MKTG 3rd Edition Lamb Test Bank

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Indicate whether the statement is true or false.

1. The ultimate goal of most market-oriented firms is profitability, which results from satisfying the wants and needs of its consumers.

a. True

b. False

2. Retailers who give their sales clerks the authority to handle customer complaints without having to get approval from a supervisor are using CRM.

a. True

b. False

3. The societal marketing concept considers society's long-term best interests, along with the satisfaction of customers' wants and needs.

a. True

b. False

4. In the early 1920s, Ford famously promised its customers any colour vehicle they wanted, "as long as it was black." Ford's management assumed anyone buying a car would accept the colour black, so it made products affordable by offering only one variety in large quantities. Ford is an example of a market-oriented firm.

a. True

b. False

5. Customer value is the relationship between company profits and company costs.

a. True

b. False

6. Sara Lee Industries spent considerable money and time developing a crustless bread. Prior to the introduction, the company had not conducted market research among its customers, but it was confident that its science and technology department had produced a successful new product. Based on this example, Sara Lee is a good example of a production-oriented company.

a. True

b. False

7. Firms try to achieve customer satisfaction and value by ensuring customer expectations are met or exceeded.

- a. True
- b. False

8. The marketing concept states that the social and economic justification for an organization's existence is the satisfaction of customers' wants and needs, while meeting organizational objectives.

a. True

b. False

9. Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

a. True

b. False

10. Marketing can be defined as selling products.

a. True

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b. False

11. 3D Systems is a company that uses computers to generate new product prototypes. It has generated loyal business clients by providing the best customer support in the industry. The company also provides direct sales consultations that give its salespeople intimate knowledge about exactly what its customers want. This partnership between 3D Systems and its customers would be considered relationship marketing.

a. True

b. False

12. Only a firm's salespeople need to be customer-oriented.

a. True

b. False

13. While most marketing organizations rely on various forms of promotion to succeed, sales-oriented organizations make the most effective use of their entire marketing mix.

a. True

b. False

14. Average salaries in jobs in marketing are 10 percent higher than the national salary average in all other job areas.

a. True

b. False

15. Marketing is a job that should be handled by marketers. People in management, accounting, and finance should focus on their own specialties.

a. True

b. False

16. World Championship Wrestling (WCW), a one-time competitor of the World Wrestling Federation (now known as World Wrestling Entertainment), failed primarily because it set up its matches according to what its wrestlers wanted to do rather than what its fans wanted to see. WCW had a market orientation.

a. True

b. False

17. Both production and sales orientations are focused inward on the organization's needs.

- a. True
- b. False

18. An exchange cannot take place unless each party in the exchange has something that the other party values.

a. True

b. False

19. Salespeople who work for market-oriented organizations are generally perceived by their customers to be order takers.

a. True

b. False

Indicate the answer choice that best completes the statement or answers the question.

20. Rose is a telephone order taker for Brylane, a catalogue retailer of furnishings for bedrooms and baths.

When a customer called and asked if the sea green in a bedspread she had purchased matched the green in a lamp offered in the newest Brylane catalogue, Rose got the potential customer's phone number, went out to the warehouse, located the items, determined they did match, and called the potential customer to tell her that information. What was the most likely result of Rose's efforts?

- a. management empowerment
- b. retailer-customer synergy
- c. customer satisfaction
- d. transactional marketing

21. Shaun wanted to purchase a used car. He was willing to either trade his old car or pay cash to get what he wanted. What was missing from this exchange?

- a. There must be at least two parties involved.
- b. Money must be used in the transaction.
- c. At least one party must feel obligated to accept the offer.
- d. At least one party must have something of value that the other party desires.

Figure 1-3

As recently as 20 years ago circuses came to town with tents, animals, clowns, and other performers. An advance man arrived about two weeks before the circus actually arrived, covered the community with posters, and gave out free tickets to schoolchildren. If the advance man had done a good job, when the circus arrived and opened its tent doors, 300 to 600 people would fill its seats. When the largest circus organizations merged, the newly formed Ringling Bros. and Barnum & Bailey's Greatest Show on Earth began performing in 4,000-seat arenas. Attendance, however, has stagnated in recent years. People have stopped going to the circus because they miss the circus tent and the close intimate atmosphere it created. The newest thing in circuses is a return to the tent atmosphere with an emphasis on the types of entertainment that were popular years ago. Antique circus wagons, calliope music, and cotton candy are replacing the exotic animals and the prima donna performers. To satisfy the needs of this new audience, the tent circus now sells lattes and wine.

22. Refer to the Figure. The circus's goal of redesigning the circus experience is being completed through the coordination of many marketing activities, such as value pricing, a product that includes exciting performances, tent venue locations, and promotion. What do these activities make up for the circuses?

- a. opportunity analysis
- b. value of marketing
- c. marketing mix
- d. target market

23. Jacques Torres Chocolate is a factory and retail store. Its owner is willing to try to produce new products when his customers suggest them—such as chili-pepper-laced chocolate candy. His only condition is that when he adds new products, his customers have the final say on whether the product is of any value. According to Torres, "If something doesn't move, that's the last time you see it." How does Jacques Torres Chocolate keep its customers coming back?

- a. directs its chocolates to the "average customer"
- b. seeks its goals primarily through the use of intensive promotion
- c. has an inward focus on the organization's needs
- d. profits through customer satisfaction

24. Surj went to Second Cup and ordered a vanilla latte on a Monday. He ordered the same drink from the same barista every day. A week later the barista, Jane, asked him if he would like his "usual." What was this an

example of?

- a. commitment selling
- b. relationship marketing
- c. transactional marketing
- d. market engineering

25. If a mattress manufacturer redefines the business mission as "a good night's sleep" rather than stating it as "the manufacture of high-quality mattresses," what is the likely result?

- a. It will not stimulate an awareness of changes in consumer desires.
- b. It will be too broad a statement to be of any real use in serving customers.
- c. It will attract the high end buyers where more profits are made.
- d. It will help the firm focus on meeting customer needs rather than on technology.

26. When light bulbs were first introduced, manufacturers offered one size for all light fixtures. Today you can buy light bulbs in different shapes, wattages, and colours. Which of the following demonstrates how light bulb manufacturers practise the marketing concept?

a. They target only the largest customers.

- b. They recognize different customer groups have different needs and wants.
- c. They are sales-oriented companies instead of production-oriented companies.
- d. They are companies that would state they are in the business of selling all light bulbs.

27. An expert in library science stated in *Library Journal*, "It should be fairly clear that librarians do not market and that they never have marketed." If librarians were to use the marketing concept which of the following would they do?

- a. focus on satisfying the needs of their customers
- b. order more books
- c. promote their existing collections better
- d. have more celebrity authors do readings
- 28. Which of the following best characterizes marketing?
 - a. promotional activities
 - b. personal selling
 - c. advertising
 - d. customer satisfaction

29. Many companies are improving plant tours and making store visits more exciting to increase customer loyalty. For example, at the Crayola Factory, kids watch how crayons are made and then play with their favourite colours in a nearly 1900 square-metre discovery centre. Employees circulate to ensure visitors have a wonderful time. What plays a key role in Crayola's implementation of the marketing concept?

- a. customer-oriented personnel
- b. a sales orientation
- c. a societal marketing orientation
- d. customer outreach

Figure 1-2

In 1995, Chrysler Corporation launched the first complete remake of its minivan category since the firm

invented the vehicle category in 1984. The minivans were redesigned with more curves on the outside and more space on the inside. One of Chrysler's goals was to broaden the minivan's appeal beyond the traditional buyer base of practical families. Advertising showed minivans being used to cart everything from senior citizens to canoes. One of the promotional slogans used was "A minivan is for any time, any place, everyone." To reach other customer groups, Chrysler developed a sport version and a short-wheel-base version of the upscale Town and Country model for sophisticated buyers. Chrysler hoped the \$2.6 billion vehicle development cost would pay off as the market expanded. However, competitors also began to offer a wider range of sophisticated models, and competition has become fierce.

30. Refer to the Figure. The minivans were developed through an extensive investment in research and development to completely redesign the minivans and provide customers with new and updated features. This effort is designed to better meet consumers' wants and needs, and suggests the company has adopted which type of orientation?

- a. societal
- b. sales
- c. production
- d. market

31. The manufacturer of Omega brand watches has a market orientation and adheres to the marketing concept. Which of the following describes the first action the company would most likely take if it learned its customers were dissatisfied with its watches?

- a. hire more salespeople
- b. conduct research to determine if its customers' needs had changed
- c. increase its advertising to underserved markets
- d. increase the number of jewellery stores that carry Omega watches

32. One of the reasons given for the decline of the passenger rail industry is that the industry defined its mission as trains and not as transportation sources. What did the railroad industry fail to do?

- a. to define its mission in terms of the benefits its customers seek
- b. to convince airline and car passengers to switch to rail
- c. to realize "customers only want what they know"
- d. to have a sales orientation

33. Organizations that sell products that are often unsought (such as life insurance and retirement plans) may find themselves adopting which type of orientation?

- a. sales
- b. production
- c. marketing
- d. customer
- 34. What marketing tools does an organization use to achieve its goals?
 - a. advertising and personal selling
 - b. production, promotion, and pricing
 - c. the marketing mix
 - d. aggressive promotion
- 35. The marketing concept includes a goal orientation to remind managers of which of the following?
 - a. Satisfying customers is as important as achieving long-term organizational goals.

- b. Customers must be satisfied no matter what the long-term effect on the firm.
- c. The only reason for any business to exist is to make a profit.
- d. The objective is to find a target market that differs from that of the competition.

36. Which of the following measures would be the best indicator of whether your organization's personnel have a customer orientation?

- a. asking each employee's boss if that person is customer oriented
- b. assessing each employee's impact on the profitability of the firm
- c. surveying customers on how oriented the organization's employees are to customer needs and desires
- d. assessing how well each employee has contributed to the marketing success of the firm by examining every financial statement created by the organization

37. Some market-oriented firms give employees expanded authority to solve customer problems on the spot. What is the firm's aim in doing this?

- a. relationship selling
- b. deregulation
- c. customer satisfaction
- d. commissioning

38. What should a retail casket outlet do if it wishes to offer customer value?

- a. use a production orientation
- b. use a sales orientation
- c. offer free services to go along with the casket
- d. provide customers with only a few casket choices

39. Which if the following is a valid reason to study marketing?

- a. Marketing teaches students how to sell all types of products and services.
- b. Marketing plays an important role in society, coordinating the huge numbers of transactions needed to provide goods and services.
- c. Marketing is used in many types of organizations but not charities and government.
- d. Marketing offers more money than other disciplines like finance.

Figure 1-1

Dofasco, Inc. is a Canadian steel manufacturer. According to its CEO, "People can make a phenomenal difference if you stop telling them to come to work, put their brains in a box, and do whatever the supervisor says. We let our employees work in teams."

40. Refer to the Figure. How would teamwork benefit Dofasco?

- a. by enhancing employee performance
- b. by doing away with the need for empowerment
- c. by creating managerial entropy
- d. by refining the definition of customer value

41. World Wrestling Entertainment (formerly the World Wrestling Federation) is very focused on what its fans want, both in terms of product licensing and, more importantly, in terms of plot lines and character development. All of the company's activities are integrated so that no employee ever loses sight of the company's desire to satisfy its fans. What type of orientation does World Wrestling Entertainment have?

- a. sales
- b. market
- c. product
- d. societal

42. Domino's Pizza is offering racing fans a chance to earn points toward NASCAR-branded merchandise via the NASCAR RacePoints loyalty program. What is Domino's engaging in?

- a. transactional marketing
- b. sports-distribution marketing
- c. relationship marketing
- d. one-to-one marketing

43. Indonesian logging companies harvest rainforests for timber and assume that a market exists for their products. Which type of orientation does the typical Indonesian logging company have?

- a. exchange
- b. environmental
- c. production
- d. sales
- 44. When is a firm with a production orientation most likely to survive?
 - a. if there are many small competitors in the marketplace
 - b. if demand for the product it produces exceeds supply
 - c. if the needs of the marketplace are constantly shifting
 - d. if supply for the product it produces exceeds demand

45. Taxi companies in many large metropolitan areas are requiring newly licensed taxi drivers to undergo a twoday training seminar during which they learn basic etiquette in addition to a familiarity with common landmarks and street names. What is the purpose of this training?

- a. to improve customer service
- b. to give higher education benefits to employees
- c. to promote the company image by increasing public awareness
- d. to improve employee satisfaction

46. What type of orientation does a company have when it sets its goals and strategies based on what its current equipment can produce, what products' engineering can design, and what the company itself can do best?

- a. marketplace
- b. sales
- c. production
- d. exchange
- 47. Which of the following is a marketing management philosophy?
 - a. sales promotion orientation
 - b. societal change orientation
 - c. marketing company orientation
 - d. profitability orientation

48. Clara is a sales associate in the kitchen appliance section at the Sears department store. A customer called her and asked if Sears had a silver Frigidaire built-in dishwasher. After checking her store's inventory, Clara told the customer that her store was out of this product. Realizing that the customer was disappointed, Clara promised to call all of the Sears stores in Alberta to locate the dishwasher. A day later she called the customer with the good news that she had located the appliance and would get it shipped directly to the customer's home. The customer was very satisfied with this encounter. What type of marketing philosophy does this scenario fall under?

- a. management-employee synergy
- b. positive feedback
- c. managerial reciprocity
- d. CRM
- 49. Why is the concept of exchange important to marketing?
 - a. Money is the only medium of exchange for business marketers.
 - b. Exchange provides money to marketers.
 - c. Marketing activities help to create the environment for the exchange to take place.
 - d. Marketing and exchange are one and the same thing.
- 50. What does the marketing concept involve?
 - a. focusing on customers' wants so that the organization can distinguish its product (or products) from the competitors' products
 - b. selling products at the highest prices that the market will bear with the idea of maximizing profits in the short run
 - c. selling as much product as possible under the assumption people will buy more goods and services if aggressive selling techniques are used
 - d. focusing on production in order to increase product quality and lower prices

Figure 1-2

In 1995, Chrysler Corporation launched the first complete remake of its minivan category since the firm invented the vehicle category in 1984. The minivans were redesigned with more curves on the outside and more space on the inside. One of Chrysler's goals was to broaden the minivan's appeal beyond the traditional buyer base of practical families. Advertising showed minivans being used to cart everything from senior citizens to canoes. One of the promotional slogans used was "A minivan is for any time, any place, everyone." To reach other customer groups, Chrysler developed a sport version and a short-wheel-base version of the upscale Town and Country model for sophisticated buyers. Chrysler hoped the \$2.6 billion vehicle development cost would pay off as the market expanded. However, competitors also began to offer a wider range of sophisticated models, and competition has become fierce.

51. Refer to the Figure. By introducing sporty, value-priced, and upscale minivans, Chrysler hoped to forge a long-term engagement with customers as they replaced their older minivans. What was Chrysler practising?

- a. empowerment
- b. customer valuation
- c. relationship marketing
- d. outward-focus management

52. Retailers like The Home Depot do not want to sell timber from illegally logged forests. To prove an interest in preserving rainforests, two Indonesian logging companies have developed a bar coding system that proves the timber was legally acquired. What type of orientation is indicated by this focus on customers' needs?

a. market

b. supplierc. salesd. production

Figure 1-3

As recently as 20 years ago circuses came to town with tents, animals, clowns, and other performers. An advance man arrived about two weeks before the circus actually arrived, covered the community with posters, and gave out free tickets to schoolchildren. If the advance man had done a good job, when the circus arrived and opened its tent doors, 300 to 600 people would fill its seats. When the largest circus organizations merged, the newly formed Ringling Bros. and Barnum & Bailey's Greatest Show on Earth began performing in 4,000-seat arenas. Attendance, however, has stagnated in recent years. People have stopped going to the circus because they miss the circus tent and the close intimate atmosphere it created. The newest thing in circuses is a return to the tent atmosphere with an emphasis on the types of entertainment that were popular years ago. Antique circus wagons, calliope music, and cotton candy are replacing the exotic animals and the prima donna performers. To satisfy the needs of this new audience, the tent circus now sells lattes and wine.

53. Refer to the Figure. Now circuses are trying to satisfy customers' needs and wants and to profit through customer satisfaction. What type of orientation have they adopted?

- a. societal
- b. selling
- c. production
- d. market

54. Procter & Gamble decided to address the fact that Chinese Canadian women are more likely to die from breast cancer because they're reluctant to get mammograms or discuss screening. So P&G brought screening to supermarkets in areas with large Chinese Canadian populations. What type of orientation did P&G adopt to achieve this goal?

- a. promotional
- b. societal marketing
- c. customer
- d. marketing

55. Canon Computer Products has improved the efficiency and productivity of its plant, which manufactures printing technology. For the new fiscal year, the company projects a production increase of 25 percent and has instructed its sales force to aggressively distribute the product. What type of marketing management philosophy is Canon practicing?

- a. sales orientation
- b. production orientation
- c. market orientation
- d. societal marketing orientation
- 56. What should a marketing director do as part of instituting an empowerment program?
 - a. Put employees through simulation situations in their training.
 - b. Create a customer-service department and place a key staff person in charge of the department.
 - c. Train the company's staff to judge the quality of the products the firm produces.
 - d. Allow non-management employees to resolve problems on their own without prior approval from their immediate supervisors.

57. Joban purchased a Canada Goose coat just in time for winter. It cost him almost \$800.00. What marketing concept does this transaction describe?

- a. exchange
- b. synergy
- c. leverage
- d. reciprocity

58. To increase interest in rodeos, the local chapter of the National Rodeo Cowboys Association (NRCA) is offering free roping lessons to students in grades 6 and 7. Which of the following best describes an exchange?

- a. Students and their parents can decide for themselves if the lessons have any value.
- b. The students want to take the lessons but are unaware that they are being offered for free.
- c. The parents of the students are unsure whether the NRCA is a legitimate organization.
- d. Both the NRCA and the students taking the lessons will trade something of value.

59. Which of the following is a philosophy, an attitude, a perspective, or a management orientation that stresses customer satisfaction?

- a. planning strategy
- b. customer management
- c. marketing
- d. reciprocity

60. For many years, Procter & Gamble (P&G) viewed its Ivory soap as just plain old soap—and not as a cleansing product that could provide other benefits as well. When it came to Ivory soap, P&G focused on how well it made the soap and not on what customers wanted from a bar of soap. What type of orientation did the company have?

- a. sales
- b. production
- c. market
- d. customer

61. For years, Richard Branson, founder of the Virgin Group, has believed in customer service. He believes that good customer service stems from an environment founded on "a chain, one that is consistent from beginning to end." Which idea has Virgin Group captured in this short phrase?

- a. the societal concept
- b. Maslow's hierarchy of needs
- c. the marketing concept
- d. the sales-orientation philosophy

62. The management at Fairmont Hotels has authorized its hotel staff to provide, as quickly as possible, whatever amenity—such as a special magazine or a hypoallergenic pillow—their frequent stayers request. What is Fairmont management using to provide customer value?

a. relationship selling

- b. deregulation
- c. customer satisfaction
- d. commissioning

63. Jamie owns a small moving company. She has decided to take a few night school business courses because

her company is growing quickly and there are many things she does not understand. Should Jamie enrol in a marketing course?

- a. Yes, because marketing is synonymous with selling, and Jamie will want to learn sales techniques to continue the growth of the company.
- b. Yes, because the concept of marketing will help Jamie to better satisfy her customers.
- c. No, because marketing should be done by experts rather than someone who has taken one course.
- d. Yes, because marketing helps businesses sell products that people wouldn't have thought to buy without being marketed to.

64. Levi Strauss has developed the Naturals line of jeans that do not use any chemical dyes to colour the pants. Consumers like the look of the jeans, and Levi's use of all-natural dyes is good for the environment. The production of the Naturals line would be consistent with which type of orientation?

- a. societal marketing
- b. supplier
- c. sales
- d. production

65. What type of orientation does a firm have if it fails to consider whether the products it manufactures also meet the needs of the marketplace?

- a. customer
- b. product
- c. market
- d. production

66. What is created when customer expectations regarding product quality, service quality, and value-based price are met or exceeded?

- a. a value line
- b. quality products
- c. dissonance excellence
- d. customer satisfaction

67. Innovative Silversmiths creates and markets silver and turquoise jewellery, which it sells to retailers. The company's management believes its retail customers will stock more jewellery if its salespeople use aggressive marketing techniques. Which type of orientation does the company have?

- a. customer
- b. production
- c. sales
- d. market

68. Shoppers at a supermarket can request Smart Partner cards. A percentage of the amount of money each shopper spends is given to a school the customer has chosen. What type of orientation has the store shown by instituting the Smart Partner program to help local schools?

- a. societal marketing
- b. supplier
- c. sales
- d. philanthropic

69. Hanif is an account manager at The Curb, a furniture store. To make his quota, he will be quite aggressive in his customer pitch to the point where his customers might feel harassed. Which orientation is Hanif using?

a. market

b. sales

c. customer

d. production

70. Owens' Tools manufactures oil-drilling equipment. The firm has always focused on their internal capabilities as opposed to understanding the needs of customers. What orientation does this describe?

a. sales

b. production

c. market

d. customer

71. Many of the lowest-priced diamonds these days are sold by African rebels who use the profits to engage in genocide. LeeBrant is one retail jewellery store that sells only diamonds that are certified to be from "conflict-free" countries. One could say that LeeBrant has which of the following types of orientation?

a. production

b. sales

- c. societal marketing
- d. market

72. The manufacturer of Country Kitchen Art bowls relies solely on promotion as the technique for attracting customers. He advertises extensively in cooking magazines and offers coupons. From this information, what sort of orientation does Country Kitchen Art have?

a. market

b. societal

c. production

d. sales

Figure 1-3

As recently as 20 years ago circuses came to town with tents, animals, clowns, and other performers. An advance man arrived about two weeks before the circus actually arrived, covered the community with posters, and gave out free tickets to schoolchildren. If the advance man had done a good job, when the circus arrived and opened its tent doors, 300 to 600 people would fill its seats. When the largest circus organizations merged, the newly formed Ringling Bros. and Barnum & Bailey's Greatest Show on Earth began performing in 4,000-seat arenas. Attendance, however, has stagnated in recent years. People have stopped going to the circus because they miss the circus tent and the close intimate atmosphere it created. The newest thing in circuses is a return to the tent atmosphere with an emphasis on the types of entertainment that were popular years ago. Antique circus wagons, calliope music, and cotton candy are replacing the exotic animals and the prima donna performers. To satisfy the needs of this new audience, the tent circus now sells lattes and wine.

73. Refer to the Figure. The aggressive promotions used by advance men indicate that two decades ago the circuses probably had which type of orientation?

a. sales

b. market

c. production

d. societal

74. What is the term for the collaborative efforts of people to achieve common objectives?

- a. synergy
- b. teamwork
- c. empowerment
- d. OJT training

75. Canadian Smoked Turkey Inc. is mail-order business that doesn't accept credit cards and has no toll-free number for customers to call. It may be old-fashioned but has a very loyal following. What does Canadian Smoked Turkey probably use to maintain these long-term ties to its customers?

- a. reactive marketing
- b. synergistic management
- c. relationship marketing
- d. promotional marketing

76. Minor League Baseball suffers from sluggish attendance. Salesmen for the teams and sports store owners try to push the sales of tickets onto local softball teams, what type of marketing management philosophy are they practising?

- a. sales orientation
- b. market orientation
- c. production orientation
- d. societal marketing orientation

77. An expert in library science stated in *Library Journal*, "What librarians need to tell people is not how wonderful our public libraries are but rather how wonderful they could be." What is the library science expert saying that libraries need to do?

- a. be concerned with creating customer value
- b. assess what services are most convenient for libraries to offer
- c. determine where their talents and abilities lie
- d. better promote the libraries books and services

78. Rose is a telephone order taker for Brylane, a catalogue retailer of furnishings for bedrooms and baths. A customer called and asked if the sea green in a bedspread she had purchased matched the green in a lamp offered in the newest Brylane catalogue. Rose got the potential customer's phone number, went out to the warehouse, located the items, determined they did not match, and called the potential customer to tell her that information. Which type of orientation is illustrated by Rose's actions?

- a. societal
- b. market
- c. sales
- d. production

79. An organization believes that it exists to not only satisfy customer wants and needs and meet organizational objectives, but also to preserve or enhance individuals' and society's long-term best interests. What type of orientation does the organization have?

- a. sales
- b. market

c. ethical business mission

d. societal

80. What is the primary tool used by a market-oriented organization to achieve its goals?

- a. marketing mix
- b. price
- c. product design
- d. place (distribution)

Figure 1-3

As recently as 20 years ago circuses came to town with tents, animals, clowns, and other performers. An advance man arrived about two weeks before the circus actually arrived, covered the community with posters, and gave out free tickets to schoolchildren. If the advance man had done a good job, when the circus arrived and opened its tent doors, 300 to 600 people would fill its seats. When the largest circus organizations merged, the newly formed Ringling Bros. and Barnum & Bailey's Greatest Show on Earth began performing in 4,000-seat arenas. Attendance, however, has stagnated in recent years. People have stopped going to the circus because they miss the circus tent and the close intimate atmosphere it created. The newest thing in circuses is a return to the tent atmosphere with an emphasis on the types of entertainment that were popular years ago. Antique circus wagons, calliope music, and cotton candy are replacing the exotic animals and the prima donna performers. To satisfy the needs of this new audience, the tent circus now sells lattes and wine.

81. Refer to the Figure. One of the tent venues is called Barnum's Kaleidoscape, and it is in a permanent location with the hopes that people who see the show will want to return and see it again as well as bring their friends and relatives to the production. Which of the following techniques would most likely advance this strategy of referrals and repeat business?

- a. relationship marketing
- b. empowerment
- c. a sales orientation
- d. authority to delegate

82. Wilson is an agriculture and dairy science major at a university. After graduation, he hopes to modernize and expand his family's dairy farm in a scientific and efficient manner. His adviser at school has suggested he take a marketing course in the school of business as an elective. Wilson thinks this is an absurd idea. You are his friend and a marketing major. What do you advise?

- a. Marketing knowledge will help Wilson to understand that he must satisfy wholesalers, retailers, and consumers.
- b. Wilson should also take a finance course to further broaden his business knowledge.
- c. More biology and agriculture classes will be most useful for Wilson, he should leave marketing to the experts and pay consultants when he needs them.
- d. The main reason to take marketing is to teach Wilson how to advertise milk.

83. A business is concerned with many day-to-day activities. Some of the most important of these activities are the planning and development of a product, its pricing policy, and its distribution strategy. What are all these activities part of?

- a. a control system
- b. marketing
- c. accounting
- d. production

Figure 1-1

Dofasco, Inc. is a Canadian steel manufacturer. According to its CEO, "People can make a phenomenal difference if you stop telling them to come to work, put their brains in a box, and do whatever the supervisor says. We let our employees work in teams."

84. Refer to the Figure. This quote implies that as a direct result of employees using more teamwork, Dofasco will be able to do which of the following?

a. to operate successfully using a production orientation

b. to provide its customer with a higher level of satisfaction

c. to have higher levels of employee turnover

d. to have higher levels of management satisfaction

85. What is the fundamental objective of most businesses?

a. employee empowerment, teamwork, and relationship marketing

b. survival, profits, and growth

c. low costs and high quality

d. customer loyalty and retention

86. Lululemon has become one of the nation's largest specialty retailers by focusing on the2 customer's needs and wants. This philosophy is at the heart of which type of orientation?

- a. sales
- b. market
- c. retail
- d. production

87. What does Xerox emphasize by replacing at its own expense any dissatisfied customer's equipment within a period of three years after purchase?

a. management empowerment

b. management-customer synergy

c. customer satisfaction

d. transactional marketing

88. A problem facing the timber industry is the absence of any effective way to prove that rainforest timber has been legally harvested. Which of the following conditions required for an exchange to occur is missing when a company tries to sell illegally acquired logs to The Home Depot?

a. There are more than two parties involved.

b. Each party has something of value to bring to the exchange.

c. One party is free to accept the exchange offer.

d. Each party believes it is appropriate to deal with the other party.

89. The marketing concept stresses that the social and economic justification for an organization's existence is the satisfaction of customer needs and wants while doing which of the following?

- a. producing a good or service at the lowest possible cost
- b. simultaneously meeting organization objectives
- c. constantly increasing sales volumes

d. applying scientific management techniques to improve efficiency

90. Networkcar.com sells a plug-in device that connects to computer diagnostic ports that are standard on cars. The device beams signals to dealers who can remotely diagnose or spot trouble. The device allows car dealerships to maintain a closer bond with customers by anticipating issues. With the device, what can dealers better engage in?

- a. management empowerment
- b. management-customer synergy
- c. relationship marketing
- d. transactional marketing
- 91. What must happen in order for exchange to occur?
 - a. Organized marketing activities must also take place.
 - b. A profit-oriented organization must be involved in the process.
 - c. Money or other legal tender is required.
 - d. Each party must have something the other party considers to be valuable.
- 92. Which of the following statements best describes a sales-oriented business?
 - a. The company develops its products to meet the needs of specific groups of people.
 - b. The company's primary goal is profit through customer satisfaction.
 - c. The company invests the majority of its resources in promoting its products and services.
 - d. The company is in business to satisfy customers' wants and needs and deliver superior value.
- 93. Which of the following statements best describes the importance of studying marketing?
 - a. Marketing teaches students how to sell products that people do not need.
 - b. Marketing deals with transactions, not relationships.
 - c. Marketing is seen by everyone many times in a day.
 - d. Marketing offers outstanding career opportunities.

Figure 1-3

As recently as 20 years ago circuses came to town with tents, animals, clowns, and other performers. An advance man arrived about two weeks before the circus actually arrived, covered the community with posters, and gave out free tickets to schoolchildren. If the advance man had done a good job, when the circus arrived and opened its tent doors, 300 to 600 people would fill its seats. When the largest circus organizations merged, the newly formed Ringling Bros. and Barnum & Bailey's Greatest Show on Earth began performing in 4,000-seat arenas. Attendance, however, has stagnated in recent years. People have stopped going to the circus because they miss the circus tent and the close intimate atmosphere it created. The newest thing in circuses is a return to the tent atmosphere with an emphasis on the types of entertainment that were popular years ago. Antique circus wagons, calliope music, and cotton candy are replacing the exotic animals and the prima donna performers. To satisfy the needs of this new audience, the tent circus now sells lattes and wine.

94. Refer to the Figure. What could circuses do to exhibit a societal marketing orientation?

- a. rely on publicity and avoid any promotions
- b. empower their employees to satisfy customer wants
- c. donate a percentage of their profits to local educational institutions
- d. emphasize customer value

95. Kinko's copy shops use the equivalent of over 27 square kilometres of forest to produce all of the paper needed by the corporation annually. While the company is committed to making a profit, it is also committed to preserving the environment. Recently, Kinko's wrote an environmental vision in which it committed the company to conserving natural resources. With this environmental vision, what type of orientation did Kinko's adopt?

- a. societal marketing
- b. sales
- c. reciprocal
- d. production

96. Mimi Couturier's fashion designers use computer-assisted design software to create what it thinks women should wear. The company regularly hires industry experts to examine its factories to find waste and inefficiencies that can be eliminated. For the last two years Mimi Couturier has lost money. What should the company do?

a. hire more retail efficiency experts to trace down any production problems

- b. increase its sales force to find more potential customers for the firm
- c. have someone study its target market to see what needs and wants should be met by Mimi Couturier
- d. cut prices so that its prices will be at least 10 percent below those of its competitors

97. Researchers at PPG Industries spent considerable time, effort, and money developing a bluish windshield that would let in filtered sunlight but block out the heat. Little market research was done, but the scientists were convinced this new product would be significantly better than existing windshields. This scenario suggests PPG most likely has which type of orientation?

- a. exchange
- b. production
- c. sales
- d. customer

98. One way to identify the orientation of a firm is to examine its primary goal. What type of marketing management philosophy does a firm practice that seeks to achieve profitability through higher sales volume?

- a. societal marketing orientation
- b. market orientation

c. sales orientation

d. production orientation

99. After hearing his company criticized for aggressive selling, the CEO of a company that manufactures products used to care for horses has determined that his company needs to adhere to the marketing concept and implement a market-oriented strategy. Which of the following is the first action the company should take in order to achieve this goal?

- a. reorganize the company and make marketing its most important department
- b. hire new salespeople to find new customers for its horse care products
- c. expand the advertising budget to make potential customers more aware of its products and how they benefit horses
- d. create cross-functional teams and instruct them to focus on creating greater customer value

100. Dofasco, Inc., a highly successful steel company in Ontario, tries to get ahead of business and community issues by annually bringing together representatives from the local area and deciding what projects to improve the local environment will be implemented. This annual meeting indicates that Dofasco has which type of

orientation?

- a. societal marketing
- b. sales
- c. product
- d. philanthropic

101. Which of the following is done by a company that has a market orientation and adheres to the marketing concept?

- a. integration of all the activities of the firm to satisfy customer wants
- b. focus on company needs and wants
- c. differentiation of the firm's products from its other products
- d. sales growth fueled through the application of aggressive sales techniques

102. The statement "Marketing should be introduced at the beginning rather than the end of the production cycle and integrated into each phase of the business," is consistent with which type of orientation?

- a. production
- b. market
- c. retail
- d. sales

Figure 1-2

In 1995, Chrysler Corporation launched the first complete remake of its minivan category since the firm invented the vehicle category in 1984. The minivans were redesigned with more curves on the outside and more space on the inside. One of Chrysler's goals was to broaden the minivan's appeal beyond the traditional buyer base of practical families. Advertising showed minivans being used to cart everything from senior citizens to canoes. One of the promotional slogans used was "A minivan is for any time, any place, everyone." To reach other customer groups, Chrysler developed a sport version and a short-wheel-base version of the upscale Town and Country model for sophisticated buyers. Chrysler hoped the \$2.6 billion vehicle development cost would pay off as the market expanded. However, competitors also began to offer a wider range of sophisticated models, and competition has become fierce.

103. Refer to the Figure. When Chrysler first launched the minivan, the company offered only one version and was focused on generating sales volume through intensive advertising. This approach suggests the company had which type of orientation?

- a. sales
- b. market
- c. production
- d. societal

104. What do market-oriented firms primarily focus their efforts upon?

- a. improving the technological skills and competitive advantages of the firm
- b. satisfying the wants and needs of their customers
- c. achieving the company's societal responsibilities inexpensively
- d. distributing goods and services
- 105. What do companies that have implemented a market orientation strategy recognize?
 - a. Price is the most important variable for customers.

- b. Sales depend predominantly on an aggressive sales force.
- c. What the customer thinks he or she is buying is what is important.
- d. Selling and marketing are essentially the same thing.
- 106. If a company uses a sales orientation, what would consumer complaints most likely result in?
 - a. a modification of the sales presentation
 - b. product reinvention
 - c. continuous market research
 - d. attempts to cut production costs
- 107. What is defined as the relationship between benefits and the sacrifice necessary to obtain those benefits?
 - a. opportunity cost
 - b. marketing utility
 - c. market quality
 - d. customer value

108. Andi Littleton has inherited a Featherlite brand horse trailer from her recently deceased grandfather. A preliminary investigation has shown many people would be interested in owning a Featherlite brand horse trailer. She is considering placing an advertisement in a newspaper targeted to horse owners. She has been told similar horse trailers are selling for about \$14,000. Which of the following conditions is necessary for an exchange to occur between Littleton and a buyer?

- a. Her trailer should carry a low price.
- b. The trailer should be on display somewhere that people will see it.
- c. She needs to practise negotiating.
- d. Littleton and her buyer must be able to walk away from the deal if desired.

109. Due to consumer concerns about skin cancer associated with sun exposure, the trend was in favour of higher-SPF sunscreens. This seems to be changing now. Coppertone and Hawaiian Tropic have introduced new low-UV protection products. Giving customers what they want demonstrates which of the following types of orientation?

- a. sales
- b. production
- c. societal marketing
- d. market

110. When a homeowner visited The Home Depot to buy what he thought he needed to fix a leaking toilet, he gathered up materials totalling almost \$70. On his way to checkout, an employee asked him what he was trying to fix. The employee convinced the homeowner that a \$5.99 replacement part would better fix the problem. This sort of discussion indicates the retail store has which type of orientation?

- a. sales
- b. market
- c. product
- d. exchange

111. As it evolves from a credit-card company to one with greater emphasis on electronic payments, Visa is launching its first major rebranding campaign in 20 years. The company's new promotional slogan is "Life Takes Visa." Through the use of this slogan, Visa shows how much it wants to become an integral part of its

customers' everyday lives. Which type of orientation is Visa using?

- a. marketing
- b. sales
- c. product
- d. societal

112. What is the primary tool used by a sales-oriented organization to achieve its corporate goals?

- a. price
- b. promotion
- c. product design
- d. place (distribution)

113. Domino's Pizza is offering racing fans a chance to earn points toward NASCAR-branded merchandise via the NASCAR RacePoints loyalty program. What will occur when a NASCAR fan trades in his or her points for a mug autographed by a favourite driver?

- a. synergy
- b. sublimation
- c. exchange
- d. reciprocity

Figure 1-2

In 1995, Chrysler Corporation launched the first complete remake of its minivan category since the firm invented the vehicle category in 1984. The minivans were redesigned with more curves on the outside and more space on the inside. One of Chrysler's goals was to broaden the minivan's appeal beyond the traditional buyer base of practical families. Advertising showed minivans being used to cart everything from senior citizens to canoes. One of the promotional slogans used was "A minivan is for any time, any place, everyone." To reach other customer groups, Chrysler developed a sport version and a short-wheel-base version of the upscale Town and Country model for sophisticated buyers. Chrysler hoped the \$2.6 billion vehicle development cost would pay off as the market expanded. However, competitors also began to offer a wider range of sophisticated models, and competition has become fierce.

114. Refer to the Figure. Chrysler set up a team of special customer-service representatives who assist minivan buyers and who are authorized to solve problems immediately. What did the team try to accomplish?

- a. authority training
- b. delegation
- c. cross-utilization
- d. customer satisfaction

115. Canada Post argues that its express service is comparable to what is offered by FedEx and that its prices are much lower. Yet FedEx dominates, with more than a 45-percent share of the express-delivery market. Why does FedEx have a higher market share?

- a. Canada Post is perceived as offering greater customer value.
- b. FedEx is perceived as offering greater customer value.
- c. FedEx and Canada Post offer the same customer value.
- d. Customer value is not an issue in deciding between FedEx and Canada Post.

116. Frequent-flyer programs are an example of financial incentives to customers in exchange for their

continuing patronage. After flying a certain number of miles or flying a specified number of times, the frequentflyer program participant earns a free flight or some other award such as free lodging. What are airlines that use frequent-flyer programs practising?

- a. one-to-one marketing
- b. transaction marketing
- c. transformational marketing
- d. relationship marketing

117. Tata Motors has improved the productivity of its plant. For the new financial year, the company projects a production increase of 30 percent. It has instructed its sales force to aggressively distribute and promote its trucks. The company believes the market will absorb more products if the sales force is assertive. What sort of orientation does Tata have?

- a. market
- b. production
- c. sales
- d. customer

118. Shoppers at a supermarket can request Smart Partner cards. A percentage of the amount of money each shopper spends is given to a school the customer has chosen. How is the store using the Smart Partner cards?

- a. as a part of its commitment selling
- b. as a part of its transaction marketing
- c. as a part of its retailer-customer synergy
- d. as a part of its relationship marketing
- 119. What does the term marketing refer to?
 - a. new product concepts and improvements
 - b. selling
 - c. advertising and promotional activities
 - d. a philosophy that stresses understanding customer needs

120. There are several important reasons to study marketing. Name three of these reasons.

121. What types of marketing careers are available? What is the current percentage of marketing employees in the civilian workforce? What is the future forecast for marketing employment?

122. What is the definition of marketing?

123. Discuss the differences between sales and market orientations using the following five characteristics as guidelines: (1) the organization's focus, (2) the business the organization is in, (3) the people to whom the product is directed, (4) the organization's primary goal, and (5) the tools used to achieve that goal.

124. Describe a real company that has a societal marketing orientation.

125. What is the marketing concept? According to the marketing concept, what determines if a sale will actually occur?

126. A market-oriented organization may choose not to deliver the benefits sought by customers because these

benefits are not in the best interests of the individual or society. This is termed the *societal orientation*. What does this concept mean in terms of organizational justification? List three current issues where the societal orientation concept may need to be applied.

127. If a firm has a production orientation, what types of questions does management ask after assessing its resources? How would these questions differ for a service organization?

128. How does marketing affect your everyday life? How will the study of marketing enable you to be a better consumer?

129. Exchange is the key concept in the definition of marketing. What is the concept of exchange? What are the five conditions of exchange that must be satisfied for exchange to occur?

130. Four competing philosophies strongly influence the role of marketing and marketing activities within an organization. Name and briefly describe each of these four philosophies.

131. An entrepreneur has set up a company to manufacture and market GPS systems for hunters. He has decided a sales orientation would best suit his new company. What are important considerations for this firm when it adopts this orientation? What are potential pitfalls of this orientation the owner needs to understand?

132. Defining a company's business in terms of the benefits customers seek, instead of in terms of goods and services, has three important advantages. List them.

133. What is customer value? How can marketers make sure customers perceive their companies/products as sources of value?

134. Is the following statement true? "A production orientation is always harmful to relationship marketing." Explain your answer.

135. How is marketing important to business?

136. Each party is capable of communication and delivery.

4. Each party is free to accept or reject the exchange offer.

5. Each party believes it is appropriate or desirable to deal with the other party.

PTS: 1 REF: 9-10 OBJ: 01-3 TOP: AACSB Reflective Thinking| TB&E Model Strategy

3. There are five conditions that must be satisfied for an exchange to take place. However, even if all of these conditions are met, exchange may not necessarily take place. Give an example of a situation in which all conditions are met, but exchange does not take place. Can marketing occur, even if an exchange does not take place? Why or why not?

137. What is the philosophy of the marketing concept and market orientation? What three key areas are involved in the implementation of the marketing concept and a market orientation?

Answer Key

- 1. True
- 2. True
- 3. True
- 4. False
- 5. False
- 6. True
- 7. True
- 8. True
- 9. True
- 10. False
- 11. True
- 12. False
- 13. False
- 14. True
- 15. False
- 16. False
- 17. True
- 18. True
- 19. False
- 20. c
- 21. a
- 22. c
- 23. d
- 24. b
- 25. d
- 26. b
- 27. a

28. d			
29. a			
30. d			
31. b			
32. a			
33. a			
34. c			
35. a			
36. c			
37. c			
38. c			
39. b			
40. a			
41. b			
42. c			
43. c			
44. b			
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101. a			
102. b			
103. a			
104. b			
105. c			
106. a			
107. d			
108. d			
109. d			
110. b			
111. a			

112. b

- 113. c
- 114. d
- 115. b
- 116. d
- 117. c
- 118. d
- 119. d

120.

- 1. Marketing plays an important role in society.
- 2. Marketing is important to businesses.
- 3. Marketing offers outstanding career opportunities.
- 4. Marketing affects your life every day.

121. One-quarter to one-third of the civilian workforce performs marketing activities in areas such as professional selling, research, advertising, retail buying, distribution management, product management and development, and wholesaling. Marketing career opportunities exist in both business and non-business organizations.

Demand for marketing-educated personnel is growing. Marketing employment is projected to grow at a faster rate than that of all jobs. Additionally, marketing is a crucial part of every company's success.

122. Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

123. *Organization's focus:* With a sales orientation, the firm's focus is inward upon the firm's own needs. With a market orientation, the focus is outward on the wants and preferences of customers. In particular, market-oriented firms create customer value, maintain customer satisfaction, and build long-term relationships.

Business: A firm with a sales orientation is in the business of selling goods and services. A firm with a market orientation is in the business of satisfying consumer wants and needs.

Customers: A sales orientation directs the firm's output at everybody, while a market orientation directs goods toward specific groups of people.

Primary goal: The primary goal of a firm with a sales orientation is to make profit through maximizing sales volume. The primary goal of a firm with a market orientation is to seek profit through customer satisfaction.

Tools for goal achievement: A sales orientation seeks to achieve goals primarily through intensive promotion. A market orientation achieves goals through coordinated use of a set of marketing activities.

See Review Learning Outcome 2.

124. All should select a company that exists not only to satisfy customers' wants and needs and meet organizational objectives, but also to preserve or enhance individuals' or society's long-term best interests.

125. The marketing concept is a simple and intuitively appealing philosophy. It states that the social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting organizational objectives. It is based on an understanding that a sale does not depend on an aggressive sales force but rather on a customer's decision to purchase a product.

126. The societal orientation refines the market orientation by stating that the social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting the organization's objectives and preserving or enhancing both the individual's and society's long-term best interests.

Societal issues could include environmental protection, smoking in public places, promotion of high-sugar content foods to children, seat belt laws, alcohol marketing, gun sales, and purchasing drugs that have not been approved by the government, and others.

127. With a production orientation, management focuses on the internal capabilities of the firm. Management might ask, "What can we do best?", "What can engineering design?", and/or "What is economical and easy to produce with our equipment?" Managers of a service organization might ask, "What services are most convenient for the firm to offer?" and/or "Where do our talents lie?"

128. Every person participates in the marketing process as a consumer of goods and services. By developing an understanding of marketing, one can better understand the buying process, negotiate more effectively with sellers, and demand corrective action when products do not meet performance standards.

129. The concept of exchange simply means that people give up something in order to receive something that they would rather have. Money, goods, or services may be the medium of exchange. There are five conditions of exchange:

1. There must be at least two parties.

2. Each party has something that might be of value to the other party.

130. *Production orientation:* This orientation focuses firms on their internal production capabilities rather than the desires and needs of the marketplace.

Sales orientation: This orientation assumes that buyers will purchase more of any item if aggressive selling techniques are used. Again, this orientation does not address the needs and wants of the marketplace.

Market orientation: This orientation is the foundation of contemporary marketing philosophy. It recognizes that a sale is dependent on the customer's decision to purchase a product and provides increased responsiveness to customer needs and wants. To market-oriented firms, marketing means building relationships with customers.

Societal orientation: This orientation refines the marketing orientation by stating that the social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting the organization's objectives and preserving or enhancing both individuals' and society's long-term best interests.

131. The most important component for a sales orientation is an aggressive sales force. The sales force can push intermediaries to carry products, or push consumers to purchase. For the entrepreneur in question, this is important, as hunters rarely buy GPS equipment directly from the manufacturer. Instead, GPS equipment is offered through specialty resellers. An aggressive sales force could help the entrepreneur sell his product in more outlets. However, despite a high-quality sales force, even aggressive salespeople cannot convince people to buy goods and services that are neither wanted nor needed.

132. (1) It ensures that the firm keeps focusing on customers and avoids becoming preoccupied with goods, services, or the organization's internal needs. (2) It encourages innovation and creativity by reminding people

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there are many different ways to satisfy customer wants. (3) It stimulates an awareness of changes in customer desires and preferences so product offerings are more likely to remain relevant.

133. Customer value is the relationship between benefits and the sacrifice necessary to obtain those benefits. Marketers who want to be perceived by their customers as offering value can (1) offer products that perform as they are expected to, (2) earn trust, (3) avoid unrealistic pricing, and (4) give the buyer facts.

134. A company with a production orientation concentrates on what it can do best—its internal capabilities. Sometimes what the company produces is exactly what the customer wants. It is possible for a company to engage in relationship marketing (a strategy that entails forging long-term partnerships with customers) and still have a production orientation.

135. Marketing contributes directly to the achievement of business objectives, including survival, profits, and growth. Marketing is concerned with assessing the wants and satisfactions of customers, designing and managing product offerings, determining prices, developing distribution strategies, and communicating with customers. These activities are vital to business organizations. A fundamental understanding of marketing is important to all businesspeople so that an organization can operate cohesively.

136. Many selling situations satisfy all five conditions for exchange, but unless a purchase or trade actually takes place, exchange does not occur. The five conditions are necessary but not sufficient for final exchange. The text provides the example of advertising a used auto in the classified ads.

Marketing can occur even if an exchange does not take place. Many of the activities of marketing (product development, planning, promotion, pricing, distribution, and so on) can take place without a final exchange.

137. The philosophy of the marketing concept states that the social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting organizational objectives. Market orientation requires top management leadership, a customer focus, competitive intelligence, and interfunctional coordination to meet customer wants and needs and deliver superior value. It also entails establishing and maintaining mutually rewarding relationships with customers.

The marketing concept and market orientation involve

- focusing on consumer wants so the organization can distinguish its product(s) from competitors' offerings.
- integrating all the organization's activities, including production, to satisfy these wants.
- achieving long-term organization goals by satisfying customer wants and needs legally and responsibly.