Reflective Thinking

Topic: Company-wide strategic planning: Defining marketing's role

Objective: LO 2.1 Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

25) 'At Revlon, we make cosmetics' is a market-oriented business definition.

A) True

B) False

Answer: B

AACSB: Reflective Thinking

Topic: Company-wide strategic planning: Defining marketing's role

Objective: LO 2.1 Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

26) A firm's mission statement should be the basis for both its business and marketing objectives.

A) True

B) False

Answer: A

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role

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Difficulty: Basic

Write the word or phrase that best completes each statement or answers the question.

27) A(n) _____ can be a company division, a product line within a division or a single product or brand.



Answer: SBU

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role

Objective: LO 2.1 Explain company-wide strategic planning and its four steps.

Difficulty: Complex

28) The annual and long-range plans deal with the company's _____ businesses and how to keep them going. In contrast, the strategic plan involves adapting the firm to take advantage of _____ in its constantly changing environment.

Answer: current; opportunities

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role

Objective: LO 2.1 Explain company-wide strategic planning and its four steps.

Difficulty: Basic

29) A marketing organisation's mission should NOT be stated as making more _____ and/or _____.

Answer: sales; profits

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role

Objective: LO 2.1 Explain company-wide strategic planning and its four steps.

Difficulty: Basic

30) A marketing organisation's mission should NOT be stated as making more sales or _____. Instead, the mission should focus on customers and the _____.

Answer: profits; customer experience

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role

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Difficulty: Moderate

31) A mission statement is a statement of the organisation's _____, that is, what it wants to accomplish in the wider operating environment.

Answer: purpose

AACSB: Written and oral communication

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Difficulty: Basic

32) The key businesses or organisational divisions that make up a company are known as the _____.

Answer: Strategic Business Units (SBU)



AACSB: Written and oral communication

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Difficulty: Basic

Write your answer on a separate sheet of paper.

33) Explain why companies should engage in both annual planning and strategic planning.

Answer:

Annual plans set out the short-term sales, profit and other goals for a specific brand, product or SBU.

Strategic plans set out a longer-term vision and mission for the company—one that attempts to identify environmental opportunities and match them with internal strengths or capabilities.

Strategic planning has a role identifying longer-term sustainable futures, not just for individual brands, but for entire stables of brands. One of strategic planning's key roles is to identify those brands with long-term potential and allocate resources more effectively. At times, it may be necessary to divest underperforming brands or products for the long term survival of the company or group of brands.

Annual planning assumes that the company will continue to offer the same products and serve the same markets. Strategic planning, on the other hand, assumes that the external environment is constantly changing, provides firms with a forum for detailed scrutiny of the changes that are occurring, and determines how they will match their internal strengths and resources to market-based opportunities.

In essence, annual planning and strategic planning have different roles, ask different questions and have different priorities. The two types of planning should complement each other.

AACSB: Written and oral communication

Topic: Company-wide strategic planning: Defining marketing's role

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Difficulty: Complex

Choose the one alternative that best completes the statement or answers the question.

34) A marketing manager is busy working with other managers evaluating the products and businesses making up their company. He is engaged in _____.

A) defining the company's mission statement

B) preparing a business portfolio

C) portfolio analysis

D) marketing control

E) profitability analysis

Answer: C

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate



35) The collection of businesses and products that make up a company is called its _____.

- A) strategic business unit
- B) mission statement
- C) strategic plan
- D) business portfolio
- E) operational factors

Answer: D

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Basic

36) Business portfolio planning involves two steps: _____ and _____.

- A) identifying SBUs; assessing the attractiveness of SBUs
- B) analysing the current business portfolio; shaping the future business portfolio
- C) identifying internal strengths; identifying external opportunities
- D) conducting a SWOT analysis; establishing marketing controls
- E) identifying growth opportunities; evaluating growth opportunities

Answer: B

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

37) _____ can be a company division, a product line within a division or sometimes a single product or brand.

- A) A market
- B) The BCG
- C) An SBU
- D) A PLC
- E) A value delivery network

Answer: C

AACSB: Written and oral communication

Topic: Designing the business portfolio

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Difficulty: Moderate

38) After management has identified the key businesses making up its company, what is the next step?

- A) Identify businesses in which to invest.
- B) Assess the attractiveness of its SBUs.



- C) Decide whether to harvest any businesses.
- D) Complete short-range planning.
- E) Identify the SBUs.

Answer: B

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

39) The best known product portfolio planning method was developed by _____.

- A) Philip Kotler & Associates
- B) Harvard University
- C) Carlton Consulting Group
- D) Boston Consulting Group
- E) General Electric

Answer: D

AACSB: Written and oral communication

Topic: Designing the business portfolio

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Difficulty: Moderate

40) The BCG portfolio matrix classifies SBUs on two dimensions, namely _____ and _____.

- A) market share; market or industry attractiveness
- B) market or industry growth rate; market or industry attractiveness
- C) market growth rate; relative market share
- D) market growth rate; profits
- E) market penetration; market development

Answer: C

AACSB: Written and oral communication

Topic: Designing the business portfolio

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Difficulty: Moderate

41) In the Boston Consulting Group approach, _____ provide(s) a measure of market attractiveness.

- A) relative market share
- B) annual sales or profits
- C) resource utilisation
- D) market growth rate
- E) capital investment

Answer: D



AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

42) In the Boston Consulting Group approach, _____ serve(s) as a measure of company strength in the market.

- A) relative market share
- B) annual sales or profits
- C) resource utilisation
- D) market growth rate
- E) capital investment

Answer: A

AACSB: Written and oral communication

Topic: Designing the business portfolio

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Difficulty: Moderate

43) The BCG growth-share matrix classifies four types of SBUs. They are _____, _____, _____, and _____.

- A) stars; moons; planets; galaxies
- B) sales generating; profitable profits; resource-intensive; asset rich
- C) stars; cash cows; question marks; dogs
- D) growth; mature; declining; divestment
- E) market penetration; market development; product development; diversification

Answer: C

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

44) In the BCG approach to portfolio planning, _____ are high-share, high-growth businesses or products. They need heavy investment to finance rapid growth. When their growth slows down, they turn into _____.

- A) cash cows; stars
- B) question marks; dogs
- C) stars; question marks
- D) stars; cash cows
- E) dogs; cash cows

Answer: D



AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

45) In the BCG approach, _____ are low-growth, high share businesses or products. They generate a lot of cash that the firm uses to pay its bills and support other SBUs that need investment.

- A) Stars
- B) Cash cows
- C) Question marks
- D) Dogs
- E) Cats

Answer: B

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

46) The BCG approach to portfolio analysis is less likely to provide a useful framework for analysis when which of the following conditions is evident?

- A) It is difficult to define the organisational SBUs.
- B) It is difficult to measure market share.
- C) It is difficult to measure market growth rates.
- D) There are no direct competitors.
- E) All of the above.

Answer: E

AACSB: Reflective Thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

47) When dealing with a _____, managers must decide whether to invest in it in an attempt to build it into a star or cash cow, or whether to phase it out.

- A) star
- B) dog
- C) question mark
- D) cash cow
- E) cat

Answer: C

AACSB: Analytical thinking



Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

48) In the BCG approach, the most likely candidate for divestment decisions is a _____.

- A) star
- B) dog
- C) question mark
- D) cash cow
- E) cat

Answer: B

AACSB: Analytical thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

49) In the BCG matrix, income from _____ can be used to help finance the company's question marks and stars.

- A) dogs
- B) SBUs
- C) cash cows
- D) sales revenue
- E) overseas operations

Answer: C

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

50) The four possible strategies that can be pursued for each SBU are building, holding, _____ and _____.

- A) harvesting; divesting
- B) promoting; selling
- C) downsizing; expanding
- D) diversifying; penetrating
- E) developing; growing

Answer: A

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.



Difficulty: Moderate

51) Which of the following does NOT accurately reflect a problem with the BCG matrix approach?

- A) It focuses on future planning.
- B) It can be costly to conduct.
- C) It can be time consuming to implement.
- D) It is difficult to define SBUs and measure market share and growth.
- E) It focuses on classifying current businesses.

Answer: A

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Complex

52) Unlike strategic-planning efforts of the past, which were conducted primarily by senior managers, today's strategic planning is more _____.

- A) short-term oriented
- B) decentralised
- C) limitation-free
- D) product-oriented
- E) centralised

Answer: B

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

53) Which of the following is a useful tool for identifying growth opportunities?

- A) the BCG matrix
- B) the business portfolio
- C) the product/market expansion grid
- D) the value chain
- E) the value delivery network

Answer: C

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Basic

54) Sass and Bide, according to the text, could use the product/market expansion grid to develop



strategies. The owners of the company would most likely find the grid to be quite useful for identifying _____.

- A) target markets
- B) growth opportunities
- C) key customers
- D) new products
- E) suppliers

Answer: B

AACSB: Reflective Thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Basic

55) A strategy focused on generating more sales from existing customers without changing a firm's products is _____.

- A) market development
- B) market growth
- C) market penetration
- D) product development
- E) market attractiveness

Answer: C

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Basic

56) Disney is identifying and developing new market segments for its theme parks. Disney is exploring possibilities for _____.

- A) market penetration
- B) market development
- C) downsizing
- D) diversification
- E) product development

Answer: B

AACSB: Analytical thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

57) If a maker of exercise shirts and shorts considered introducing a line of fitness equipment, the



company would be considering _____.

- A) marketing controls
- B) market development
- C) diversification
- D) market penetration
- E) product adaptation

Answer: C

AACSB: Reflective Thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

58) In 1982, the manufacturer of carbonated drinks, the Coca Cola Group, acquired the feature film maker, Columbia Pictures, and retained control over it for almost a decade. This stage of the Coca Cola Group's history is an example of _____.

- A) marketing controls
- B) market development
- C) diversification
- D) market penetration
- E) product development

Answer: C

AACSB: Reflective Thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

59) Since its inception in 1886, the Coca Cola Group has always been associated with the manufacture and sale of flavoured, carbonated beverages. However, in recent years, the sale of carbonated beverages has been exhibiting long-term decline, forcing the company to investigate new products to add to its portfolio. Today, Coca Cola is active in fruit juices, sports drinks, energy drinks, ready-to-drink tea and coffee, still and sparkling mineral waters and vitamin waters. Coca Cola's move into a more diverse range of beverages is an example of _____.

- A) marketing controls
- B) market development
- C) diversification
- D) market penetration
- E) product development

Answer: E

AACSB: Reflective Thinking

Topic: Designing the business portfolio



Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

60) The beverage, Lucozade, was originally marketed as a nutrient rich beverage that was easily tolerated by a fragile or distressed digestive system. Sick children were the intended consumers for the initial product. Eventually, Lucozade was rebranded and repositioned as a beverage for active persons, with athletes becoming the primary target market. Lucozade's ability to find a new market for its existing product is an example of _____.

- A) marketing controls
- B) market development
- C) diversification
- D) market penetration
- E) product development

Answer: B

AACSB: Reflective Thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

61) When QANTAS airlines launched its low-cost carrier, Jetstar, it soon found that Jetstar's budget prices appealed to a new market segment made up of first-time travellers who had previously been locked-out of air travel due to perceptions of high price. Jetstar's ability to reach first-time travellers is an example of _____ by QANTAS.

- A) market segmentation
- B) market penetration
- C) diversification
- D) market development
- E) product development

Answer: D

AACSB: Reflective Thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

62) _____ entails reducing the business portfolio by eliminating products that no longer fit the company's overall strategy.

- A) Market segmentation
- B) BCG
- C) Product line extension
- D) Downsizing



E) Market redesign

Answer: D

AACSB: Analytical thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Basic

63) Which of the following is NOT a reason that a firm might want to abandon products or markets?

A) The market environment has changed, making a product less profitable.

B) The firm has entered areas in which it does not have expertise.

C) The economic climate is showing signs of recovery.

D) The firm has grown too fast.

E) The firm has not properly researched foreign markets which it has entered.

Answer: C

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

64) The agribusiness corporation, Monsanto, which manufactures a herbicide under the brand name, RoundUp, has more recently begun to market herbicide-resistant seeds for assorted agricultural and vegetable crops. This is an example of _____.

A) market penetration

B) market development

C) diversification

D) harvesting

E) product development

Answer: E

AACSB: Reflective Thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Complex

65) Acme Innovations Pty Ltd has modified the production processes of its widgets and gadgets in order to tap into the developing Eastern European market. It is likely following a _____ strategy.

A) market penetration

B) market development

C) diversification

D) harvesting

E) product development



Answer: B

AACSB: Reflective Thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Complex

66) Starbucks has introduced a debit card that lets customers prepay for coffee and snacks. This effort by Starbucks management is an example of _____.

A) market development

B) product development

C) diversification

D) market penetration

E) product adaptation

Answer: D

AACSB: Reflective Thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: hard

67) During the late 1990s and early 2000s, skincare companies began to notice that the number of men using skincare products had increased dramatically. In an effort to leverage this trend, L'Oreal launched a new range known as L'Oreal Men Expert in 2005. This is an example of _____.

A) product development

B) market segmentation

C) market development

D) market penetration

E) repositioning

Answer: C

AACSB: Reflective Thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Complex

68) When designing business portfolios, most companies are well advised to add a broad range of products and businesses to their organisation.

A) True

B) False

Answer: B

AACSB: Written and oral communication

Topic: Designing the business portfolio



Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

69) The BCG matrix is the only approach to portfolio planning in widespread use today.

A) True

B) False

Answer: B

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Basic

70) In the BCG matrix, 'dogs' by definition are businesses or products that do not generate enough cash to maintain themselves.

A) True

B) False

Answer: B

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Complex

71) More and more companies involve only upper-level management teams in strategic planning.

A) True

B) False

Answer: B

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

72) Though companies need to grow to compete effectively and satisfy their stakeholders, growth itself should not be a company's objective.

A) True

B) False

Answer: A

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate



73) The growth strategy of diversification involves offering modified or new products to current markets.

A) True

B) False

Answer: B

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

74) A company should consider downsizing when products of an SBU no longer fit the company's overall strategy.

A) True

B) False

Answer: A

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

Write the word or phrase that best completes each statement or answers the question.

75) The activity whereby management evaluates the products and businesses that make up the company is known as business _____.

Answer: portfolio analysis

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

76) In the product/market expansion grid, two approaches to growth that involve new product development are _____ and _____.

Answer: product development; diversification

AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

77) In the product/market expansion grid, two approaches to growth that do not involve new product development are _____ and _____.

Answer: market penetration; market development



AACSB: Written and oral communication

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

Write your answer on a separate sheet of paper.

78) Given the benefits of strategic planning, how can you explain why some companies do not use this type of planning?

Answer:

There are many possible reasons why companies do not bother with strategic planning. Some possible explanations include:

- Time-consuming/costly nature of planning process
- Lack of commitment — strategic planning requires genuine commitment from management and all functional departments
- Assumes that companies are customer-focused
- Lack of skill — strategic planning requires skills in scanning the environment and identifying trends/changes and being able to envision sustainable futures
- Organisational culture — for some companies, the benefits may not outweigh the effort required to engage in strategic planning. For example, companies that are followers or me-too imitators do not gain from strategic planning.

AACSB: Reflective Thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

79) Thinking about the product/market expansion grid, outline marketing activities that could be used to achieve each of the four growth options; market penetration, market development, product development, and diversification.

Answer:

The product/market expansion grid is a useful device for identifying growth opportunities in the future. In this grid, growth can be achieved in one of two ways — market growth or product growth. These two growth dimensions allow for four alternative growth strategies available to companies: market penetration, market development, product development, and diversification. Each growth strategy requires very different skills and resources.

Market penetration entails making more sales of existing products to current customers. In order to increase penetration, marketers are likely to consider: increase customer usage rates, increase repeat purchases, find new uses for existing products, increase purchase frequency rates. A combination of pricing and promotional strategies can be used to accomplish these objectives.

Market development involves identifying and developing new markets for a company's existing products. New markets include different demographic groups, new geographic regions, identifying



customers with unmet needs and other possibilities. New distribution networks are likely to be required to tap into new markets.

Product development involves selling new products to existing markets. This option may include activities such as new product development or product modifications.

Diversifying companies might consider acquiring or starting new businesses unrelated to their core business. However, diversifying too broadly can be detrimental in the long run.

AACSB: Analytical thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

80) What type of strategy should a company use to manage its cash cows?

Answer:

Cash cows are high in market share, suggesting that they are dominant in the sector. In addition, cash cows are low in market growth, suggesting that they have found a stable, defensible market position. Typically, but not essentially, cash cows are mature brands in an industry or sector. Cash cows, therefore, require a maintenance strategy. They do not require significant injections of funds to realise their market potential. Cash cows generate funds without much investment; a company should harvest these funds to support other SBUs.

AACSB: Analytical thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

81) When should a company consider downsizing its business portfolio?

Answer:

Downsizing might be indicated when one or more of the following conditions are evident:

- When the company has grown too fast
- When the company entered areas where it lacks experience (international markets)
- When the environment has changed (e.g. product becomes unfashionable or new, improved raw materials or ingredients become available)
- When products become obsolete
- SBUs cease to be a good fit with corporate vision or core business activities.

AACSB: Reflective Thinking

Topic: Designing the business portfolio

Objective: LO 2.2 Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

Choose the one alternative that best completes the statement or answers the question.

82) At a time when most skincare companies are turning to science-based ingredients and formulations,



the skincare company, Garnier, stands out as one that has rejected the scientific approach, turning instead to the use of active, natural ingredients. Garnier's skincare products, for example, are based on anti-oxidants sourced from grape seed and avocado oil. Shampoos include bamboo extract for shiny hair. Anti-wrinkle creams use plant-based pro-Retinol (Vitamin A) while body moisturisers are based on L-Bifidus (naturally occurring in dairy products). Garnier emphasises the use of active natural ingredients in all its promotions, product descriptions and packaging. This is an example of _____.

- A) market differentiation
- B) market segmentation
- C) product development
- D) promotional push
- E) marketing mix

Answer: A

AACSB: Reflective Thinking

Topic: Planning marketing: Partnering to build customer relationships

Objective: LO 2.3 Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

83) The marketing concept is best thought of as which of the following?

- A) a guiding philosophy for the company's marketing strategy
- B) a specific approach to building relationships with customers, vendors and suppliers
- C) the overall purpose of the company
- D) the position the company's product holds in customers' minds
- E) the organisation of the company's marketing department

Answer: A

AACSB: Written and oral communication

Topic: Planning marketing: Partnering to build customer relationships

Objective: LO 2.3 Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

84) Each department in a company that carries out value-creating activities can be thought of as a link in the company's _____.

- A) market development
- B) product development
- C) business portfolio
- D) value chain
- E) value delivery network

Answer: D

AACSB: Written and oral communication



Topic: Planning marketing: Partnering to build customer relationships

Objective: LO 2.3 Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Basic

85) As a company's different functions work to produce value for consumers, the marketing department of a firm should take the _____ point of view.

- A) employees'
- B) managers'
- C) stockholders'
- D) consumers'
- E) distributors'

Answer: D

AACSB: Written and oral communication

Topic: Planning marketing: Partnering to build customer relationships

Objective: LO 2.3 Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

86) Multinationals like L'Oreal have designed programs to work closely with their suppliers to help them reduce their costs and improve quality. This illustrates the importance of an efficient _____.

- A) business model
- B) low-cost operator
- C) product mix
- D) value-delivery network
- E) problem-solver

Answer: D

AACSB: Written and oral communication

Topic: Planning marketing: Partnering to build customer relationships

Objective: LO 2.3 Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

87) The marketing department alone cannot produce superior value for customers.

- A) True
- B) False

Answer: A

AACSB: Written and oral communication

Topic: Planning marketing: Partnering to build customer relationships

Objective: LO 2.3 Explain marketing's role in strategic planning and how marketing works with its



partners to create and deliver customer value.

Difficulty: Basic

88) To improve its value-delivery network, a company needs to examine the value chains of its suppliers and distributors.

A) True

B) False

Answer: A

AACSB: Written and oral communication

Topic: Planning marketing: Partnering to build customer relationships

Objective: LO 2.3 Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

89) A company's value chain is only as strong as its strongest link, or most effective department.

A) True

B) False

Answer: B

AACSB: Written and oral communication

Topic: Planning marketing: Partnering to build customer relationships

Objective: LO 2.3 Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

Choose the one alternative that best completes the statement or answers the question.

90) _____ is the marketing logic by which a company hopes to achieve profitable customer relationships.

A) A marketing program or tactic

B) Being a low-cost operator

C) A consistent product mix

D) Marketing strategy

E) A Differentiation strategy

Answer: D

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Basic

91) In a visual representation of the marketing process, which of the following should appear in the



centre?

- A) sales goals
- B) profitable customer relationships
- C) company objectives
- D) customer retention rates
- E) competitors

Answer: B

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Moderate

92) A sound marketing strategy begins with _____.

- A) positioning
- B) customer analysis
- C) differentiation
- D) promotion
- E) SWOT analysis

Answer: B

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Moderate

93) The process of customer value driven marketing involves _____, _____, _____ and _____.

- A) product; price; promotion; adaptation
- B) market segmentation; market targeting; differentiation; positioning
- C) marketing analysis; planning; implementation; feedback
- D) analysis; targeting; implementation; control
- E) problem identification; information search; decision; implementation

Answer: B

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Moderate

94) The process of dividing a market into distinct groups of buyers with different needs, characteristics or



behaviours is called _____.

- A) market targeting
- B) positioning
- C) marketing strategy
- D) market segmentation
- E) market extension

Answer: D

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Basic

95) For Hyundai Corporation, customers who care primarily about the price of a car and its operating economy make up one _____.

- A) market position
- B) value network
- C) market segment
- D) customer extension
- E) value chain

Answer: C

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Moderate

96) _____ involves evaluating each market segment's attractiveness and selecting one or more segments to enter.

- A) Market segmentation
- B) Product differentiation
- C) Market targeting
- D) Market mixing
- E) Positioning

Answer: C

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Basic



97) An extruded plastics manufacturer is in the process of dividing a market into distinct groups of buyers with different needs, characteristics and behaviours who might require separate products or marketing programs. Which of the following is this firm doing?

- A) market development
- B) market diversification
- C) market penetration
- D) market targeting
- E) market segmentation

Answer: E

AACSB: Reflective Thinking

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Complex

98) A marketing manager has identified a group of potential customers who seem to respond in a similar way to a series of magazine and radio advertisements for his company's product. He has identified a(n) _____.

- A) target market
- B) market segment
- C) market
- D) market position
- E) undefined niche

Answer: B

AACSB: Reflective Thinking

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Complex

99) A marketing manager is evaluating each market segment's attractiveness and is in the process of selecting one or more segments for his firm's product to enter. What is he doing?

- A) market targeting
- B) market segmenting
- C) marketing
- D) market positioning
- E) market penetrating

Answer: A

AACSB: Reflective Thinking



Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Complex

100) When determining market differentiation and positioning, it is most important for marketers to develop _____ for their products.

- A) customer management organisations
- B) unique market positions
- C) market management organisations
- D) marketing ROI data
- E) marketing dashboards

Answer: B

AACSB: Analytical thinking

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Complex

101) A company wants to practice effective positioning. To do so, the owners must _____ their marketing offering to give consumers more value than the services offered by competitors.

- A) differentiate
- B) promote
- C) advertise
- D) sell
- E) represent

Answer: A

AACSB: Reflective Thinking

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Complex

102) Most companies today enter a new market by serving a _____; if this proves successful, they _____.

- A) single market segment; add segments
- B) multitude of segments; add more segments
- C) few segments; add more segments
- D) niche; differentiate
- E) target market; reposition



Answer: A

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Moderate

103) _____ is the place a product occupies in the consumer's mind relative to competitors' products.

- A) Product placement
- B) Product position
- C) Market segmentation
- D) Market targeting
- E) Product promotion

Answer: B

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Basic

104) An entrepreneur has researched new markets and has decided which segments to enter. Next she should decide what _____ her company should occupy in those segments.

- A) position
- B) place
- C) rank
- D) rating
- E) percentage of space

Answer: A

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Basic

105) Effective positioning begins with _____ the company's marketing offer in order to give consumers more perceived value.

- A) pricing
- B) aligning
- C) differentiating
- D) promoting



E) placing

Answer: C

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Moderate

106) The text suggests that instead of thinking of selling products, marketers would be wise to take the customer's view and think of _____.

A) providing convenience

B) offering solutions to problems

C) initiating two-way communication

D) offering discounts

E) connecting services and products

Answer: B

AACSB: Analytical thinking

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Moderate

107) The image of a product in the minds of consumers is called market segmentation.

A) True

B) False

Answer: B

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Basic

108) A market segment consists of consumers who respond in different ways to a given set of marketing efforts.

A) True

B) False

Answer: B

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the



forces that influence it.

Difficulty: Basic

109) The Holiday Inn group has divided the total customer market into smaller segments and selected the most promising segments. Deciding what position it wants to occupy in these segments is called targeting.

A) True

B) False

Answer: B

AACSB: Reflective Thinking

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Moderate

110) A company with limited resources would probably decide to serve all segments of a market.

A) True

B) False

Answer: B

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Moderate

111) When a company positions its product, it must first identify possible customer value within a market segment that could be the basis of a competitive advantage for the product.

A) True

B) False

Answer: A

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Moderate

112) Guided by marketing strategy, the company designs a marketing mix made up of factors under its control: product, price, place, promotion, process, physical evidence and people.

A) True

B) False



Answer: A

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Moderate

113) In the marketing mix, the element of promotion refers solely to advertising.

A) True

B) False

Answer: B

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Basic

Write the word or phrase that best completes each statement or answers the question.

114) From the consumer's viewpoint, in this age of customer value and relationships, the various Ps might be better described in terms of Cs, such as these four: _____, _____, _____ and _____.

Answer: customer solution; customer cost; convenience; communication

AACSB: Written and oral communication

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Complex

Write your answer on a separate sheet of paper.

115) Explain why, according to the authors of your text, the marketing mix (product, price, place, promotion, process, physical evidence and people) takes a seller's view of the market, not the buyer's view. How should marketers consider the buyer's view?

Answer:

The marketing mix (product, price, place, promotion, process, physical evidence and people) sets out a set of key decisions or issues that marketers need to address when marketing brands or products.

However, customers are less interested in what marketers are doing. Instead, customers are interested in the benefits that accrue and sacrifices that must be made when they make a purchase. In today's day and age of customer relationship marketing, the marketing program can be redefined as the four Cs from the customer's point of view. In other words, the customer is interested in: customer solution, customer cost, convenience and communication. In lieu of product, there is customer solution; that is, customers buy solutions to their problems or look for value in products. Customers are more interested in the total



customer costs of obtaining, using, and disposing of a product. That is, customer cost, which includes monetary and non-monetary costs replaces price in customer relationships. The place element of the marketing mix focuses on convenience and access. Convenience in availability is the central focus for most customers. Finally, customers and marketers want two-way communications. Marketers should use the four Cs as a basis for the marketing mix.

AACSB: Reflective Thinking

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Complex

116) Explain how a marketer of baking soda may attempt to attract more than one market segment.

Answer:

Baking soda (sodium bicarbonate), as many homemakers know, is one of the most versatile products typically found in the kitchen pantry. It has many applications including use as a traditional baking ingredient as well as more versatile applications as a deodoriser, acne cure, ingredient in facial preparations and general household cleanser/mould remover. Different market segments are likely to be interested in various applications (see table below). The manufacturer might include these applications in product packaging, corporate internet site, marketing literature, external websites targeting key segments (e.g. environmental sites, health and wellness sites, teen and beauty sites).

Table 2.1
Target Market for Baking Soda

Baking Soda Application	Target Market
Baking Ingredient	Traditional home-makers with young families; interested in preparing home-baked goods
Deodoriser	Environmentally sensitive home-makers seeking natural solutions to household odour problems
Cleanser/ Mould remover	Environmentally sensitive or price sensitive home-makers seeking natural, non-polluting household cleansers
Facial Preparation	Price sensitive women seeking natural, inexpensive beauty treatments
Acne cure	Teens and adolescents seeking holistic, natural cures and/or those with allergies/sensitive skin

AACSB: Analytical thinking

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the



forces that influence it.

Difficulty: Complex

117) How might a stationery manufacturer alter the product element of the marketing mix when marketing pens designed to target female students versus male students?

Answer:

The marketer might consider using a more slender, stylish barrel, feminine colours and decorative elements such as a spiral-flower stripe when marketing its pens to the female segment. On the other hand, when targeting males, the marketer might use a sturdier construction, more neutral colours and simple, conservative design features such as a simple gold stripe on black background.

AACSB: Analytical thinking

Topic: Marketing strategy and the marketing mix

Objective: LO 2.4 Describe the elements of a customer value-driven marketing strategy and mix, and the forces that influence it.

Difficulty: Moderate

Choose the one alternative that best completes the statement or answers the question.

118) A marketing director is looking at whether her company's strategies are well matched to its opportunities. She is utilising _____.

- A) marketing control
- B) operating control
- C) strategic control
- D) SWOT analysis
- E) marketing auditing

Answer: C

AACSB: Reflective Thinking

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

119) In a SWOT analysis, which of the following would be considered a strength?

- A) internal limitations
- B) trends in the market
- C) favourable factors in the environment
- D) factors that challenge the company's performance
- E) internal capabilities or resources

Answer: E

AACSB: Written and oral communication

Topic: Manage the marketing effort



Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

120) In a SWOT analysis, which of the following refers to factors in the external environment?

- A) strengths
- B) strategies
- C) weaknesses
- D) opportunities
- E) trends

Answer: D

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

121) The marketing manager at a small sports retail chain has conducted a marketing analysis. He has investigated the company's internal resources and situational factors, as well as factors and trends in the competitive sports retail chain market. Which of the following has he completed?

- A) SWOT analysis
- B) business portfolio analysis
- C) executive summary
- D) marketing plan
- E) marketing mix

Answer: A

AACSB: Reflective Thinking

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Complex

122) The goal of a SWOT analysis is to match business strengths with _____.

- A) opportunities
- B) threats
- C) product portfolios
- D) weaknesses
- E) market segments

Answer: A

AACSB: Written and oral communication



Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

123) Which of the following most accurately identifies a difference between a weakness and a threat in SWOT analysis?

- A) A company is more able to change a threat than a weakness.
- B) A company is more able to change a weakness than a threat.
- C) A company can be more negatively affected by a weakness than by a threat.
- D) A company can be more negatively affected by a threat than by a weakness.
- E) A company can more easily identify threats than weaknesses.

Answer: B

AACSB: Reflective Thinking

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Complex

124) Internal limitations that hinder a company's ability to achieve its objectives are known as _____.

- A) strengths
- B) strategies
- C) weaknesses
- D) opportunities
- E) competitive pressures

Answer: C

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

125) Current or emerging external environmental or competitive factors that challenge a company's performance are known as _____.

- A) strengths
- B) strategies
- C) weaknesses
- D) opportunities
- E) threats

Answer: E



AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

126) The term, SWOT, is an acronym (i.e. a new word made from the first letter of each word in a sequence or words or a phrase) for which of the following words or phrases?

- A) Strategies, Winning Objectives and Tactics
- B) Sales Weights Outweigh Targets
- C) Sales Wear-Out Timelines
- D) Strategies, Working Capital, Opportunities and Targets
- E) Strengths, Weaknesses, Opportunities and Threats

Answer: E

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Basic

127) To be successful at marketing, companies must effectively turn marketing planning into _____.

- A) marketing analysis
- B) marketing implementation
- C) marketing control
- D) marketing audits
- E) marketing budgeting

Answer: B

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

128) Under the _____ organisational format of marketing departments, different marketing activities are headed by a specialist such as a sales manager, advertising manager, marketing research manager, or customer-service manager.

- A) geographic
- B) product management
- C) market management
- D) customer-centred



E) functional

Answer: E

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

129) A chain of 25 photographic portrait stores, operating nationwide, has organised its marketing organisation into different marketing activities that are headed by specialists. What type of marketing organisation is this?

A) geographic

B) product

C) organic

D) functional

E) market

Answer: D

AACSB: Reflective Thinking

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Complex

130) A marketing manager is constantly involved in evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained. His current work is most accurately classified as _____.

A) marketing control

B) marketing planning

C) strategic planning

D) tactical planning

E) strategic control

Answer: A

AACSB: Reflective Thinking

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Basic

131) Modern marketing departments are arranged in all of the following ways, EXCEPT which one?

A) functional organisation



- B) market management organisation
- C) product management organisation
- D) geographic organisation
- E) strategic management organisation

Answer: E

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

132) The _____ organisational system's main advantage is that the company is organised around the needs of specific market segments.

- A) product management
- B) market management
- C) geographic management
- D) vertical management
- E) functional management

Answer: B

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

133) Large companies that produce many different products flowing into many different geographic and customer markets usually employ some combination of the _____, _____, _____ and _____ forms of department organisation.

- A) product; functional; customer; offshore
- B) product; relationship; partnership; operations
- C) functional; geographic; product management; market
- D) global; regional; local; decentralised
- E) centralised; top-down; bottom-up; global management

Answer: C

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate



134) Evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained is called _____.

- A) marketing control
- B) strategic control
- C) operating control
- D) developmental control
- E) efficiency

Answer: A

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Basic

135) The marketing control process entails the following steps in order: setting goals, _____, evaluating performance and _____.

- A) evaluating goals; measuring performance
- B) achieving goals; measuring performance
- C) taking corrective action; measuring performance
- D) measuring performance; taking corrective action
- E) taking corrective action; following up

Answer: D

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

136) Which of the following is NOT a step in the marketing control process?

- A) setting goals
- B) measuring performance
- C) taking corrective action
- D) defining the mission
- E) evaluating the causes of gaps between expected and actual performance

Answer: D

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate



137) Ensuring that the company achieves the sales, profits and other goals set out in its annual marketing plan is the purpose of _____.

- A) marketing control
- B) operating control
- C) strategic control
- D) anticipatory control
- E) a marketing audit

Answer: B

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

138) _____ involves looking at whether a company's basic strategies are well matched to its opportunities.

- A) Operating control
- B) Market management organisation
- C) Marketing control
- D) Strategic control
- E) Distribution

Answer: D

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Basic

139) Which of the following is a tool for monitoring strategic marketing performance?

- A) a marketing plan
- B) a marketing dashboard
- C) a customer management organisation
- D) a product differentiation
- E) a value-delivery network

Answer: B

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.



Difficulty: Moderate

140) Which of the following measures the profits generated by investments in marketing activities?

- A) SWOT analysis
- B) marketing audits
- C) executive summaries
- D) marketing ROI
- E) budgets

Answer: D

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

141) Which of the following would NOT be a useful tool for determining marketing ROI?

- A) a marketing dashboard
- B) brand awareness
- C) market share
- D) SWOT analysis
- E) customer lifetime value

Answer: D

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

142) Which of the following is NOT a customer-centred measure of marketing impact?

- A) customer management
- B) customer acquisition
- C) customer equity
- D) customer retention
- E) customer lifetime value

Answer: A

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate



143) Return on marketing investment (or *marketing ROI*) is best defined as a measure of _____.

- A) the profits generated by investments in marketing activities
- B) the profits generated by investments in all business activities
- C) the sales growth generated by advertising and promotional activities
- D) profits generated by increased market share
- E) profits generated by sales growth

Answer: A

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

144) A simple measure of return on marketing investment (or *marketing ROI*) is _____.

- A) the net return from a marketing investment divided by the costs of the marketing investment
- B) the net return from all business activities divided by the cost of business investments
- C) the net return from sales increase attributable to advertising and promotion
- D) the net return from improvements in customer retention and loyalty
- E) None of the above—marketing ROI cannot be measured accurately.

Answer: A

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

145) The four marketing management functions are analysis, planning, implementation and control.

- A) True
- B) False

Answer: A

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

146) In SWOT analysis, strengths and weaknesses refer to a firm's internal environment, while opportunities and threats refer to the external environment.

- A) True



B) False

Answer: A

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

147) Through annual marketing planning, the company decides what it wants to do with each business unit.

A) True

B) False

Answer: B

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

148) The final step in the marketing control process is taking corrective action to close any gaps between goals and performance.

A) True

B) False

Answer: A

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

149) 'Doing the right things' (strategy) is more important than 'doing things right' (implementation).

A) True

B) False

Answer: B

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Basic



150) Marketers find it very difficult to develop appropriate metrics for return on marketing investment (marketing ROI).

A) True

B) False

Answer: A

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Basic

151) The main components of a *marketing plan* are the executive summary, current marketing situation, threats and opportunities, objectives and issues, marketing strategies, action programs, budgets and controls.

A) True

B) False

Answer: A

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Basic

Write the word or phrase that best completes each statement or answers the question.

152) Marketing strategy consists of specific strategies for _____ markets, marketing mix and marketing expenditure level.

Answer: target

AACSB: Written and oral communication

Topic: Managing the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Complex

153) The _____ program presents the special marketing programs designed to achieve the business objectives.

Answer: action

AACSB: Written and oral communication

Topic: Managing the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.



Difficulty: Basic

154) _____ indicate how the marketing plan will be monitored.

Answer: Controls

AACSB: Written and oral communication

Topic: Managing the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Basic

155) Marketing _____ is the process that turns marketing strategies into marketing actions in order to accomplish strategic marketing objectives.

Answer: implementation

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Basic

156) When an organisation has specialists heading different activities, such as a sales manager, an advertising manager, a marketing research manager, etc., it is said to be a _____ organisation.

Answer: functional

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

157) _____ organisation allows salespeople to settle into a territory, get to know their customers and their specific needs, and work with a minimum of travel time and cost.

Answer: Geographic

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

158) Companies with many different products or brands often create a _____ management organisation.

Answer: product



AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment. Difficulty: Basic

159) For companies that sell one product line to many different types of markets with different needs and preferences, a _____ management organisation is often used.

Answer: market

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Basic

160) A broad mission leads to a hierarchy of objectives, including _____ objectives and _____ objectives.

Answer: business; marketing

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

161) Marketing _____ is the process of measuring and evaluating the results of marketing strategies and plans and taking corrective action to ensure that marketing objectives are attained.

Answer: control

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate

162) Although customer relationships are difficult to measure, many companies are using metrics such as _____, _____ and _____.

Answer: customer satisfaction; retention; customer equity.

AACSB: Written and oral communication

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Moderate



Write your answer on a separate sheet of paper.

163) Briefly discuss how marketers measure return on marketing investment, explaining why this figure can be difficult to assess.

Answer:

Marketing ROI (return on investment) is the net return from a marketing investment divided by the costs of the marketing investment. In other words, ROI is a measure of the profits generated by investments in a marketing activity. Marketing ROI can be difficult to assess because the benefits of marketing are not always easily translated into dollar amounts. However, marketing ROI can be assessed in terms of brand awareness, sales or market share. Some companies are now using marketing dashboards, which are single displays showing several sets of marketing performance measures. And beyond standard performance measures, many marketers are using customer-centred measures such as customer acquisition, retention and lifetime value.

AACSB: Analytical thinking

Topic: Manage the marketing effort

Objective: LO 2.5 List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing return on marketing investment.

Difficulty: Complex