

ENT 2112 Homework 11

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All uncited quotes are from the textbook

1. What is a target market? What are the factors that need to be considered when selecting a market?
 - "a particular group of consumers at which a product or service is aimed." – Oxford Languages
2. Explain the importance of market segmentation. What are several ways markets can be segmented?
 - "Market segmentation is important because a new firm typically has only enough resources to target one market segment, at least initially.² Markets can be segmented in many ways, such as by geography (city, state, country), demographic variables (age, gender, family size, income), psychographic variables (personality, lifestyle, values), behavioral variables (benefits sought, product usage rates, brand loyalty), and product type (varies by product). For example, the computer industry can be segmented by product type (i.e., handheld computers, tablet computers, laptops, PCs, work stations, minicomputers, mainframes, and super computers) or customers served (i.e., individuals, businesses, schools, and government)."
3. How should a firm go about constructing a product attribute map?
 - "After a company has identified its position and primary points of differentiation, a helpful technique is to develop a **product attribute map**, which illustrates a firm's positioning strategy relative to its major rivals."
4. What is a niche market?
 - "A **niche market** is a place within a market segment that represents a narrow group of customers with similar interests. For example, Broadway Dance Center in New York City targets serious dancers who aspire to earn a living dancing in Broadway plays."
5. What is meant by a firm's positioning strategy?
 - The positioning strategy is how the company plans to position itself in the market.
6. What is the use of a tagline?
 - "To support their positioning strategy, firms often develop a tagline. Casper's tagline is "Live the Dream." A **tagline** is a catchy phrase that's used consistently in a company's literature, advertisements, stationery, and even invoices, and thus becomes associated with that company—to reinforce the position it has staked out in the market."
7. What is a brand? Provide an example of a brand that you buy frequently and describe the mental image that pops into your mind when you hear or see the brand's name.
 - "A **brand** is the set of attributes—positive or negative—that people associate with a

company. " One of my favorite brands is REI Co-op. They're an outdoors company so whenever I think of them I think of their stores, website, or various outdoor activities.

8. What is the purpose of brand management?

- "Some companies monitor the integrity of their brands through **brand management**, which is a program used to protect the image and value of an organization's brand in consumers' minds. This means that if Sunkist discovered that some of its oranges weren't fresh, it would take immediate steps to correct the problem."

9. What is meant by creating "buzz" for a company? Provide an example of a firm that has created effective buzz for its product or service.

- "Creating **buzz** means creating awareness and a sense of anticipation about a company and its offerings.¹⁰ This process can start during feasibility analysis, when a company shows its concept statement or product prototype to prospective buyers or industry experts." Lil Nas X recently created buzz by launching a new sneaker partnership where his flagship sneaker has human blood in it.

10. What is meant by the term *brand equity*?

- "**Brand equity** is the term that denotes the set of assets and liabilities that are linked to a brand and enable it to increase a firm's valuation.¹³ It is important for firms to understand brand equity and how to use it to create value."

11. What are the four elements of a firm's "marketing mix"?

1. "A firm's **product**, in the context of its marketing mix, is the good or service it offers to its target market."
2. "**Price** is the amount of money consumers pay to buy a product."
3. "**Promotion** refers to the actions the firm takes to communicate the merits of its product to its target market."
4. "**Place**, or distribution, encompasses all the activities that move a firm's product from its place of origin to the consumer."

12. Describe the difference between a core product and an actual product.

- "As the firm prepares to sell its product, an important distinction should be made between the core product and the actual product. While the core product may be a CD that contains a tax preparation program, the actual product, which is what the customer buys, may have as many as five characteristics: a quality level, features, design, a brand name, and packaging.¹⁶ For example, TurboTax is an actual product. Its name, features, warranty, ability to upgrade, packaging, and other attributes have all been carefully combined to deliver the benefits of the product: helping people prepare their federal and state tax returns while receiving the largest refund possible. "

13. How can a firm obtain a unique market position?

- "After selecting a target market, the firm's next step is to establish a "position" within it that differentiates it from competitors. As we discussed in Chapter 5, position is concerned with how the firm is situated relative to competitors. [...] A firm's market position is defined by its products or services. Determining which position in a market to occupy and in which to compete is a strategic call on the part of a company based on its mission, its overall

approach to the marketplace, and its competitive landscape."

14. Contrast cost-based pricing and value-based pricing.

- "In **cost-based pricing**, the list price is determined by adding a markup percentage to a product's cost. The markup percentage may be standard for the industry or may be arbitrarily determined by the entrepreneur. [...] In **value-based pricing**, the list price is determined by estimating what consumers are willing to pay for a product and then backing off a bit to provide a cushion. "

15. What is meant by the phrase "price-quality attribution"? How does an understanding of this phrase help an entrepreneur know how to price a product?

- "This approach can win a sale but generates little profit. In addition, most consumers make a **price-quality attribution** when looking at the price of a product. This means that consumers naturally assume that the higher-priced product is also the better-quality product.²⁰ If a firm charges a low price for its products, it sends a signal to its customers that the product is low quality regardless of whether it really is."

16. What are the different ways people think about the meaning of a brand?

- " A brand is a promise to serve stakeholders' interests.
- A brand is a firm's guarantee of a level of performance.
- A brand indicates the promises a firm makes to those it serves.
- A brand expresses a firm's reputation.
- A brand presents a firm's credentials.
- A brand is an indicator of trust and reduced risk.
- A brand describes a company's nature.
- A brand serves as a handshake between a firm and its customers."

17. Contrast the roles of advertising and public relations in promoting a firm and its products.

- "**Advertising** is making people aware of a product in hopes of persuading them to buy it. [...] One of the most cost-effective ways to increase the awareness of the products a company sells is through public relations. **Public relations** refers to efforts to establish and maintain a company's image with the public."

18. What is the purpose of writing a blog and establishing a presence on Facebook and Twitter?

- "The idea behind blogs is that they familiarize people with a business and help build an emotional bond between a business and its customers."

19. Why do firms focus on promotional activities?

- Firms focus on promotions because it helps them find customers and spreads brand awareness.

20. What is the purpose of having an organized sales process?

- "A firm's **sales process** depicts the steps it goes through to identify prospects and close sales. It doesn't matter whether a firm is selling directly to customers or through intermediaries; it still has a process through which it makes sales. If it's selling through an intermediary, like a distributor, it has to convince the distributor to carry its products and has to offer the distributor varying levels of support."

