

***Principles of Marketing, 15e (Kotler/Armstrong)***

**Chapter 2 Company and Marketing Strategy: Partnering to Build Customer Relationships**

1) \_\_\_\_\_ is the process of developing and maintaining a crucial fit between the organization's goals and capabilities and its changing marketing opportunities.

- A) Benchmarking
- B) SWOT analysis
- C) Market segmentation
- D) Strategic planning
- E) Diversification

Answer: D

Page Ref: 38

Skill: Concept

Objective: 2-1

Difficulty: Easy

2) Which of the following is true with regard to strategic planning?

- A) At the corporate level, the company starts the strategic planning process by determining what portfolio of businesses and products is best for the company.
- B) A strategic plan deals with a company's short-term goals.
- C) Finding the game plan for long-run survival and growth is the focus of strategic planning.
- D) The strategic plan is a statement of an organization's purpose.
- E) Strategic planning involves identifying segments of consumers with identical preferences.

Answer: C

Page Ref: 38

Skill: Concept

Objective: 2-1

Difficulty: Moderate

3) Which of the following is the first step in strategic planning?

- A) setting short-term goals
- B) developing the business portfolio
- C) defining the organizational mission
- D) formulating the key marketing strategies
- E) identifying the organization's weaknesses and the threats it faces

Answer: C

Page Ref: 39

Skill: Concept

Objective: 2-1

Difficulty: Easy

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

- A) defining the company mission
- B) setting company objectives and goals
- C) designing the business portfolio
- D) planning marketing and other functional strategies
- E) evaluating members of the company's value chain

Answer: E

Page Ref: 39

Skill: Concept

Objective: 2-1

Difficulty: Easy

5) A \_\_\_\_\_ documents an organization's purpose—what it wants to accomplish in the larger environment.

- A) vision statement
- B) mission statement
- C) business portfolio
- D) value proposition
- E) product strategy

Answer: B

Page Ref: 39

Skill: Concept

Objective: 2-1

Difficulty: Easy

6) Mission statements should \_\_\_\_\_ and be defined in terms of \_\_\_\_\_.

- A) be technology oriented; meeting the self-actualization needs of customers
- B) be product oriented; satisfying the esteem needs of customers
- C) embody the company's short-term plans; current opportunities
- D) be market oriented; satisfying basic customer needs
- E) address sales and profits; the net return on investments

Answer: D

Page Ref: 39

Skill: Concept

Objective: 2-1

Difficulty: Easy

- 7) A mission statement serves as a \_\_\_\_\_.  
A) statement of the organization's net profits  
B) plan for short-term sustainability  
C) statement of the organization's purpose  
D) statement of the organization's current liabilities  
E) repatriation plan for the organization's highly-skilled employees

Answer: C

Page Ref: 39

Skill: Concept

Objective: 2-1

Difficulty: Easy

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

- A) "We empower customers to realize their dreams."  
B) "We make high-quality consumer food products."  
C) "We sell success and status."  
D) "We create the Hilton experience."  
E) "We bring innovation to every home."

Answer: B

Page Ref: 39

AACSB: Analytic Skills

Skill: Concept

Objective: 2-1

Difficulty: Moderate

- 9) Which of the following is NOT an example of product-oriented mission statements?

- A) "We are an online library."  
B) "We run theme parks."  
C) "We sell athletic shoes."  
D) "We sell memorable experiences."  
E) "We rent hotel rooms."

Answer: D

Page Ref: 39

AACSB: Analytic Skills

Skill: Concept

Objective: 2-1

Difficulty: Moderate

10) Which of the following is a market-oriented mission statement?

- A) "We empower customers to achieve their dreams."
- B) "We sell jumbo burgers."
- C) "We are an online library."
- D) "We are a low-cost airline."
- E) "We make porcelain figurines."

Answer: A

Page Ref: 39

AACSB: Analytic Skills

Skill: Concept

Objective: 2-1

Difficulty: Moderate

11) Mission statements should be \_\_\_\_\_.

- A) meaningful and specific yet motivating
- B) technology oriented
- C) written solely for public relations purposes
- D) focused on increasing sales or profits
- E) strictly product oriented

Answer: A

Page Ref: 40

Skill: Concept

Objective: 2-1

Difficulty: Easy

12) Companies that define their missions in terms of product or technology are considered myopic primarily because \_\_\_\_\_.

- A) products and technologies result in low returns on investment
- B) consumer preferences with regard to products and technologies are difficult to predict
- C) consumer preferences for different product categories vary from time to time
- D) products and technologies eventually become outdated
- E) most consumers are not comfortable using sophisticated technologies during the buying process

Answer: D

Page Ref: 40

Skill: Concept

Objective: 2-1

Difficulty: Moderate

13) The collection of businesses and products that make up a company is called its \_\_\_\_\_.

- A) strategic business unit
- B) supply chain
- C) strategic plan
- D) business portfolio
- E) internal value chain

Answer: D

Page Ref: 40

Skill: Concept

Objective: 2-1

Difficulty: Easy

14) Which of the following is the first step of business portfolio planning?

- A) shaping the future portfolio by developing strategies for growth and downsizing
- B) determining which businesses should receive more, less, or no investment
- C) identifying internal strengths and weaknesses
- D) identifying future opportunities
- E) determining short-term goals

Answer: B

Page Ref: 40

Skill: Concept

Objective: 2-1

Difficulty: Easy

15) The major activity in strategic planning is \_\_\_\_\_, whereby management evaluates the products and businesses that make up the company.

- A) SWOT analysis
- B) benchmarking
- C) business portfolio analysis
- D) breakeven analysis
- E) prospecting

Answer: C

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

16) Which of the following best describes a strategic business unit (SBU)?

- A) the internal value chain of a company
- B) the supply chain of a company
- C) the key businesses that make up a company
- D) the key channel intermediaries of a service company
- E) the key competitors of a company

Answer: C

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

17) During portfolio analysis, a company \_\_\_\_\_ after identifying the key businesses that make up the company.

- A) formulates a short-term marketing plan
- B) assesses the attractiveness of its various SBUs
- C) assesses its strengths and weaknesses
- D) performs a SWOT analysis
- E) assesses the effectiveness of its various channel intermediaries

Answer: B

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

18) Most standard portfolio analysis methods evaluate SBUs on the \_\_\_\_\_.

- A) potential for niche or global marketing
- B) degree of product differentiation
- C) strength of the market or industry position
- D) accessibility to rural markets
- E) number of successful business acquisitions

Answer: C

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

19) According to the Boston Consulting Group approach, \_\_\_\_\_ provides a measure of market attractiveness.

- A) product attribute
- B) product design
- C) market penetration
- D) market growth rate
- E) market segmentation

Answer: D

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

20) According to the Boston Consulting Group approach, \_\_\_\_\_ serves as a measure of company strength in the market.

- A) relative market share
- B) product development
- C) market diversification
- D) product attribute
- E) market segmentation

Answer: A

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

21) \_\_\_\_\_ are a type of SBU that often require heavy investments to finance their rapid growth.

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

Answer: C

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

22) \_\_\_\_\_ are low-growth, high-share businesses/products that need less investment to hold their market share.

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

Answer: B

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

23) Which of the following is true with regard to cash cows?

- A) They are high-growth, high-share businesses or products.
- B) They can be used to help finance the company's question marks and stars.
- C) They require significant cash to maintain market share.
- D) They are low-share businesses and products.
- E) They do not promise to be large sources of cash.

Answer: B

Page Ref: 43

Skill: Concept

Objective: 2-1

Difficulty: Easy

24) \_\_\_\_\_ are low-share business units in high-growth markets that require a lot of cash to hold their share.

- A) Stars
- B) Dogs
- C) Question mark
- D) Cash cows
- E) Bears

Answer: C

Page Ref: 43

Skill: Concept

Objective: 2-1

Difficulty: Easy

25) By harvesting its SBU, a company would most likely be \_\_\_\_\_.

- A) milking its short-term cash flow regardless of the long-term effect
- B) selling it or phasing it out and using the resources elsewhere
- C) investing just enough to hold the SBU's current market share
- D) investing more in the business unit to build its share
- E) diversifying its product line

Answer: A

Page Ref: 43

Skill: Concept

Objective: 2-1

Difficulty: Easy



26) Orion Inc. operates in many industries, including pharmaceuticals and food products. The company's goal is to create "abundant and affordable food for all and a healthy environment." This represents Orion's \_\_\_\_\_.

- A) marketing plan
- B) product mix
- C) business portfolio
- D) marketing mix
- E) mission statement

Answer: E

Page Ref: 39

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate

27) Which of the following companies has a product-oriented business definition?

- A) A luxury hotel, whose business definition is: "We sell out-of-the-world experiences to our guests."
- B) A real estate company, whose business definition is: "We sell dreams."
- C) A cosmetic company, whose business definition is: "We offer hopes and self-expression."
- D) A shoe manufacturer, whose business definition is: "We manufacture affordable and long-lasting shoes for all."
- E) A high-technology company, whose business definition is: "We sell inspirations."

Answer: D

Page Ref: 40

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate

28) A company can \_\_\_\_\_ the SBU by selling it or phasing it out and using the resources elsewhere.

- A) divest
- B) promote
- C) expand
- D) harvest
- E) hold

Answer: A

Page Ref: 43

Skill: Concept

Objective: 2-1

Difficulty: Easy

29) Which of the following is true of the BCG matrix approach?

- A) It is inexpensive to implement.
- B) It does not have any limitations.
- C) It considers market growth rate to be a measure of market attractiveness.
- D) It describes consumer motivations and needs.
- E) It does not consider relative market share to be a measure of company strength in the market.

Answer: C

Page Ref: 43

Skill: Concept

Objective: 2-1

Difficulty: Easy

30) The key businesses of Kimberley and Price consist of a division that produces and sells breakfast cereals and another that manufactures gardening tools. Each of these businesses is called a \_\_\_\_\_.

- A) market segment
- B) strategic business unit (SBU)
- C) question mark
- D) prospect
- E) product portfolio

Answer: B

Page Ref: 42

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate

31) Modern strategic planning \_\_\_\_\_.

- A) exclusively consists of a company's short-term goals
- B) is decentralized
- C) does not involve cross-functional teams
- D) does not take the overall mission of the company into consideration
- E) is highly centralized

Answer: B

Page Ref: 43

Skill: Concept

Objective: 2-1

Difficulty: Easy

32) The BCG matrix approach is problematic in that it \_\_\_\_\_.

- A) focuses on planning for the future at the cost of ignoring the present
- B) focuses solely on current businesses and provides little scope for future planning
- C) tends to undermine the importance of market growth rate as a measure of market attractiveness
- D) tends to undermine the importance of relative market share as a measure of company strength in the market
- E) fails to classify SBUs

Answer: B

Page Ref: 43

Skill: Concept

Objective: 2-1

Difficulty: Easy

33) Which of the following is a portfolio-planning tool for identifying company growth opportunities through market penetration, market development, product development, or diversification?

- A) BCG matrix
- B) analysis of variance (ANOVA)
- C) product/market expansion grid
- D) Harris matrix
- E) SWOT analysis

Answer: C

Page Ref: 44

Skill: Concept

Objective: 2-1

Difficulty: Easy

34) Phoenix, a popular coffee shop chain in North America, recently opened 400 stores to cater to its rapidly increasing number of patrons. This exemplifies \_\_\_\_\_.

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

Answer: D

Page Ref: 44

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Easy

35) Lark Inc., an American electronics company, is currently reviewing new geographical markets to sell its highly popular LED televisions. By 2020, it plans to open new stores across all the major South Asian cities. Lark is most likely following a \_\_\_\_\_ strategy.

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

Answer: B

Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate

36) Which of the following companies has a market-oriented business definition?

- A) An electronics company, whose business definition is: "We produce microchips."
- B) A hotel, whose business definition is: "We rent rooms."
- C) An apparel company, whose business definition is: "We make and sell women's clothing."
- D) A cosmetic company, whose business definition is: "We sell hope and self-esteem."
- E) A pizzeria, whose business definition is: "We sell the world's most delicious thin-crust pizzas."

Answer: D

Page Ref: 39

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate

37) The pharmaceuticals division of Omni Healthcare holds low market share in a high-growth market. According to the BCG matrix, the pharmaceuticals division of Omni can be classified as a \_\_\_\_\_.

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

Answer: C

Page Ref: 43

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Hard

- 38) Which of the following is true with regard to the product/expansion grid?
- A) It classifies SBUs into four distinct categories.
  - B) It is a useful device for identifying growth opportunities.
  - C) It helps companies analyze their internal strengths and weaknesses.
  - D) It functions on the premise that firms should downsize to regain market share.
  - E) It is a useful device for segregating customers into distinct categories.

Answer: B

Page Ref: 44

Skill: Concept

Objective: 2-1

Difficulty: Easy

- 39) Making more sales to current customers without changing a firm's products is known as \_\_\_\_\_.

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

Answer: B

Page Ref: 44

Skill: Concept

Objective: 2-1

Difficulty: Easy

- 40) The managers of Arrow, an American retail chain, are currently reviewing new demographic markets to sell the firm's current products. This is an example of \_\_\_\_\_.

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

Answer: D

Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Easy

41) The managers of Alfredo's Pizza, a popular pizzeria in New York City, have been increasingly encouraging senior citizens to visit the pizzeria's numerous outlets spread across the city. Anticipating a rise in the population of senior citizens in the area, the management of Alfredo's Pizza is seeking to tap into this promising segment that consists of retired, affluent consumers. In this instance, the managers of Alfredo's Pizza are anticipating company growth through \_\_\_\_\_.

- A) market development
- B) product development
- C) mass customization
- D) niche marketing
- E) product differentiation

Answer: A

Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate

42) FencePro, a local company, has developed an entirely new mounting system for chain link fences. After acquiring a distributor, FencePro now has the ability to market its products nationwide. FencePro is most likely following a \_\_\_\_\_ strategy.

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

Answer: B

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AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate

43) Amor, a successful brand of women's clothing, recently introduced a line of fitness equipment. This is an example of \_\_\_\_\_.

- A) mass customization
- B) niche marketing
- C) diversification
- D) prospecting
- E) product adaptation

Answer: C

Page Ref: 45

Skill: Concept

Objective: 2-1

Difficulty: Moderate

44) Sunny Brews is a coffeehouse chain based in Boston. It recently introduced Eva, a mild roast, which became immensely popular. This exemplifies \_\_\_\_\_.

- A) benchmarking
- B) diversification
- C) mass customization
- D) product development
- E) downsizing

Answer: D

Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate

45) A women's apparel manufacturer in California recently acquired a Houston-based company that manufactures office furniture. This is an example of \_\_\_\_\_.

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

Answer: D

Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Easy

46) Elmo Corp., a manufacturer of personal computers and printers, recently established an office furniture exporting business. This is an example of \_\_\_\_\_.

- A) niche marketing
- B) local marketing
- C) diversification
- D) product adaptation
- E) downsizing

Answer: C

Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate

Refer to the scenario below to answer the following questions.

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 theater.

"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 the arbors.

"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 for variety."

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "Like the park's motto at the entrance reads, '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."

47) Fun-Spot's mission is \_\_\_\_\_.

- A) product oriented
- B) technology oriented
- C) market oriented
- D) design oriented
- E) narrowly focused on profits

Answer: C

Page Ref: 39

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate



48) The Fun-Spot represents a high-growth, high-share business. According to the BCG matrix, it can be classified as a \_\_\_\_\_.

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

Answer: A

Page Ref: 42

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Easy

49) 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?

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

Answer: A

Page Ref: 44

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate

50) Ron and Gail strive to provide new offerings and entertainment options for their visitors. This type of strategy can be best described as \_\_\_\_\_.

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

Answer: C

Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate

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

- A) A rival amusement park announces plans to open three new rides next season.
- B) A new luxury hotel is being constructed in the area, with the aim of attracting more high-spending families on vacation.
- C) Ron and Gail have paid off the mortgage on Fun-Spot, significantly reducing their monthly expenses.
- D) Fun-Spot employees tend to be enthusiastic and young, projecting an image of fun and vitality.
- E) Fun-Spot plans to further diversify its offerings by beginning a two-week summer camp for elementary school students.

Answer: B

Page Ref: 54

AACSB: Analytic Skills

Skill: Application

Objective: 2-4

Difficulty: Moderate

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

- A) channel of intermediaries
- B) external value stream
- C) demand chain
- D) internal value chain
- E) supplier chain

Answer: D

Page Ref: 46

Skill: Concept

Objective: 2-2

Difficulty: Easy

53) RedFin manufactures diving equipment that is highly regarded by customers worldwide. Each department in RedFin contributes to its success and can be thought of as a(n) \_\_\_\_\_.

- A) link in the company's internal value chain
- B) separate organization
- C) independent subsidiary of the company
- D) separate market segment
- E) SBU

Answer: A

Page Ref: 47

AACSB: Analytic Skills

Skill: Application

Objective: 2-2

Difficulty: Moderate

54) The network made up of the company, its suppliers, its distributors, and, ultimately, its customers who partner with each other to improve the performance of the entire system is known as the \_\_\_\_\_.

- A) business portfolio
- B) supply chain
- C) marketing mix
- D) value delivery network
- E) internal value chain

Answer: D

Page Ref: 47

Skill: Concept

Objective: 2-2

Difficulty: Easy

55) The marketing logic by which a company hopes to create customer value and achieve profitable customer relationships is referred to as the \_\_\_\_\_.

- A) price
- B) marketing implementation
- C) value chain
- D) marketing strategy
- E) downsizing

Answer: D

Page Ref: 48

Skill: Concept

Objective: 2-2

Difficulty: Easy

56) Market segmentation can be best described as the process of \_\_\_\_\_.

- A) assigning specific human attributes to a given brand
- B) dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate products or marketing programs
- C) evaluating each market segment's attractiveness and selecting one or more segments to enter
- D) turning marketing plans into marketing actions to accomplish strategic marketing objectives
- E) maintaining a strategic fit between organizational goals and changing marketing opportunities

Answer: B

Page Ref: 48

Skill: Concept

Objective: 2-3

Difficulty: Moderate

57) Which of the following is an element of the marketing mix?

- A) place
- B) education
- C) needs
- D) wants
- E) esteem

Answer: A

Page Ref: 48

Skill: Concept

Objective: 2-3

Difficulty: Easy

58) Teenagers are expected to respond in a similar way to a set of marketing efforts. In other words, this group represents a \_\_\_\_\_.

- A) channel intermediary
- B) line extension
- C) market segment
- D) product attribute
- E) brand personality

Answer: C

Page Ref: 49

Skill: Application

Objective: 2-3

Difficulty: Moderate

59) In the context of a company's marketing mix, \_\_\_\_\_ includes company activities that make the product available to target consumers.

- A) position
- B) place
- C) price
- D) promotion
- E) branding

Answer: B

Page Ref: 53-54

Skill: Concept

Objective: 2-3

Difficulty: Easy

60) Arrow is "a different kind of company, manufacturing a different kind of a car"; the RoadPro is "like nothing else." Statements such as these reflect a firm's \_\_\_\_\_.

- A) portfolio
- B) marketing segment
- C) positioning
- D) marketing mix
- E) mission statement

Answer: C

Page Ref: 51

AACSB: Analytic Skills

Skill: Application

Objective: 2-3

Difficulty: Moderate

61) Paul Robinson has identified a group of potential customers who seem to respond in a similar way to a series of magazine and radio advertisements for his company's product. Paul has identified a(n) \_\_\_\_\_.

- A) target market
- B) market segment
- C) niche market
- D) product attribute
- E) product design

Answer: B

Page Ref: 49

AACSB: Analytic Skills

Skill: Application

Objective: 2-3

Difficulty: Easy

62) Each company must divide up the total market, choose the best segments, and design strategies for profitably serving chosen segments. This process involves market segmentation, \_\_\_\_\_, differentiation, and positioning.

- A) market targeting
- B) marketing implementation
- C) supply-chain analysis
- D) price discrimination
- E) market diversification

Answer: A

Page Ref: 48

Skill: Concept

Objective: 2-3

Difficulty: Easy

63) Which of the following is true with regard to a market segment?

- A) A market segment consists of consumers with dissimilar needs and preferences.
- B) A market segment consists of consumers who respond in a similar way to a given set of marketing efforts.
- C) Very few markets have segments.
- D) Dividing the market into segments decreases the efficiency of the selling process.
- E) Dividing the market into segments reduces composite demand.

Answer: B

Page Ref: 48

Skill: Concept

Objective: 2-3

Difficulty: Easy

64) Alpha Motors offers "Green automobiles for a greener world." This refers to the \_\_\_\_\_ of Alpha automobiles.

- A) brand resonance
- B) position
- C) brand equity
- D) hedonic value
- E) added value

Answer: B

Page Ref: 49

AACSB: Analytic Skills

Skill: Application

Objective: 2-3

Difficulty: Moderate

65) Which of the following refers to the process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviors?

- A) market diversification
- B) market segmentation
- C) downsizing
- D) customer relationship management
- E) prospecting

Answer: B

Page Ref: 49

Skill: Concept

Objective: 2-3

Difficulty: Easy

66) Rob has been asked by his manager to identify a group of potential customers who would respond in a similar way to a given set of marketing efforts. In this instance, Rob has been asked to identify a \_\_\_\_\_.

- A) new product
- B) market segment
- C) marketing intermediary
- D) brand
- E) product line

Answer: B

Page Ref: 49

Skill: Application

Objective: 2-3

Difficulty: Moderate

67) The process of evaluating each market segment's attractiveness and selecting one or more segments to enter is known as \_\_\_\_\_.

- A) market segmentation
- B) diversification
- C) market targeting
- D) prospecting
- E) downsizing

Answer: C

Page Ref: 49

Skill: Concept

Objective: 2-3

Difficulty: Easy

68) Crocus, a gift store, specializes in serving customer segments that major competitors overlook and ignore. Which of the following best describes Crocus?

- A) market follower
- B) market challenger
- C) early adopter
- D) market nicher
- E) laggard

Answer: D

Page Ref: 49

Skill: Application

Objective: 2-3

Difficulty: Moderate

69) Arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers is known as \_\_\_\_\_.

- A) positioning
- B) segmenting
- C) diversifying
- D) prospecting
- E) satisficing

Answer: A

Page Ref: 49

Skill: Concept

Objective: 2-3

Difficulty: Easy

70) Effective positioning begins with \_\_\_\_\_.

- A) pricing
- B) diversification
- C) differentiation
- D) promotion
- E) segmentation

Answer: C

Page Ref: 51

Skill: Concept

Objective: 2-3

Difficulty: Easy

71) Which of the following Ps in the marketing mix describes the goods-and-services combination the company offers to the target market?

- A) price
- B) promotion
- C) product
- D) place
- E) package

Answer: C

Page Ref: 51

Skill: Concept

Objective: 2-3

Difficulty: Easy



72) In the marketing mix, design, packaging, services, and variety can be categorized under \_\_\_\_\_.

- A) product
- B) price
- C) promotion
- D) place
- E) position

Answer: A

Page Ref: 52

Skill: Concept

Objective: 2-3

Difficulty: Easy

73) In the marketing mix, place includes \_\_\_\_\_.

- A) logistics
- B) discounts
- C) sales promotion
- D) advertising
- E) packaging

Answer: A

Page Ref: 53

Skill: Concept

Objective: 2-3

Difficulty: Easy

74) \_\_\_\_\_ refers to activities that communicate the merits of the product and persuade target customers to buy it.

- A) Position
- B) Promotion
- C) Pricing
- D) Segmentation
- E) Prospecting

Answer: B

Page Ref: 53

Skill: Concept

Objective: 2-3

Difficulty: Moderate

75) Which of the following is true with regard to a SWOT analysis?

- A) It classifies SBUs into four distinct categories.
- B) It measures customer response to a new product.
- C) It evaluates the company's overall strengths.
- D) It evaluates the growth potential of a market segment.
- E) It ignores the threats faced by a company while assessing its situation in the market.

Answer: C

Page Ref: 53

Skill: Concept

Objective: 2-4

Difficulty: Easy

76) \_\_\_\_\_ is an overall evaluation of the company's strengths, weaknesses, opportunities, and threats.

- A) Porter's five forces analysis
- B) A breakeven analysis
- C) A regression analysis
- D) A SWOT analysis
- E) A cluster analysis

Answer: D

Page Ref: 53

Skill: Concept

Objective: 2-4

Difficulty: Easy

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

- A) industry trends
- B) technological shifts
- C) environmental demands
- D) performance challenges
- E) internal capabilities

Answer: E

Page Ref: 53

Skill: Concept

Objective: 2-4

Difficulty: Easy

78) In a SWOT analysis, \_\_\_\_\_ include favorable trends in the external environment.

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

Answer: D

Page Ref: 53

Skill: Concept

Objective: 2-4

Difficulty: Easy

79) The main section of the marketing plan most likely presents a detailed \_\_\_\_\_ analysis of the current marketing situation.

- A) breakeven
- B) SBU
- C) SWOT
- D) regression
- E) cluster

Answer: C

Page Ref: 54

Skill: Concept

Objective: 2-4

Difficulty: Easy

80) A marketing plan begins with a(n) \_\_\_\_\_, which presents a brief summary of the main goals and recommendations of the plan for management review.

- A) budget
- B) opportunity analysis
- C) threat analysis
- D) executive summary
- E) action program

Answer: D

Page Ref: 54

Skill: Concept

Objective: 2-4

Difficulty: Easy

81) Many managers think that "doing things right," or \_\_\_\_\_, is as important as, or even more important than, "doing the right things."

- A) strategy
- B) planning
- C) positioning
- D) implementation
- E) targeting

Answer: D

Page Ref: 54

Skill: Concept

Objective: 2-4

Difficulty: Moderate

82) Ravenshaw Corp. assigns its sales and marketing people to specific countries, regions, and districts. Ravenshaw Corp. is most likely an example of a \_\_\_\_\_.

- A) geographic organization
- B) product organization
- C) functional organization
- D) niche marketer
- E) mass marketer

Answer: A

Page Ref: 56

AACSB: Analytic Skills

Skill: Application

Objective: 2-4

Difficulty: Easy

83) The most common form of marketing organization is the \_\_\_\_\_ organization. Under this organization, different marketing activities are headed by an operational specialist.

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

Answer: C

Page Ref: 56

Skill: Concept

Objective: 2-4

Difficulty: Easy

84) Berman Electronics, a chain of appliance stores in North America, caters to a wide range of customers. It has a marketing organization in which different operational specialists head different marketing activities. Berman Electronics is a(n) \_\_\_\_\_.

- A) customer management organization
- B) niche marketer
- C) early adopter
- D) functional organization
- E) laggard

Answer: D

Page Ref: 56

AACSB: Analytic Skills

Skill: Application

Objective: 2-4

Difficulty: Hard

85) Which of the following is true with regard to geographic organization?

- A) It is the most common form of marketing organization.
- B) Different marketing activities are headed by a functional specialist.
- C) It requires salespeople to have international experience.
- D) It reduces the overall efficiency of salespeople.
- E) It allows salespeople to work with a minimum of travel time and cost.

Answer: E

Page Ref: 56

Skill: Concept

Objective: 2-4

Difficulty: Easy

86) Which of the following is a major advantage of the market organization?

- A) The company is organized around the needs of specific customer segments.
- B) The company exploits bleeding-edge technologies to keep ahead in the market.
- C) The company has a flat organizational structure.
- D) The company allows its salespeople to settle into a specific territory.
- E) The company caters to a single, small market segment.

Answer: A

Page Ref: 56

Skill: Concept

Objective: 2-4

Difficulty: Easy

87) More and more companies are shifting their brand management focus toward \_\_\_\_\_.

- A) technology management
- B) product management
- C) customer management
- D) functional management
- E) geographic management

Answer: C

Page Ref: 56

Skill: Concept

Objective: 2-4

Difficulty: Moderate

88) \_\_\_\_\_ refers to measuring and evaluating the results of marketing strategies and plans and taking corrective action to ensure that the objectives are achieved.

- A) Marketing control
- B) Marketing implementation
- C) Satisficing
- D) Prospecting
- E) Benchmarking

Answer: A

Page Ref: 56

Skill: Concept

Objective: 2-4

Difficulty: Easy

89) Marketing control involves \_\_\_\_\_ steps.

- A) two
- B) seven
- C) nine
- D) four
- E) eight

Answer: D

Page Ref: 56

Skill: Concept

Objective: 2-4

Difficulty: Easy

90) All of the following steps pertain to the marketing control process EXCEPT \_\_\_\_\_.

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

Answer: D

Page Ref: 56

Skill: Concept

Objective: 2-4

Difficulty: Easy

91) The purpose of \_\_\_\_\_ is to ensure that the company achieves the sales, profits, and other goals set out in its annual marketing plan.

- A) benchmarking
- B) operating control
- C) strategic control
- D) SWOT analysis
- E) a marketing audit

Answer: B

Page Ref: 57

Skill: Concept

Objective: 2-4

Difficulty: Easy

92) \_\_\_\_\_ involves looking at whether a company's key action plans are well-matched to its opportunities.

- A) Operating control
- B) Benchmarking
- C) Strategic control
- D) Regression analysis
- E) Portfolio analysis

Answer: C

Page Ref: 57

Skill: Concept

Objective: 2-4

Difficulty: Easy

93) Harris Brown, the marketing manager at a small retail chain, wants to assess his firm's strengths, opportunities, weaknesses, and threats. Which of the following would be best suited for his purpose?

- A) SWOT analysis
- B) cluster analysis
- C) portfolio analysis
- D) regression analysis
- E) Porter's five forces analysis

Answer: A

Page Ref: 53

AACSB: Analytic Skills

Skill: Application

Objective: 2-4

Difficulty: Moderate

94) Omega Inc. makes lightweight sunglasses with 100-percent UV protection for people who love to hunt, hike, and ride bikes. The company's long-term plans include the development of lenses that, in addition to protecting users from UV rays, would help reduce lens spotting through effective water-sheeting methods. This new feature would be valuable to people who fish. Given the rising popularity of recreational fishing in the United States, Omega products clearly have a huge market potential. In terms of a SWOT analysis, Omega has recognized a market \_\_\_\_\_.

- A) weakness
- B) strength
- C) threat
- D) opportunity
- E) challenge

Answer: D

Page Ref: 53

AACSB: Analytic Skills

Skill: Application

Objective: 2-4

Difficulty: Moderate

95) Emerson Studios has designed its marketing organization along the lines of a \_\_\_\_\_ organization in which different marketing activities are headed by operational specialists.

- A) geographic
- B) product
- C) functional
- D) customer
- E) market

Answer: C

Page Ref: 56

AACSB: Analytic Skills

Skill: Application

Objective: 2-4

Difficulty: Moderate

96) \_\_\_\_\_ measures the profits generated by investments in marketing activities.

- A) SWOT analysis
- B) A marketing audit
- C) Regression analysis
- D) Return on marketing investment
- E) Marketing budget evaluation

Answer: D

Page Ref: 57

Skill: Concept

Objective: 2-5

Difficulty: Easy

97) \_\_\_\_\_ refer(s) to meaningful sets of marketing performance measures in a single display used to monitor strategic marketing performance.

- A) Field automation systems
- B) Market segments
- C) Market share
- D) Marketing dashboards
- E) Line extensions

Answer: D

Page Ref: 57-58

Skill: Concept

Objective: 2-5

Difficulty: Easy

98) A mission statement is a document embodying an organization's short-term goals.

Answer: FALSE

Page Ref: 40

Skill: Concept

Objective: 2-1

Difficulty: Easy



99) A clear mission statement acts as an "invisible hand" that guides people in the organization.

Answer: TRUE

Page Ref: 39

Skill: Concept

Objective: 2-1

Difficulty: Easy

100) Mission statements should be market oriented and defined in terms of satisfying basic customer needs.

Answer: TRUE

Page Ref: 40

Skill: Concept

Objective: 2-1

Difficulty: Easy

101) A company's mission should be stated as making more sales or profits.

Answer: FALSE

Page Ref: 40

Skill: Concept

Objective: 2-1

Difficulty: Easy

102) The major activity in strategic planning is business portfolio analysis, whereby management evaluates the products and businesses that make up the company.

Answer: TRUE

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

103) The major activity in strategic planning is product innovation.

Answer: FALSE

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

104) 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.

Answer: TRUE

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

105) On the BCG matrix, "question marks" are high-growth, high-share businesses or products.

Answer: FALSE

Page Ref: 43

Skill: Concept

Objective: 2-1

Difficulty: Moderate

106) "At Joe's Diner, we serve great burgers" is a product-oriented business definition.

Answer: TRUE

Page Ref: 39

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Easy

107) "At Trader Joe's, our mission is to provide all our customers the best food and beverage values to be found anywhere, and the information to make informed buying decisions." This is a product-oriented business definition.

Answer: FALSE

Page Ref: 39

AACSB: Analytic Skills

Skill: Application

Objective: 2-1

Difficulty: Moderate

108) Company growth through diversification involves offering modified or new products to the company's current markets.

Answer: FALSE

Page Ref: 45

Skill: Concept

Objective: 2-2

Difficulty: Easy

109) Market development involves company growth by identifying and developing new market segments for current company products.

Answer: TRUE

Page Ref: 45

Skill: Concept

Objective: 2-2

Difficulty: Easy

110) An American airline company started a grocery chain in Australia. This is an example of product development.

Answer: FALSE

Page Ref: 45

AACSB: Analytic Skills

Skill: Application

Objective: 2-2

Difficulty: Moderate

111) Each company department can be thought of as a link in the company's internal value chain.

Answer: TRUE

Page Ref: 47

Skill: Concept

Objective: 2-2

Difficulty: Easy

112) Dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate products or marketing programs is known as market diversification.

Answer: FALSE

Page Ref: 49

Skill: Concept

Objective: 2-3

Difficulty: Easy

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

Answer: FALSE

Page Ref: 49

Skill: Concept

Objective: 2-3

Difficulty: Moderate

114) A product's position is the place it occupies relative to competitors' products in consumers' minds.

Answer: TRUE

Page Ref: 50

Skill: Concept

Objective: 2-3

Difficulty: Easy

115) The marketing mix consists of people, property, planning, and position.

Answer: FALSE

Page Ref: 51

Skill: Concept

Objective: 2-3

Difficulty: Moderate

116) Product means the goods-and-services combination the company offers to the target market.

Answer: TRUE

Page Ref: 51

Skill: Concept

Objective: 2-3

Difficulty: Easy

117) One valid criticism of the four Ps concept of the marketing mix is that services are not considered.

Answer: FALSE

Page Ref: 52

Skill: Concept

Objective: 2-3

Difficulty: Easy

118) The four Cs concept adopts the buyer's view of the market.

Answer: TRUE

Page Ref: 53

Skill: Concept

Objective: 2-3

Difficulty: Easy

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

Answer: TRUE

Page Ref: 53

Skill: Concept

Objective: 2-4

Difficulty: Easy

120) Operating control involves checking ongoing performance against the annual plan and taking corrective action when necessary.

Answer: TRUE

Page Ref: 47

Skill: Concept

Objective: 2-4

Difficulty: Easy

121) Benchmarking refers to the process that turns marketing plans into marketing actions to accomplish strategic marketing objectives.

Answer: FALSE

Page Ref: 49

Skill: Concept

Objective: 2-4

Difficulty: Easy

122) Return on marketing investment refers to the net return from a marketing investment divided by the costs of the marketing investment.

Answer: TRUE

Page Ref: 49

Skill: Concept

Objective: 2-4

Difficulty: Moderate

123) Define strategic planning. Discuss the steps involved.

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 corporate level, the company starts the strategic planning process by defining its overall purpose and mission. This mission is then turned into detailed supporting objectives that guide the entire company. Next, headquarters decides what portfolio of businesses and products is best for the company and how much support to give each one. In turn, each business and product develops detailed marketing and other departmental plans that support the company-wide plan. Thus, marketing planning occurs at the business-unit, product, and market levels. It supports company strategic planning with more detailed plans for specific marketing opportunities.

Page Ref: 38-40

Skill: Concept

Objective: 2-1

Difficulty: Moderate

124) What is a business portfolio? What are the steps involved in business portfolio planning?

Answer: A business portfolio is the collection of businesses and products that make up a company.

Business portfolio planning involves two steps. First, the company must analyze its current business portfolio and determine which businesses should receive more, less, or no investment. Second, it must shape the future portfolio by developing strategies for growth and downsizing.

Page Ref: 42-43

Skill: Concept

Objective: 2-1

Difficulty: Moderate

125) What is a growth-share matrix? Discuss the BCG growth-share matrix.

Answer: The growth-share matrix is a portfolio-planning method that evaluates a company's SBUs in terms of market growth rate and relative market share.

Using the now-classic Boston Consulting Group (BCG) approach, a company classifies all its SBUs according to the growth-share matrix. On the vertical axis, market growth rate provides a measure of market attractiveness. On the horizontal axis, relative market share serves as a measure of company strength in the market. The growth-share matrix defines four types of SBUs:

1. Stars. Stars are high-growth, high-share businesses or products. They often need heavy investments to finance their rapid growth. Eventually their growth will slow down, and they will turn into cash cows.
2. Cash cows. Cash cows are low-growth, high-share businesses or products. These established and successful SBUs need less investment to hold their market share. Thus, they produce a lot of the cash that the company uses to pay its bills and support other SBUs that need investment.
3. Question marks. Question marks are low-share business units in high-growth markets. They require a lot of cash to hold their share, let alone increase it. Management has to think hard about which question marks it should try to build into stars and which should be phased out.
4. Dogs. Dogs are low-growth, low-share businesses and products. They may generate enough cash to maintain themselves but do not promise to be large sources of cash.

Page Ref: 43

Skill: Concept

Objective: 2-1

Difficulty: Easy

126) What are some of the problems associated with matrix approaches?

Answer: The BCG and other formal methods revolutionized strategic planning. However, such centralized approaches have limitations: They can be difficult, time-consuming, and costly to implement. Management may find it difficult to define SBUs and measure market share and growth. In addition, these approaches focus on classifying current businesses but provide little advice for future planning.

Page Ref: 44-45

Skill: Concept

Objective: 2-1

Difficulty: Moderate

127) What is a value delivery network?

Answer: Value delivery network refers to the network made up of the company, its suppliers, its distributors, and, ultimately, its customers who partner with each other to improve the performance of the entire system.

More companies today are partnering with other members of the supply chain—suppliers, distributors, and, ultimately, customers—to improve the performance of the customer value delivery network. Competition no longer takes place only between individual competitors. Rather, it takes place between the entire value delivery networks created by these competitors.

Page Ref: 47

Skill: Concept

Objective: 2-2

Difficulty: Easy

128) What is a marketing strategy? How do marketing strategies help firms?

Answer: Marketing strategy refers to the marketing logic by which the company hopes to create this customer value and achieve these profitable relationships.

A company decides which customers it will serve (segmentation and targeting) and how (differentiation and positioning). It identifies the total market and then divides it into smaller segments, selects the most promising segments, and focuses on serving and satisfying the customers in these segments.

Guided by marketing strategy, a company designs an integrated marketing mix made up of factors under its control—product, price, place, and promotion (the four Ps). To find the best marketing strategy and mix, the company engages in marketing analysis, planning, implementation, and control. Through these activities, the company watches and adapts to the actors and forces in the marketing environment.

Page Ref: 48-49

Skill: Concept

Objective: 2-3

Difficulty: Moderate

129) Distinguish between market segmentation and market targeting.

Answer: The process of dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate products or marketing programs, is called market segmentation.

On the other hand, 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.

Page Ref: 52-53

Skill: Concept

Objective: 2-3

Difficulty: Moderate

130) Define marketing planning. What are the contents of a marketing plan?

Answer: Marketing planning involves choosing marketing strategies that will help the company attain its overall strategic objectives. A detailed marketing plan is needed for each business, product, or brand.

The major contents of a marketing plan are:

1. Executive summary,
2. Current marketing situation,
3. Threats and opportunities analysis,
4. Objectives and issues,
5. Marketing strategy,
6. Action programs,
7. Budgets, and
8. Controls

Page Ref: 54-55

Skill: Concept

Objective: 2-4

Difficulty: Moderate

131) Describe the most common forms of marketing organizations.

Answer: Modern marketing departments can be arranged in several ways.

1. The most common form of marketing organization is the functional organization. Under this organization, different marketing activities are headed by a functional specialist—a sales manager, an advertising manager, a marketing research manager, a customer service manager, or a new product manager.
2. A company that sells across the country or internationally often uses a geographic organization. Its sales and marketing people are assigned to specific countries, regions, and districts. Geographic organization allows salespeople to settle into a territory, get to know their customers, and work with a minimum of travel time and cost.
3. Companies with many very different products or brands often create a product management organization. Using this approach, a product manager develops and implements a complete strategy and marketing program for a specific product or brand.
4. For companies that sell one product line to many different types of markets and customers who have different needs and preferences, a market or customer management organization might be best. A market management organization is similar to the product management organization. Large companies that produce many different products flowing into many different geographic and customer markets usually employ some combination of the functional, geographic, product, and market organization forms.

Page Ref: 56

Skill: Concept

Objective: 2-4

Difficulty: Moderate

132) How do marketers measure return on marketing investment? Why is this figure difficult to assess?

Answer: Marketing ROI (return on investment) is the net return from a marketing investment divided by the costs of the marketing investment. It measures the profits generated by investments in marketing activities.

Marketing ROI can be difficult to measure. In measuring financial ROI, both the "R" and the "I" are uniformly measured in dollars. As of yet, however, there is no consistent definition of marketing ROI. For instance, returns like advertising and brand-building impact aren't easily put into dollar returns.

Increasingly, however, beyond standard performance measures, marketers are using customer-centered measures of marketing impact, such as customer acquisition, customer retention, customer lifetime value, and customer equity. These measures capture not only current marketing performance but also future performance resulting from stronger customer relationships.

Page Ref: 57-58

Skill: Concept

Objective: 2-5

Difficulty: Moderate



133) Why should mission statements be market oriented instead of product or technology oriented?

Answer: Mission statements should be market oriented and defined in terms of satisfying basic customer needs. Products and technologies eventually become outdated, but basic market needs may last forever.

Page Ref: 39

Skill: Concept

Objective: 2-1

Difficulty: Easy

134) How does strategic planning benefit companies?

Answer: Strategic planning sets the stage for the rest of planning in the firm. The strategic plan involves adapting the firm to take advantage of opportunities in its constantly changing environment.

Page Ref: 40

Skill: Concept

Objective: 2-1

Difficulty: Moderate

135) What is a strategic business unit (SBU)?

Answer: An SBU can be a company division, a product line within a division, or sometimes a single product or brand.

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

136) What are stars according to the BCG growth-share matrix?

Answer: Stars are high-growth, high-share businesses or products. They often need heavy investments to finance their rapid growth.

Page Ref: 42

Skill: Concept

Objective: 2-1

Difficulty: Easy

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

Answer: Since cash cows are low-growth, high-share businesses or products, and require less investment, a company should finance other SBUs with the help of cash cows.

Page Ref: 42-43

Skill: Concept

Objective: 2-1

Difficulty: Moderate

138) Define market penetration.

Answer: Market penetration refers to company growth by increasing sales of current products to current market segments without changing the product.

Page Ref: 43

Skill: Concept

Objective: 2-1

Difficulty: Easy

139) What factors determine the success of a company's value chain?

Answer: A company's value chain is only as strong as its weakest link. Success depends on how well each department performs its work of adding customer value and on how the company coordinates the activities of various departments.

Page Ref: 45

Skill: Concept

Objective: 2-2

Difficulty: Moderate

140) What are the various components of the value delivery network of a company?

Answer: The value delivery network is made up of the company, its suppliers, its distributors, and, ultimately, its customers who partner with each other to improve the performance of the entire system.

Page Ref: 45

Skill: Concept

Objective: 2-2

Difficulty: Easy

141) What are the components of a company's marketing mix?

Answer: A company designs an integrated marketing mix made up of factors under its control—product, price, place, and promotion (the four Ps).

Page Ref: 45

Skill: Concept

Objective: 2-3

Difficulty: Easy

142) What does a market segment consist of?

Answer: A market segment consists of consumers who respond in a similar way to a given set of marketing efforts.

Page Ref: 46

Skill: Concept

Objective: 2-3

Difficulty: Moderate

143) What does market targeting involve?

Answer: Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter.

Page Ref: 49

Skill: Concept

Objective: 2-3

Difficulty: Moderate

144) What is SWOT analysis?

Answer: SWOT analysis is an overall evaluation of the company's strengths (S), weaknesses (W), opportunities (O), and threats (T).

Page Ref: 51

Skill: Concept

Objective: 2-4

Difficulty: Easy

145) What is the main purpose of the executive summary in a marketing plan?

Answer: It presents a brief summary of the main goals and recommendations of the plan for management review, helping top management find the plan's major points quickly.

Page Ref: 51

Skill: Concept

Objective: 2-4

Difficulty: Moderate

146) What is the difference between marketing planning and marketing implementation?

Answer: Whereas marketing planning addresses the what and why of marketing activities, implementation addresses the who, where, when, and how.

Page Ref: 53-54

Skill: Concept

Objective: 2-4

Difficulty: Moderate

147) What does the marketing ROI measure?

Answer: It measures the profits generated by investments in marketing activities.

Page Ref: 58

Skill: Concept

Objective: 2-5

Difficulty: Easy