

Chapter 02: Company and Marketing Strategy: Partnering to Build Customer Relationships

1.0 - Part I True/False Questions

1.0.1. ABC Fortunes has just developed a formal statement of its purpose. This firm has put together a mission statement.

- a True
- b False

Difficulty: 1
QuestionID: 02-1-01
Page-Reference: 43
Skill: Recall

Answer: a. True

1.0.2. The purpose of strategic planning is to find ways in which your company can best use its strengths to take advantage of attractive opportunities in the environment.

- a True
- b False

Difficulty: 2
QuestionID: 02-1-02
Page-Reference: 43
Skill: Recall

Answer: a. True

1.0.3. A firm's mission should always be stated as making more sales or profits.

- a True
- b False

Difficulty: 2
QuestionID: 02-1-03
Page-Reference: 43
Skill: Recall

Answer: b. False

1.0.4. Mission statements should be realistic and general in nature.

- a True
- b False

Difficulty: 2
QuestionID: 02-1-04
Page-Reference: 44
Skill: Recall

Answer: b. False

1.0.5. **Mission statements should both emphasize the company's strengths in the marketplace and be motivating.**

- a True
- b False

Difficulty: 2
QuestionID: 02-1-05
Page-Reference: 44
Skill: Recall

Answer: a. True

1.0.6. **At Nike, "we sell athletic shoes and apparel" is a market-oriented business definition.**

- a True
- b False

Difficulty: 3
QuestionID: 02-1-06
Page-Reference: 44
Skill: Applied

Answer: b. False

1.0.7. **At Nike, "We bring inspiration and innovation to every athlete in the world" is a product-oriented business definition.**

- a True
- b False

Difficulty: 3
QuestionID: 02-1-07
Page-Reference: 44
Skill: Applied

Answer: b. False

1.0.8. **A strategic business unit (SBU) is a company division or product line, never a single product or brand.**

- a True
- b False

Difficulty: 2
QuestionID: 02-1-08
Page-Reference: 47
Skill: Recall

Answer: b. False

- 1.0.9. The major activity in strategic planning is strategic business unit planning, whereby management evaluates the products and businesses making up the company.
- a True
 - b False

Difficulty: 2
QuestionID: 02-1-09
Page-Reference: 47
Skill: Recall

Answer: b. False

- 1.0.10. A company can divest a strategic business unit (SBU) by selling it or phasing it out and using the resources elsewhere.
- a True
 - b False

Difficulty: 1
QuestionID: 02-1-10
Page-Reference: 48
Skill: Recall

Answer: a. True

- 1.0.11. In the BCG matrix, "dogs" are low-growth businesses and products that do not generate enough cash to maintain themselves.
- a True
 - b False

Difficulty: 3
QuestionID: 02-1-11
Page-Reference: 47
Skill: Recall

Answer: b. False

- 1.0.12. Question marks in the BCG matrix require a lot of cash to hold their share, let alone increase it.
- a True
 - b False

Difficulty: 3
QuestionID: 02-1-12
Page-Reference: 47
Skill: Recall

Answer: a. True

- 1.0.13. **When a firm finds products or businesses that no longer fit its overall strategy, it must carefully milk, harvest, or better develop them.**
- a True
 - b False

Difficulty: 2
QuestionID: 02-1-13
Page-Reference: 48
Skill: Recall

Answer: b. False

- 1.0.14. **When an organization identifies and develops new markets for its current products and services, it is engaged in market development.**
- a True
 - b False

Difficulty: 1
QuestionID: 02-1-14
Page-Reference: 49
Skill: Recall

Answer: a. True

- 1.0.15. **The growth strategy of diversification involves offering modified or new products to current markets.**
- a True
 - b False

Difficulty: 2
QuestionID: 02-1-15
Page-Reference: 50
Skill: Recall

Answer: b. False

- 1.0.16. **To improve its value delivery network, a company needs to examine the value chains of its suppliers and distributors.**
- a True
 - b False

Difficulty: 2
QuestionID: 02-1-16
Page-Reference: 52
Skill: Recall

Answer: a. True

1.0.17. In today's marketplace, competition increasingly takes place between entire value delivery networks rather than between individual competitors.

- a True
- b False

Difficulty: 1
QuestionID: 02-1-17
Page-Reference: 53
Skill: Recall

Answer: a. True

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

- a True
- b False

Difficulty: 1
QuestionID: 02-1-18
Page-Reference: 54
Skill: Recall

Answer: b. False

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

- a True
- b False

Difficulty: 1
QuestionID: 02-1-19
Page-Reference: 54
Skill: Recall

Answer: b. False

1.0.20. Holiday Inn 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

Difficulty: 2
QuestionID: 02-1-20
Page-Reference: 54
Skill: Applied

Answer: b. False

- 1.0.21. When a company positions its product, it should first identify possible customer value differences within a market segment that could be the basis of a competitive advantage for the product.
- a True
 - b False

Difficulty: 3
QuestionID: 02-1-21
Page-Reference: 55
Skill: Recall

Answer: a. True

- 1.0.22. Guided by marketing strategy, the company designs a marketing mix made up of factors under its control: product, price, place, and promotion.
- a True
 - b False

Difficulty: 2
QuestionID: 02-1-22
Page-Reference: 57-58
Skill: Recall

Answer: a. True

- 1.0.23. The marketing mix consists of product, price, place, positioning, and promotion.
- a True
 - b False

Difficulty: 2
QuestionID: 02-1-23
Page-Reference: 57
Skill: Recall

Answer: b. False

- 1.0.24. One valid criticism of the four *P*s concept is that services are not considered.
- a True
 - b False

Difficulty: 3
QuestionID: 02-1-24
Page-Reference: 58
Skill: Recall

Answer: b. False

1.0.25. **The four Ps concept takes the seller's view of the market.**

- a True
- b False

Difficulty: 2
QuestionID: 02-1-25
Page-Reference: 58
Skill: Recall

Answer: a. True

1.0.26. **The four marketing management functions are analysis, planning, implementation, and control.**

- a True
- b False

Difficulty: 1
QuestionID: 02-1-26
Page-Reference: 59
Skill: Recall

Answer: a. True

1.0.27. **A brief summary of the main goals and recommendations of the plan belongs in the Objectives and Issues section of a marketing plan.**

- a True
- b False

Difficulty: 1
QuestionID: 02-1-27
Page-Reference: 61
Skill: Recall

Answer: b. False

1.0.28. **The chief marketing officer (or CMO) heads up the company's entire marketing operation and represents marketing on the company's top management team.**

- a True
- b False

Difficulty: 1
QuestionID: 02-1-28
Page-Reference: 62
Skill: Recall

Answer: a. True

- 1.0.29. Companies with many very different products or brands often create a market or customer management organization.
- a True
 - b False

Difficulty: 1
QuestionID: 02-1-29
Page-Reference: 62
Skill: Recall

Answer: b. False

- 1.0.30. A company that sells across the country or internationally often uses a product management organization.
- a True
 - b False

Difficulty: 1
QuestionID: 02-1-30
Page-Reference: 62
Skill: Recall

Answer: b. False

- 1.0.31. A company that sells one product line to many different types of markets and customers who have different needs and preferences often uses a geographic organization.
- a True
 - b False

Difficulty: 1
QuestionID: 02-1-31
Page-Reference: 62
Skill: Recall

Answer: b. False

- 1.0.32. Marketing control means measuring and evaluating the results of marketing strategies and plans and taking corrective action to ensure that the objectives are achieved.
- a True
 - b False

Difficulty: 1
QuestionID: 02-1-32
Page-Reference: 62-63
Skill: Recall

Answer: a. True

- 1.0.33. In measuring financial ROI, both the *R* and the *I* are uniformly measured in dollars. But there is as of yet no consistent definition of marketing ROI.
- a True
 - b False

Difficulty: 1
QuestionID: 02-1-33
Page-Reference: 63
Skill: Recall

Answer: a. True

- 1.0.34. Marketing dashboards are meaningful sets of marketing strategies measures in a single display used to monitor strategic marketing performance.
- a True
 - b False

Difficulty: 3
QuestionID: 02-1-34
Page-Reference: 63
Skill: Recall

Answer: b. False

- 1.0.35. Beyond standard performance measures, marketers are using customer-centred measures of marketing impact, such as customer acquisition, customer retention, customer lifetime value, and customer equity.
- a True
 - b False

Difficulty: 1
QuestionID: 02-1-35
Page-Reference: 64
Skill: Recall

Answer: a. True

2.0 - Part II Multiple Choice Questions

2.0.1. The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities is called _____ .

- strategic planning
- marketing planning
- mission plan
- business planning
- operational planning

Difficulty: 1
QuestionID: 02-2-01
Page-Reference: 42
Skill: Conceptual

Answer: strategic planning

2.0.2. Which of the following involves adapting a firm to take advantage of opportunities in its constantly changing environment?

- Long-range planning
- Short-range planning
- Media planning
- Strategic planning
- Annual planning

Difficulty: 2
QuestionID: 02-2-02
Page-Reference: 42
Skill: Recall

Answer: Strategic planning

2.0.3. The _____ involves adapting the firm to take advantage of opportunities in its constantly changing environment.

- strategic plan
- values plan
- mission plan
- business-portfolio plan
- operations plan

Difficulty: 1
QuestionID: 02-2-03
Page-Reference: 42
Skill: Recall

Answer: strategic plan

2.0.4. **NASCAR is the number-one televised motorsport in Canada. It is a premier marketing organization that knows how to create customer value that translates into deep and lasting _____.**

- market segments
- value chains
- customer relationships
- profit analysis
- value delivery network

Difficulty: 2
QuestionID: 02-2-04
Page-Reference: 42
Skill: Applied

Answer: customer relationships

2.0.5. **Which of the following is the first step in strategic planning?**

- Set objectives and goals.
- Develop the business portfolio.
- Define the company mission.
- Plan marketing strategies.
- Identify threats and weaknesses.

Difficulty: 1
QuestionID: 02-2-05
Page-Reference: 43
Skill: Recall

Answer: Define the company mission.

2.0.6. **A statement of the organization's purpose—what it wants to accomplish in the larger environment—is called _____.**

- objectives and goals
- a business portfolio
- a vision statement
- a mission statement
- a culture statement

Difficulty: 1
QuestionID: 02-2-06
Page-Reference: 43
Skill: Conceptual

Answer: a mission statement

2.0.7. Which of the following provides an answer to this question: What is our purpose and what do we want to achieve?

- Objectives and goals
- A business portfolio
- A mission statement
- Marketing and functional strategies
- Operational strategies

Difficulty: 2
QuestionID: 02-2-07
Page-Reference: 43
Skill: Recall

Answer: A mission statement

2.0.8. A(n) _____ mission statement defines the business in terms of satisfying _____.

- market oriented; customers' needs
- strategic; company needs
- long-range; company needs
- annual; product needs
- objectives-based; competitors' threats

Difficulty: 2
QuestionID: 02-2-08
Page-Reference: 43
Skill: Recall

Answer: market oriented; customers' needs

2.0.9. A company's mission statement serves as a statement of _____.

- fact
- values
- purpose
- financial goals
- employee commitment

Difficulty: 2
QuestionID: 02-2-09
Page-Reference: 43
Skill: Recall

Answer: purpose

2.0.10. A company's mission statement should be _____ and defined in terms of satisfying basic customer needs.

- profit oriented
- product oriented
- customer oriented
- market oriented
- employee oriented

Difficulty: 2
QuestionID: 02-2-10
Page-Reference: 43
Skill: Recall

Answer: market oriented

2.0.11. A market-oriented mission statement should seek to _____ because _____.

- satisfy basic customer needs; basic market needs may last forever
- satisfy basic supplier needs; basic market needs may last forever
- satisfy basic partnership needs; relationships change
- satisfy basic supplier needs; technology changes
- satisfy basic customer needs; technology changes

Difficulty: 2
QuestionID: 02-2-11
Page-Reference: 43
Skill: Recall

Answer: satisfy basic customer needs; basic market needs may last forever

2.0.12. Canadian Tire sells tools and home-improvement products. The retailer defines its _____ as such: "to offer products and services to meet the everyday needs of Canadian families—today and tomorrow."

- strategy
- marketing development
- business portfolio
- value-delivery network
- mission

Difficulty: 2
QuestionID: 02-2-12
Page-Reference: 43
Skill: Applied

Answer: mission

2.0.13. Which of the following is a product-oriented business definition?

"To make the Internet buying experience fast, easy, and enjoyable"

"To bring aspiration and innovation to every athlete in the world"

"To deliver low prices every day"

"To be the guardian of our customers' financial dreams"

"To rent rooms"

Difficulty: 2
QuestionID: 02-2-13
Page-Reference: 44
Skill: Applied

Answer: "To rent rooms"

2.0.14. Google's mission statement could be "to be the world's best search engine" yet Google's actual statement is "to organize the world's information and make it universally accessible and useful." This reflects the guideline that mission statements should be _____.

realistic

motivating

narrow

market-oriented

specific

Difficulty: 3
QuestionID: 02-2-14
Page-Reference: 44
Skill: Applied

Answer: market-oriented

2.0.15. 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, Ford is committed to building profitable customer relationships by creating more environmentally friendly cars and getting them to market faster at lower costs." The marketing manager is referring to Ford's _____.

marketing strategy

marketing mix

business portfolio

mission statement

business objectives

Difficulty: 2
QuestionID: 02-2-15
Page-Reference: 44
Skill: Applied

Answer: mission statement

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

- narrowly
- realistically
- specifically
- broadly
- futuristically

Difficulty: 1
QuestionID: 02-2-16
Page-Reference: 44
Skill: Applied

Answer: broadly

2.0.17. **McDonald's new mission says "being our customers' favorite place and way to eat." To be successful, McDonald's needs to now turn this mission into detailed _____.**

- sets of strategies
- sets of tactics
- product mixes
- sets of promotional tools
- supporting objectives

Difficulty: 3
QuestionID: 02-2-17
Page-Reference: 44
Skill: Recall

Answer: supporting objectives

2.0.18. **Guided by the mission statement and objectives, management must plan the collection of businesses and products that make up a company. This collection is called its _____.**

- strategic business unit
- business portfolio
- strategic plan
- mission objective
- operational factor

Difficulty: 2
QuestionID: 02-2-18
Page-Reference: 47
Skill: Recall

Answer: business portfolio

2.0.19. **The key businesses that make up a company are called _____.** These can be a company division, a product line within a division, or sometimes a single product or brand.

- a market
- Boston Consulting Group approach (BCG)
- strategic business units (SBUs)
- a profit centre
- a value delivery network

Difficulty: 2
QuestionID: 02-2-19
Page-Reference: 47
Skill: Recall

Answer: strategic business units (SBUs)

2.0.20. **Once all of strategic business units (SBUs) have been identified, successful companies will often _____.**

- assess the attractiveness of its SBUs
- identify businesses in which to invest
- decide whether to harvest any businesses
- complete short-range planning
- increase these units

Difficulty: 2
QuestionID: 02-2-20
Page-Reference: 47
Skill: Recall

Answer: assess the attractiveness of its SBUs

2.0.21. **The world leader in advising companies in their business strategies is considered to be _____.**

- Spencer Hammond Worldwide Consulting Incorporated
- Philip Kotler
- Harvard University
- the SRI Consulting Firm
- the Boston Consulting Group

Difficulty: 2
QuestionID: 02-2-21
Page-Reference: 47
Skill: Recall

Answer: the Boston Consulting Group

2.0.22. **When evaluating strategic business units (SBUs), most portfolio analysis methods evaluate on two dimensions, namely _____ and _____.**

- market share; strength of the SBU's position
- market or industry attractiveness; strength of the SBU's position
- market diversification; relative market share
- market growth rates; profits
- market penetration; market development

Difficulty: 2
QuestionID: 02-2-22
Page-Reference: 47
Skill: Recall

Answer: market or industry attractiveness; strength of the SBU's position

2.0.23. **According to the Boston Consulting Group approach, _____ provides a measure of market attractiveness.**

- relative market share
- market development
- market penetration
- market segmentation
- market growth rate

Difficulty: 2
QuestionID: 02-2-23
Page-Reference: 47
Skill: Recall

Answer: market growth rate

2.0.24. **Four types of SBUs are defined by the BCG growth-share matrix. They are _____, _____, _____, and _____.**

- product; price; promotion; placement
- bombs; aces; gold diggers; posers
- market penetration; market development; product development; diversification
- planning; implementing; leading; controlling
- stars; cash cows; question marks; dogs

Difficulty: 1
QuestionID: 02-2-24
Page-Reference: 47
Skill: Recall

Answer: stars; cash cows; question marks; dogs

2.0.25. _____ are high-share, high-growth businesses or products according to the Boston Consulting

Group approach.

Gold diggers

Question marks

Champions

Aces

Stars

Difficulty: 2
QuestionID: 02-2-25
Page-Reference: 47
Skill: Recall

Answer: Stars

2.0.26. According to the Boston Consulting Group 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.

stars

cash cows

question marks

dogs

champions

Difficulty: 2
QuestionID: 02-2-26
Page-Reference: 47
Skill: Recall

Answer: cash cows

2.0.27. In the Boston Consulting Group (BCG) matrix, _____ require less investment to hold their market share.

- dogs
- low-share businesses
- SBU revenues
- overseas operations
- cash cows

Difficulty: 2
QuestionID: 02-2-27
Page-Reference: 47
Skill: Recall

Answer: cash cows

2.0.28. Kimball Gardens is a company that operates as two distinct businesses: one that sells lawn and garden products and one that markets booklets. Each business is called a _____.

- separate entity
- strategic business unit (SBU)
- cash cow
- star
- business portfolio

Difficulty: 2
QuestionID: 02-2-28
Page-Reference: 47
Skill: Applied

Answer: strategic business unit (SBU)

2.0.29. The four possible strategies that can be pursued for each strategic business units (SBUs) are _____, _____, harvesting, and divesting.

- building; holding
- promoting; selling
- downsizing; expanding
- diversifying; penetrating
- developing; growing

Difficulty: 3
QuestionID: 02-2-29
Page-Reference: 48
Skill: Recall

Answer: building; holding

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

- short-term oriented
- decentralized
- limitation free
- product oriented
- centralized

Difficulty: 2
QuestionID: 02-2-30
Page-Reference: 48
Skill: Recall

Answer: decentralized

2.0.31. Which department in a company carries the primary responsibility for achieving profitable growth?

- Accounting
- Product development
- Operations
- Human resources
- Marketing

Difficulty: 2
QuestionID: 02-2-31
Page-Reference: 49
Skill: Recall

Answer: Marketing

2.0.32. Which of the following is a useful tool for identifying growth opportunities?

- The BCG matrix
- The business portfolio
- The product/market expansion grid
- The value chain
- The value-delivery network

Difficulty: 1
QuestionID: 02-2-32
Page-Reference: 49
Skill: Recall

Answer: The product/market expansion grid

2.0.33. Making more sales to current customers without changing a firm's products is _____.

- market attractiveness
- market penetration
- market development
- product development
- diversification

Difficulty: 1
QuestionID: 02-2-33
Page-Reference: 49
Skill: Recall

Answer: market penetration

2.0.34. Armour offers an ever-increasing range of styles and colours in its original apparel lines. It also added direct-to-consumer distribution channels. This effort by Armour management is an example of _____.

- market development
- product development
- diversification
- market penetration
- product adaptation

Difficulty: 3
QuestionID: 02-2-34
Page-Reference: 49
Skill: Applied

Answer: market penetration

2.0.35. A common practice among marketers is to identify and develop new markets for their existing products. This practice is called _____.

- market development
- product development
- market penetration
- market skimming
- dual adaptation

Difficulty: 1
QuestionID: 02-2-35
Page-Reference: 50
Skill: Conceptual

Answer: market development

2.0.36. **The pharmaceuticals division of Omni Healthcare holds low market share in a high-growth market. In order to increase market share, managers would be most likely to decide to do which of the following?**

- Hold the pharmaceuticals division's share
- Implement a harvest strategy
- Use money from a cash cow to promote the pharmaceuticals division
- Divest the SBU
- Diversify the pharmaceutical division

Difficulty: 3
QuestionID: 02-2-36
Page-Reference: 47
Skill: Applied

Answer: Use money from a cash cow to promote the pharmaceuticals division

2.0.37. **Acme Inc. has slightly modified the production processes of its widgets and gadgets in order to tap into the Eastern European market. Acme is likely following a _____ strategy.**

- market penetration
- market development
- diversification
- harvesting
- product development

Difficulty: 2
QuestionID: 02-2-37
Page-Reference: 50
Skill: Applied

Answer: market development

2.0.38. **Disney is identifying and developing new markets for its theme parks. Disney is exploring possibilities for _____.**

- market penetration
- market development
- diversification
- harvesting
- product development

Difficulty: 1
QuestionID: 02-2-38
Page-Reference: 50
Skill: Applied

Answer: market development

2.0.39. **If Under Armour were move into non-performance leisure wear or begin making and marketing Under Armour fitness equipment, this would represent which strategy for growth?**

- Product development
- Market development
- Market penetration
- Diversification
- Partner development

Difficulty: 3
QuestionID: 02-2-39
Page-Reference: 50
Skill: Applied

Answer: Diversification

2.0.40. **Which of the following entails reducing the business portfolio by eliminating products that no longer fit the company's overall strategy?**

- Market segmentation
- The BCG approach
- Product-line extension
- Downsizing
- Market redesign

Difficulty: 1
QuestionID: 02-2-40
Page-Reference: 50
Skill: Recall

Answer: Downsizing

2.0.41. **Walmart, the world's largest retailer, has successfully launched its stores in Mexico, Canada, the U.K., and Germany, and other nations. This is an example of how Walmart is pursuing _____ as a growth strategy.**

- market penetration
- product development
- demographic market development
- geographic market development
- diversification

Difficulty: 2
QuestionID: 02-2-41
Page-Reference: 50
Skill: Applied

Answer: geographic market development

2.0.42. Fence Patrol has developed an entirely new mounting system for chain link fences. Although it is a local company, through the acquisition of a distributor it now has the ability to market its products nationwide. Fence Patrol is most likely to be following a _____ strategy.

- market penetration
- market development
- diversification
- divesting
- product development

Difficulty: 3
QuestionID: 02-2-42
Page-Reference: 50
Skill: Applied

Answer: diversification

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

- market development
- product development
- business portfolio
- value chain
- value delivery network

Difficulty: 1
QuestionID: 02-2-43
Page-Reference: 51
Skill: Recall

Answer: value chain

2.0.44. **Multinationals like Honda Motor Co. and Wal-Mart stores 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 _____.**

- business portfolio
- low-cost operator
- product mix
- value delivery network
- value chain

Difficulty: 2
QuestionID: 02-2-44
Page-Reference: 51
Skill: Recall

Answer: value delivery network

2.0.45. **Which of the following is the marketing logic by which a company hopes to achieve profitable customer relationships?**

- Price
- A consistent product mix
- The value delivery network
- Marketing strategy
- Differentiation

Difficulty: 1
QuestionID: 02-2-45
Page-Reference: 53
Skill: Recall

Answer: Marketing strategy

2.0.46. **Lucy Ortiz is preparing a PowerPoint presentation of the marketing process to show at a sales meeting. _____ should appear in the centre of her diagram depicting marketing strategies and the marketing mix.**

- Sales goals
- Customer value and relationships
- Company objectives
- Customer retention rates
- Competitors

Difficulty: 1
QuestionID: 02-2-46
Page-Reference: 53
Skill: Applied

Answer: Customer value and relationships

2.0.47. **A sound marketing strategy begins with which of the following?**

- Customer analysis
- Positioning
- Differentiation
- Promotion
- SWOT analysis

Difficulty: 2
QuestionID: 02-2-47
Page-Reference: 53
Skill: Recall

Answer: Customer analysis

2.0.48. **To divide up the total market and determine the best segments it can serve, your company should complete its _____, _____, and _____ (in that order).**

- target marketing; market positioning; market segmentation
- market segmentation; target marketing; market positioning
- market positioning, market segmentation; target marketing
- market segmentation; market positioning; target marketing
- mass marketing; demographic segmentation; psychographic segmentation

Difficulty: 3
QuestionID: 02-2-48
Page-Reference: 54
Skill: Recall

Answer: market segmentation; target marketing; market positioning

2.0.49. **The process of customer-driven marketing involves which of the following?**

- Product; price; promotion; adaptation
- Market segmentation; target marketing; differentiation; positioning
- Marketing analysis; planning; implementation; feedback
- Analysis; targeting; implementation; control
- Problem identification; information search; decision; implementation

Difficulty: 2
QuestionID: 02-2-49
Page-Reference: 54
Skill: Recall

Answer: Market segmentation; target marketing; differentiation; positioning

2.0.50. Which of the following is the process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviours?

- Market targeting
- Market segmentation
- Positioning
- Marketing strategy
- Differentiation

Difficulty: 1
QuestionID: 02-2-50
Page-Reference: 54
Skill: Recall

Answer: Market segmentation

2.0.51. Your new employer has asked you, as a new marketing graduate, to develop a group of potential customers who might respond in a similar way to a given set of marketing efforts. You have been asked to develop a(n) _____.

- target market
- market segment
- market
- market strategy
- undefined niche

Difficulty: 2
QuestionID: 02-2-51
Page-Reference: 54
Skill: Applied

Answer: market segment

2.0.52. Which of the following involves evaluating each market segment's attractiveness and selecting one or more segments to enter?

- Market segmentation
- Differentiation
- Market targeting
- The market mix
- Positioning

Difficulty: 1
QuestionID: 02-2-52
Page-Reference: 54
Skill: Recall

Answer: Market targeting

2.0.53. Which of the following is the place a product occupies in the consumer's mind relative to competition?

- Position
- Placement
- Market segmentation
- Market targeting
- Product promotion

Difficulty: 2
QuestionID: 02-2-53
Page-Reference: 55
Skill: Recall

Answer: Position

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

- pricing
- aligning
- differentiating
- promoting
- placing

Difficulty: 2
QuestionID: 02-2-54
Page-Reference: 55
Skill: Recall

Answer: differentiating

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

- market position
- value network
- market segment
- customer extension
- value chain

Difficulty: 2
QuestionID: 02-2-55
Page-Reference: 54
Skill: Applied

Answer: market segment

2.0.56. In positioning its products, the company first identifies possible customer value differences that provide on which to build the position.

- competitive advantages
- promotion
- expansion opportunities
- places
- marketplace

Difficulty: 2
QuestionID: 02-2-56
Page-Reference: 55
Skill: Recall

Answer: competitive advantages

2.0.57. Favorite Memories specializes in serving gift shoppers that major competitors overlook and ignore. Which of the following best describes Favorite Memories?

- Market follower
- Market challenger
- Market seeker
- Market nicher
- Full market coverer

Difficulty: 1
QuestionID: 02-2-57
Page-Reference: 54-55
Skill: Applied

Answer: Market nicher

2.0.58. Saturn is "a different kind of company, different kind of a car"; the Hummer is "like nothing else."

These statements reflect a firm's _____.

- product portfolio
- target markets
- market positioning
- strategy
- niche

Difficulty: 2
QuestionID: 02-2-58
Page-Reference: 55
Skill: Applied

Answer: market positioning

2.0.59. Which of the four *P*s describes the goods-and-services combination the company offers to the target market?

- Price
- Promotion
- Product
- Place
- Package

Difficulty: 1
QuestionID: 02-2-59
Page-Reference: 57
Skill: Recall

Answer: Product

2.0.60. In the four *P*s of the marketing mix, design, packaging, services, and variety all fall under the category of _____.

- product
- price
- promotion
- place
- position

Difficulty: 2
QuestionID: 02-2-60
Page-Reference: 57
Skill: Recall

Answer: product

2.0.61. Today the four *P*s are compared to the four *C*s. Product and place are called _____ and _____, respectively.

- convenience; customer solution
- customer cost; convenience
- communication; customer solution
- customer solution; convenience
- communication; convenience

Difficulty: 3
QuestionID: 02-2-61
Page-Reference: 58
Skill: Recall

Answer: customer solution; convenience

2.0.62. In the marketing management functions, a SWOT analysis should _____ a marketing plan.

- precede
- coincide with
- follow
- evaluate
- take priority over

Difficulty: 2
QuestionID: 02-2-62
Page-Reference: 59
Skill: Recall

Answer: precede

2.0.63. In a basic SWOT analysis the *T* stands for _____.

- timing
- trust
- threats
- trade
- tangible

Difficulty: 1
QuestionID: 02-2-63
Page-Reference: 59
Skill: Recall

Answer: threats

2.0.64. In a basic SWOT analysis, the *S* stands for _____.

- situation
- solutions
- satisfaction
- strengths
- strategy

Difficulty: 1
QuestionID: 02-2-64
Page-Reference: 59
Skill: Recall

Answer: strengths

2.0.65. In SWOT analysis, which of the following would be considered a strength?

- Internal limitations
- Trends in the market
- Favourable factors in the environment
- Factors that challenge the company's performance
- Internal resources

Difficulty: 2
QuestionID: 02-2-65
Page-Reference: 59
Skill: Recall

Answer: Internal resources

2.0.66. In SWOT analysis, which of the following refers to factors in the external environment?

- Strengths
- Strategies
- Weaknesses
- Opportunities
- Trends

Difficulty: 2
QuestionID: 02-2-66
Page-Reference: 59
Skill: Recall

Answer: Opportunities

2.0.67. Harris, 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 Harris completed?

- A SWOT analysis
- A business portfolio analysis
- An executive summary
- A marketing plan
- A marketing mix

Difficulty: 1
QuestionID: 02-2-67
Page-Reference: 59
Skill: Applied

Answer: A SWOT analysis

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

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

Difficulty: 3
QuestionID: 02-2-68
Page-Reference: 59
Skill: Applied

Answer: A company is more able to change a weakness than a threat.

2.0.69. The main section of the marketing plan presents a detailed _____ analysis of the current marketing situation.

- who, when, where
- when, where, how
- SWOT
- competitor
- economic

Difficulty: 2
QuestionID: 02-2-69
Page-Reference: 60
Skill: Recall

Answer: SWOT

2.0.70. A marketing plan begins with an executive summary, which quickly overviews goals and _____.

- budgets
- controls
- promotions
- recommendations
- obstacles

Difficulty: 3
QuestionID: 02-2-70
Page-Reference: 61
Skill: Recall

Answer: recommendations

2.0.71. According to the textbook, your boss is most likely referring to _____ when she mentions "doing things right."

- strategy
- planning
- objectives
- implementation
- efficiency

Difficulty: 3
QuestionID: 02-2-71
Page-Reference: 60
Skill: Recall

Answer: implementation

2.0.72. IBM has its sales and marketing people assigned to markets in specific countries, regions, and districts. This is an example of which type of marketing organization?

- Geographic
- Product
- Functional
- Divisional
- Psychographic

Difficulty: 2
QuestionID: 02-2-72
Page-Reference: 62
Skill: Applied

Answer: Geographic

2.0.73. Which of the following is the most common approach to marketing organization?

- Geographic
- Product management
- Functional
- Divisional
- Combination

Difficulty: 3
QuestionID: 02-2-73
Page-Reference: 62
Skill: Recall

Answer: Functional

2.0.74. A _____ person heads up the company's entire marketing operation and represents marketing on the company's top management team.

- chief executive officer (CEO)
- chief financial officer (CFO)
- chief operating officer (COO)
- chief marketing officer (CMO)
- chief information officer (CIO)

Difficulty: 1
QuestionID: 02-2-74
Page-Reference: 62
Skill: Recall

Answer: chief marketing officer (CMO)

2.0.75. Berman Electric, a chain of 18 appliance stores, has a marketing organization in which specialists head different marketing activities. What is this type of organization called?

- Geographic
- Product
- Organic
- Functional
- Market

Difficulty: 2
QuestionID: 02-2-75
Page-Reference: 62
Skill: Applied

Answer: Functional

2.0.76. The _____ organizational system's main advantage is that the company is organized around the needs of specific market segments.

- market management
- geographic
- product management
- vertical
- functional

Difficulty: 2
QuestionID: 02-2-76
Page-Reference: 62
Skill: Recall

Answer: market management

2.0.77. An increasingly large number of firms are changing their organizational focus from _____ to _____.

- product management; functional management
- product management; geographic management
- brand management; customer management
- geographic management; functional management
- global management; regional management

Difficulty: 2
QuestionID: 02-2-77
Page-Reference: 62
Skill: Recall

Answer: brand management; customer management

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

- marketing control
- strategic control
- operating control
- developmental control
- efficiency

Difficulty: 1
QuestionID: 02-2-78
Page-Reference: 62
Skill: Conceptual

Answer: marketing control

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

evaluating goals; measuring performance

achieving goals; measuring performance

taking corrective action; measuring performance

measuring performance; taking corrective action

taking corrective action; following up

Difficulty: 2
QuestionID: 02-2-79
Page-Reference: 62-63
Skill: Recall

Answer: measuring performance; taking corrective action

2.0.80. **Which of the following is the first step in the marketing control process?**

Setting goals

Measuring performance

Taking corrective action

Defining the mission

Evaluating the causes of gaps between expected and actual performance

Difficulty: 1
QuestionID: 02-2-80
Page-Reference: 62
Skill: Recall

Answer: Setting goals

2.0.81. **Emerson Studios, a chain of 25 portrait stores in five states, has organized its marketing organization into groups headed by a sales manager, an advertising manager, and a customer-service manager. What type of organization is this?**

Geographic

Product

Functional

Customer

Market

Difficulty: 1
QuestionID: 02-2-81
Page-Reference: 62
Skill: Applied

Answer: Functional

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

- marketing control
- operating control
- strategic control
- ROMI
- a marketing audit

Difficulty: 2
QuestionID: 02-2-82
Page-Reference: 63
Skill: Recall

Answer: operating control

2.0.83. Which of the following involves looking at whether a company's basic strategies are well matched to its opportunities?

- Operating control
- Marketing control
- Strategic control
- ROMI
- Portfolio analysis

Difficulty: 2
QuestionID: 02-2-83
Page-Reference: 63
Skill: Recall

Answer: Strategic control

2.0.84. Which of the following measures the profits generated by investments in marketing activities?

- SWOT analysis
- A marketing audit
- An executive summary
- Marketing ROI
- A budget

Difficulty: 1
QuestionID: 02-2-84
Page-Reference: 63
Skill: Recall

Answer: Marketing ROI

2.0.85. Which of the following would not be useful in determining marketing ROI?

- A marketing dashboard
- Brand awareness
- Market share
- SWOT analysis
- Customer equity

Difficulty: 2
QuestionID: 02-2-85
Page-Reference: 63
Skill: Recall

Answer: SWOT analysis

2.0.86. Juanita Castro is looking at whether her company's strategies are well matched to its opportunities.

Juanita is utilizing _____.

- marketing control
- operating control
- strategic control
- SWOT analysis
- a marketing audit

Difficulty: 2
QuestionID: 02-2-86
Page-Reference: 63
Skill: Applied

Answer: strategic control

2.0.87. As Starbucks continues to grow, it is faced with myriad challenges and surprises during the implementation of marketing plans. Hence, the marketing department must practise constant _____.

- customer management
- corrective action
- performance analysis
- marketing control
- environmental scanning

Difficulty: 2
QuestionID: 02-2-87
Page-Reference: 62-63
Skill: Applied

Answer: marketing control

2.0.88. Refer to the scenario below to answer the following question.

Fun-Spot Fun Park began as a small amusement park in 1985. With nothing more than a merry-go-round, a slide, pony rides, and an ice-cream stand, Fun-Spot grew into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theatre.

"My wife, Gail, and I didn't know what we were getting into," commented Ron Hart, the owner. "We just knew that weekenders coming to the lakes in our rural area represented an untapped market." Today, thousands of visitors flock to Fun-Spot: families, children of all ages, and even senior citizens who enjoy strolling through the gardens and arbour.

"There's something here for everyone," Gail Hart said with a smile. "Dozens of companies hold annual company picnics here. We have welcomed class field trips. And we even had one wedding here at the park!"

"Here's the funny thing," Ron chimed in. "We really don't know why we've been so successful! There is nothing else like Fun-Spot Fun Park in the area. We were just lucky."

"I think it's the ambience of the park that has brought so many visitors," Gail added. "We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time."

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "Like it says on the entrance to the park, 'We're here to make you happy!' And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

Fun-Spot's mission is _____.

- product-oriented
- technology-oriented
- market-oriented
- too specific
- too focused on profits

Difficulty: 2
QuestionID: 02-2-88
Page-Reference: 43
Skill: Applied

Answer: market-oriented

2.0.89. Refer to the scenario below to answer the following question.

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Into which quadrant of the BCG matrix does Fun-Spot fall?

- Star
- Question mark
- Profit centre
- Diversification
- Dog

Difficulty: 2
QuestionID: 02-2-89
Page-Reference: 47
Skill: Applied

Answer: Star

2.0.90. Refer to the scenario below to answer the following question.

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Fun-Spot has grown into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theatre. These products and services make up Fun-Spot's _____

business portfolio.

value chain.

delivery network.

marketing plan.

cash cows.

Difficulty: 2
QuestionID: 02-2-90
Page-Reference: 47
Skill: Applied

Answer: business portfolio.

2.0.91. Refer to the scenario below to answer the following question.

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Ron and Gail plan to lower prices in an effort to encourage customers to stay longer, visit more often, and spend more money during each visit. What type of strategy are Ron and Gail planning?

- Market penetration
- Market development
- Product development
- Customer development
- Diversification

Difficulty: 2
QuestionID: 02-2-91
Page-Reference: 49
Skill: Applied

Answer: Market penetration

2.0.92. Refer to the scenario below to answer the following question.

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Gail and Ron strive to provide new offerings and entertainment options for their visitors. What type of strategy is this?

- Market penetration
- Market development
- Product development
- Customer development
- Diversification

Difficulty: 2
QuestionID: 02-2-92
Page-Reference: 50
Skill: Applied

Answer: Product development

2.0.93. Refer to the scenario below to answer the following question.

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It takes the unified efforts of several departments at Fun-Spot to make the amusement park a success. The purchasing department, restaurant management, theatre group, and others all work in harmony to deliver a superior product. This is an example of the benefits of a strong _____.

diversification strategy

marketing ROI

value-delivery network

value chain

market segment

Difficulty: 2
QuestionID: 02-2-93
Page-Reference: 51
Skill: Applied

Answer: value chain

2.0.94. Refer to the scenario below to answer the following question.

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Gail and Ron's amusement park serves families, seniors, corporations, and students. Fun-Spot has been very successful in meeting the distinct needs of individual _____.

cash cows

partners

market segments

businesses

market niches

Difficulty: 2
QuestionID: 02-2-94
Page-Reference: 54
Skill: Applied

Answer: market segments

2.0.95. Refer to the scenario below to answer the following question.

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Which of the following scenarios would mean that Fun-Spot had become a market nicher?

The park is overhauled to meet only the needs of the physically disabled.

Fun-Spot develops a promotion to attract college students every Friday.

Activities for families with young children are reduced.

The restaurant is closed and replaced with a food court.

Fun-Spot adds a video game arcade to attract gamers.

Difficulty: 2
QuestionID: 02-2-95
Page-Reference: 54-55
Skill: Applied

Answer: The park is overhauled to meet only the needs of the physically disabled.

2.0.96. Refer to the scenario below to answer the following question.

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"Fun-Spot is the nearby get-away that offers consistently fun but ever-changing theatre, dining, and midway experience." This is an example of a _____ strategy.

value

positioning

vision

market

proposition

Difficulty: 2
QuestionID: 02-2-96
Page-Reference: 55
Skill: Applied

Answer: positioning

2.0.97. Refer to the scenario below to answer the following question.

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"I think it's the ambience of the park that has brought so many visitors," Gail added. "We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time."

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "Like it says on the entrance to the park, 'We're here to make you happy!' And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

Which of the following would be classified as an opportunity in a SWOT analysis of Fun-Spot?

A rival amusement park announces plans to open three new rides next season.

A new luxury hotel is being constructed in the area, with the aim of luring more high-spending families on vacation.

Gail and Ron have paid off the mortgage on Fun-Spot, significantly reducing their monthly expenses.

Fun-Spot employees tend to be enthusiastic and young, projecting an image of fun and vitality at Fun-Spot.

Fun-Spot plans to further diversify its offerings by beginning a two-week summer camp for elementary school students.

Difficulty: 2
QuestionID: 02-2-97
Page-Reference: 59
Skill: Applied

Answer: A new luxury hotel is being constructed in the area, with the aim of luring more high-spending families on vacation.

3.0 - Part III Short Answer Questions

3.0.1. Why should a mission statement be market oriented instead of product or technology oriented?

Difficulty: 2
QuestionID: 02-3-01
Page-Reference: 43
Skill: Applied

Answer: A market-oriented mission statement defines the business in terms of customer needs; products and technologies become outdated, but basic market needs may last forever.

3.0.2. Why should a mission statement be "motivating" instead of stated in terms of sales or profits?

Difficulty: 2
QuestionID: 02-3-02
Page-Reference: 44
Skill: Applied

Answer: Sales and profits are only a reward for undertaking a useful activity; a company's employees will be more dedicated to the company's mission if they feel that their work is significant.

3.0.3. Why is it more strategic for Canadian Tire's mission to be about meeting the everyday needs of Canadians instead of simply to sell tools and home-improvement items?

Difficulty: 2
QuestionID: 02-3-03
Page-Reference: 43
Skill: Applied

Answer: A company's mission should be market-oriented instead of just product-oriented. It must be defined in terms of satisfying basic customer needs. Products and technologies eventually become outdated, but basic market needs may last forever.

3.0.4. Define strategic planning. Discuss the steps involved.

Difficulty: 2
QuestionID: 02-3-04
Page-Reference: 42-43
Skill: Recall

Answer: The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its marketing opportunities is called strategic planning. At the outset, beginning at the corporate level, each company must define its overall purpose and mission. What is our business? Who is the customer? What do our customers value? Answers to these questions are crucial in writing a clear mission statement. Mission statements need to be carefully defined in terms of customer needs. Missions should be realistic, motivating, and fit the market environment. Missions then lead to setting business and marketing objectives/goals in the planning process. This is followed by decisions regarding what portfolio of businesses and products is best for the company and how much support to give each one. Next, each business and product develops detailed marketing and other functional strategies. In this step, plans are drawn at the business unit, product, and market levels in support of company-wide plans.

3.0.5. **What is a strategic business unit (SBU), and how is it involved in a business portfolio analysis?**

Difficulty: 1
QuestionID: 02-3-05
Page-Reference: 47
Skill: Recall

Answer: An SBU is a key part of a company—whether a product, product line, department, or an entire division—that has its own mission and objectives. Identifying and analyzing a company's SBUs are the first two steps in business portfolio analysis.

3.0.6. **Into what BCG quadrant does a high-share, high-growth SBU fall?**

Difficulty: 1
QuestionID: 02-3-06
Page-Reference: 47
Skill: Applied

Answer: It falls into the "star" category.

3.0.7. **What type of strategy should a company use to manage its cash cows and question marks?**

Difficulty: 2
QuestionID: 02-3-07
Page-Reference: 47
Skill: Recall

Answer: A company should invest in the more promising question marks to make them stars and to maintain the stars so that they will become cash cows as their markets mature. Income from cash cows will help finance a company's question marks, stars, and dogs.

3.0.8. **How might the Boston Consulting Group (BCG) matrix represent a life cycle?**

Difficulty: 3
QuestionID: 02-3-08
Page-Reference: 47
Skill: Recall

Answer: As time passes, SBUs change their positions in the growth-share matrix. Many SBUs start out as question marks and move into the star category if they succeed. They later become cash cows as market growth falls, then finally die off or turn into dogs toward the end of their life cycle. The company needs to add new products and units continuously so that some of them will become stars and, eventually, cash cows that will help finance other SBUs.

- 3.0.9. **What is business portfolio planning? Discuss how a company might use the Boston Consulting Group's product portfolio analysis method.**

Difficulty: 2
QuestionID: 02-3-09
Page-Reference: 47-48
Skill: Applied

Answer: A business portfolio is the collection of businesses and products that make up a company. Business portfolio planning entails two steps. First, there is an analysis of the company's current business portfolio, followed by decisions about what businesses should receive more, less, or no investment. Second, planners must shape the future portfolio by developing strategies for growth and/or downsizing. The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in that market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks, and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU.

- 3.0.10. **Describe some of the problems with matrix approaches.**

Difficulty: 2
QuestionID: 02-3-10
Page-Reference: 48-49
Skill: Applied

Answer: The BCG and other portfolio planning approaches can be difficult to execute, time consuming, and also costly to implement. Defining SBUs and the measurement of relative market share and growth can be a difficult task as well. A serious flaw with these approaches is that, while they are helpful for classifying current businesses, they offer little or no advice for future planning.

- 3.0.11. **The BCG is a useful approach to evaluate current businesses. Describe a device that a firm could use to identify future growth opportunities.**

Difficulty: 1
QuestionID: 02-3-11
Page-Reference: 49
Skill: Applied

Answer: The product/market expansion grid is a useful device for identifying growth opportunities in the future. There are four strategies available to companies: market penetration, market development, product development, and diversification. Market penetration entails making more sales to current customers without changing products. Market development involves identifying and developing new markets for a company's products. New markets include demographic groups and geographic regions, among others. Companies can also consider product development, offering modified or new products to current markets. Diversifying companies might consider acquiring or starting new businesses unrelated to their core competencies. However, diversifying too broadly can be detrimental in the long run.

- 3.0.12. **According to the product/market expansion grid, what strategy would a fast-food hamburger restaurant follow if it offered a salad-bar option during lunch hours?**

Difficulty: 2
QuestionID: 02-3-12
Page-Reference: 50
Skill: Applied

Answer: In this scenario, the restaurant would be following a product development strategy.

- 3.0.13. **Into what quadrant of the product/market expansion grid would a "new and improved" product fall?**

Difficulty: 1
QuestionID: 02-3-13
Page-Reference: 50
Skill: Applied

Answer: The "new and improved" product would fall into the product development quadrant.

- 3.0.14. **How are partner relationship management and the value chain related?**

Difficulty: 2
QuestionID: 02-3-14
Page-Reference: 51
Skill: Applied

Answer: Marketers must work closely and coordinate activities with partners in other company departments to form an effective value chain, with each department executing value-creating activities to design, produce, market, deliver, and support the company's products.

- 3.0.15. **What does the term *value-delivery network* mean? Explain.**

Difficulty: 1
QuestionID: 02-3-15
Page-Reference: 52-53
Skill: Applied

Answer: For decades, marketers have traditionally created value to satisfy customer needs and wants. Today, the manufacturer or retailer needs to look beyond its own value chain and into the value chains of suppliers and distributors to create value throughout the entire supply chain. More companies are partnering with other members of the supply chain to improve the performance of the customer value-delivery network. In fact, today competition takes place between entire value-delivery networks instead of between individual competitors.

3.0.16. **Define *marketing strategy*. Discuss the steps in formulating marketing strategy.**

Difficulty: 3
QuestionID: 02-3-16
Page-Reference: 53
Skill: Applied

Answer: The marketing logic by which a company hopes to achieve profitable relationships is called its marketing strategy. Marketing strategy formulation entails four specific steps: market segmentation, market targeting, differentiation, and positioning. The process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviour is called market segmentation. Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain that value over time. Effective positioning begins with actually differentiating the company's marketing offer so that it gives consumers greater value. Positioning is defined as creating a distinct image of a product in the eyes of target consumers. A product's positioning should take advantage of a competitive advantage within the market target.

3.0.17. **Explain market targeting and the guidelines marketers should use when choosing what markets to enter.**

Difficulty: 3
QuestionID: 02-3-17
Page-Reference: 54-55
Skill: Recall

Answer: Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain it over time.

3.0.18. **What role does the marketing mix play in positioning?**

Difficulty: 3
QuestionID: 02-3-18
Page-Reference: 57-58
Skill: Applied

Answer: The marketing mix components of product, price, place, and promotion are the tools that a company can use to differentiate its products from competitors' and to achieve strong positioning in a target market.

- 3.0.19. Explain why, according to the authors of your text, the four *Ps* concept of the marketing mix takes a seller's view of the market, not a buyer's view. How should marketers consider the buyer's view?

Difficulty: 3
QuestionID: 02-3-19
Page-Reference: 58
Skill: Applied

Answer: In today's day and age of customer relationship marketing, the four *Ps* can be described as the four *Cs* from the customer's point of view. 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 costs of obtaining, using, and disposing of a product. That is, customer cost replaces price in customer relationships. The place element of the marketing mix focuses on convenience. Convenience in availability is the central focus of customers. Finally, customers and marketers want two-way communication. Marketers should use the four *Cs* as a base for the four *Ps* of their marketing mix.

- 3.0.20. Why is marketing analysis such an important part of marketing management?

Difficulty: 2
QuestionID: 02-3-20
Page-Reference: 59-60
Skill: Applied

Answer: This function allows the marketer to analyze internal strengths and weaknesses as well as environmental opportunities and threats which, in turn, allows the marketer to match the company's strengths to opportunities to pursue. From this starting point, the market can continue with planning, implementation, and control.

- 3.0.21. What is the purpose of the threats and opportunities analysis section in a marketing plan?

Difficulty: 2
QuestionID: 02-3-21
Page-Reference: 61
Skill: Recall

Answer: The threats and opportunities analysis assesses major threats and opportunities that the product might face, helping management anticipate important positive or negative developments that might have an impact on the firm and its strategies.

- 3.0.22. Define *marketing planning*. Briefly outline the major steps in a marketing plan.

Difficulty: 2
QuestionID: 02-3-22
Page-Reference: 60-61
Skill: Applied

Answer: Marketing planning involves deciding on marketing strategies that will help the company achieve its overall strategic objectives. A detailed marketing plan is needed at the business, product, or brand level. An executive summary is the first step in the plan. It contains a brief summary of the main goals and recommendations of the plan for management review. The main section of the plan presents a detailed SWOT analysis of the current marketing situation, along with potential threats and opportunities. The plan then states major objectives for the brand and outlines the specifics of a marketing strategy for achieving them. In addition, action programs for implementing the marketing strategy along with the details of a supporting marketing budget are presented. The final section outlines the controls used to monitor progress and corrective action.

3.0.23. **What is the role of a company's chief marketing officer (CMO)?**

Difficulty: 2
QuestionID: 02-3-23
Page-Reference: 62
Skill: Recall

Answer: The CMO heads up the company's entire marketing operation and represents marketing on the company's top management team. The CMO position puts marketing on equal footing with other C-level executives, such as the chief executive officer (CEO) and the chief financial officer (CFO).

3.0.24. **Marketing departments are organized in several ways. Discuss the most common forms of marketing organizations.**

Difficulty: 2
QuestionID: 02-3-24
Page-Reference: 62
Skill: Applied

Answer: Some common forms of marketing department organization include functional organization, geographical organization, product management organization, and market management organization. Under a functional department organization, a functional specialist, such as a sales manager, advertising manager, or market research manager, is responsible for all marketing activities. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. Product management organization first appeared at P&G in 1929. Under this approach, a product manager develops and implements a complete strategy and marketing program for a specific product or brand. Under a market or customer management organization, the company is organized around the needs of specific customer segments. In firms that use this organization, one product line is sold to many different types of markets and customers that have different needs and preferences. Finally, large companies that produce many products sold in many geographic areas typically use some combination of these organizational forms.

3.0.25. **Why are many marketers today using customer-centred measures of marketing ROI?**

Difficulty: 2
QuestionID: 02-3-25
Page-Reference: 63-64
Skill: Applied

Answer: Companies are looking at marketing expenditures as investments in profitable customer relationships, with the goal of increasing individual customer lifetime values and overall customer equity.

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

Difficulty: 3
QuestionID: 02-3-26
Page-Reference: 63-64
Skill: Applied

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 in 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.

- 3.0.27. **What is meant by a "marketing dashboard"?**

Difficulty: 2
QuestionID: 02-3-27
Page-Reference: 63-64
Skill: Recall

Answer: A company can assess return on marketing in terms of standard marketing performance measures, such as brand awareness, sales, or market share. Many companies are assembling such measures into *marketing dashboards*—meaningful sets of marketing performance measures in a single display used to monitor strategic marketing performance. Just as automobile dashboards present drivers with details on how their cars are performing, the marketing dashboard gives marketers the detailed measures they need to assess and adjust their marketing strategies.