

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

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

- A) long-range planning
- B) short-range planning
- C) media planning
- D) strategic planning
- E) annual planning

Answer: D

Diff: 2 Page Ref: 38

Skill: Concept

Objective: 2-1

2) When a firm develops and maintains a strategic fit between its goals and capabilities, it is performing \_\_\_\_\_.

- A) mission planning
- B) values planning
- C) strategic planning
- D) business-portfolio planning
- E) operations planning

Answer: C

Diff: 1 Page Ref: 38

Skill: Concept

Objective: 2-1

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

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

Answer: C

Diff: 1 Page Ref: 39

Skill: Concept

Objective: 2-1

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 all members of the value chain

Answer: E

Diff: 2 Page Ref: 39

Skill: Concept

Objective: 2-1

5) Which of the following provides an answer to these questions: What is our business? Who are our customers? What do our customers value? What should our business be?

- A) objectives and goals
- B) a mission statement
- C) a business portfolio
- D) marketing and functional strategies
- E) operational strategies

Answer: B

Diff: 2 Page Ref: 39

AACSB: Communication

Skill: Concept

Objective: 2-1

6) \_\_\_\_\_ should be market oriented and defined in terms of \_\_\_\_\_.

- A) Annual plans; product needs
- B) Strategic plans; company needs
- C) Long-range plans; company needs
- D) Mission statements; customers' needs
- E) Objectives; competitors' threats

Answer: D

Diff: 2 Page Ref: 39

AACSB: Communication

Skill: Concept

Objective: 2-1

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

A) A mission statement should be realistic.

B) A mission statement should be narrow.

C) A mission statement should emphasize the company's strengths in the marketplace.

D) A mission statement should be specific.

E) A mission statement should motivate employees.

Answer: B

Diff: 3 Page Ref: 39

AACSB: Communication

Skill: Concept

Objective: 2-1

8) A company's mission statement serves as a statement of \_\_\_\_\_.

A) fact

B) values

C) purpose

D) financial goals

E) employee commitment

Answer: C

Diff: 2 Page Ref: 39

AACSB: Communication

Skill: Concept

Objective: 2-1

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

A) "to make the Internet buying experience fast, easy, and enjoyable"

B) "to sell tools and home repair and improvement items"

C) "to deliver low prices every day"

D) "to be the guardian of our customers' financial dreams"

E) "to bring aspiration and innovation to every athlete in the world"

Answer: B

Diff: 2 Page Ref: 40

AACSB: Reflective Thinking

Skill: Concept

Objective: 2-1

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

- A) "We provide online services."
- B) "We run theme parks."
- C) "We sell shoes."
- D) "We sell lifestyle and self-expression; success and status; memories, hopes, and dreams."
- E) "We rent hotel rooms."

Answer: D

Diff: 2 Page Ref: 40

AACSB: Reflective Thinking

Skill: Concept

Objective: 2-1

11) Which of the following is the principle objective of a market-oriented mission statement?

- A) to satisfy basic customer needs
- B) to satisfy basic supplier needs
- C) to satisfy basic stockholder needs
- D) to satisfy basic owner needs
- E) to satisfy basic partnership needs

Answer: A

Diff: 2 Page Ref: 39

Skill: Concept

Objective: 2-1

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

- A) sets of strategies
- B) sets of tactics
- C) product mixes
- D) supporting objectives
- E) sets of promotional tools

Answer: D

Diff: 3 Page Ref: 40

Skill: Concept

Objective: 2-1

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

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

Answer: D

Diff: 1 Page Ref: 41

Skill: Concept

Objective: 2-2

14) Which of the following can be a company division, a product line within a division, or sometimes a single product or brand?

- A) a market
- B) the BCG
- C) an SBU
- D) a PLC
- E) a value delivery network

Answer: C

Diff: 2 Page Ref: 41

Skill: Concept

Objective: 2-2

15) After management has identified the key businesses making up its company, what is the next step in portfolio analysis?

- A) identifying businesses in which to invest
- B) assessing the attractiveness of its SBUs
- C) deciding whether to harvest any businesses
- D) completing short-range planning
- E) identifying SBUs

Answer: B

Diff: 2 Page Ref: 41

Skill: Concept

Objective: 2-2

16) The best known product portfolio planning method was developed by \_\_\_\_\_.

- A) the Boston Consulting Group
- B) Philip Kotler
- C) Harvard University
- D) the SRI Consulting Firm
- E) James P. Hess

Answer: A

Diff: 2 Page Ref: 41

Skill: Concept

Objective: 2-2

17) Most portfolio analysis methods evaluate SBUs on two dimensions, namely \_\_\_\_\_ and \_\_\_\_\_.

- A) market share; strength of the SBU's position
- B) market diversification; relative market share
- C) market or industry attractiveness; strength of the SBU's position
- D) market growth rates; profits
- E) market penetration; market development

Answer: C

Diff: 2 Page Ref: 41

Skill: Concept

Objective: 2-2

18) In the Boston Consulting Group approach, \_\_\_\_\_ provides a measure of market attractiveness.

- A) relative market share
- B) market development
- C) market penetration
- D) market growth rate
- E) market segmentation

Answer: D

Diff: 2 Page Ref: 41

Skill: Concept

Objective: 2-2

19) In the Boston Consulting Group approach, \_\_\_\_\_ serves as a measure of company strength in the market.

- A) relative market share
- B) market development
- C) market diversification
- D) market growth rate
- E) market segmentation

Answer: A

Diff: 2 Page Ref: 41

Skill: Concept

Objective: 2-2

20) The BCG growth-share matrix classifies four types of SBUs. They are \_\_\_\_\_ , \_\_\_\_\_ , \_\_\_\_\_ , and \_\_\_\_\_ .

- A) product; price; promotion; placement
- B) sales; market share; price; promotion
- C) stars; cash cows; question marks; dogs
- D) planning; implementing; leading; controlling
- E) market penetration; market development; product development; diversification

Answer: C

Diff: 1 Page Ref: 42

Skill: Concept

Objective: 2-2

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

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

Answer: D

Diff: 2 Page Ref: 41

Skill: Concept

Objective: 2-2

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

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

Answer: B

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

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

- A) dogs
- B) cash cows
- C) SBU revenues
- D) overseas operations
- E) low-share businesses

Answer: B

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

24) The four possible strategies that can be pursued for each SBU are building, holding, \_\_\_\_\_, and \_\_\_\_\_.

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

Answer: A

Diff: 3 Page Ref: 42

Skill: Concept

Objective: 2-2

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

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

Answer: A

Diff: 2 Page Ref: 42

Skill: Concept

Objective: 2-2

26) Unlike strategic-planning efforts of the past, which were conducted primarily by senior managers, today's strategic planning is \_\_\_\_\_.

- A) short-term oriented
- B) decentralized
- C) limitation-free
- D) product oriented
- E) centralized

Answer: B

Diff: 2 Page Ref: 42-43

Skill: Concept

Objective: 2-2

27) To increase its U.S. market share, Starbucks has stepped up efforts in the areas of product availability and promotion. These are examples of broad \_\_\_\_\_.

- A) brand experiences
- B) strategies for growth
- C) diversification
- D) product development
- E) value chains

Answer: B

Diff: 2 Page Ref: 44-45

Skill: Concept

Objective: 2-2



28) Which department in a company carries the primary responsibility for achieving profitable growth?

- A) accounting
- B) product development
- C) operations
- D) human resources
- E) marketing

Answer: E

Diff: 1 Page Ref: 43

Skill: Concept

Objective: 2-2

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

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

Answer: C

Diff: 1 Page Ref: 43

Skill: Concept

Objective: 2-2

30) Making more sales to current customers without changing a firm's products is \_\_\_\_\_.

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

Answer: B

Diff: 1 Page Ref: 43

Skill: Concept

Objective: 2-2

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

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

Answer: D

Diff: 3 Page Ref: 43-45

AACSB: Reflective Thinking

Skill: Concept

Objective: 2-2

32) While a valuable planning tool, a problem with using the BCG matrix centers is that it focuses on \_\_\_\_\_

- A) the future instead of the present
- B) the present instead of the future
- C) financial issues instead of the customer
- D) the customer instead of suppliers
- E) the past instead of the present

Answer: B

Diff: 3 Page Ref: 42

Skill: Concept

Objective: 2-2

33) A common practice among marketers is to identify and develop new markets for their existing products. This practice is called \_\_\_\_\_.

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

Answer: A

Diff: 1 Page Ref: 45

Skill: Concept

Objective: 2-2

34) Starbucks Coffee has recently begun selling and playing compilation CDs and is supporting its own XM satellite radio station. This represents which strategy for growth?

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

Answer: D

Diff: 3 Page Ref: 44

AACSB: Reflective Thinking

Skill: Concept

Objective: 2-2

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

- A) market segmentation
- B) the BCG approach
- C) product line extension
- D) downsizing
- E) market redesign

Answer: D

Diff: 1 Page Ref: 46

Skill: Concept

Objective: 2-2

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

- A) The market has changed, making some of the products less profitable.
- B) The firm has entered areas in which it does not have expertise.
- C) The economic environment is showing signs of recovery.
- D) The firm has grown too rapidly.
- E) The firm has not properly researched foreign markets which it has entered.

Answer: C

Diff: 2 Page Ref: 46

Skill: Concept

Objective: 2-2

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

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

Answer: D

Diff: 1 Page Ref: 46

Skill: Concept

Objective: 2-3

38) Jack Welch, CEO at General Electric, said that "Companies can't give job security, only \_\_\_\_\_ can."

- A) development
- B) growth
- C) good strategy
- D) customers
- E) efficiency

Answer: D

Diff: 3 Page Ref: 47

Skill: Concept

Objective: 2-3

39) Multinationals like Honda Motor Co. and Wal-Mart stores have designed programs to work closely with their suppliers to help them reduce their costs and improve quality. This illustrates the importance of an efficient \_\_\_\_\_.

- A) business portfolio
- B) low-cost operator
- C) product mix
- D) value delivery network
- E) value chain

Answer: D

Diff: 2 Page Ref: 47

Skill: Concept

Objective: 2-3

40) Which of the following is the marketing logic by which a company hopes to achieve profitable customer relationships?

- A) price
- B) a consistent product mix
- C) the value delivery network
- D) marketing strategy
- E) differentiation

Answer: D

Diff: 1 Page Ref: 48

Skill: Concept

Objective: 2-4

41) Lucy Ortiz is preparing a PowerPoint presentation of the marketing process to show at a sales meeting. \_\_\_\_\_ should appear in the center of her diagram depicting marketing strategies and the marketing mix.

- A) Sales goals
- B) Customer value and relationships
- C) Company objectives
- D) Customer retention rates
- E) Competitors

Answer: B

Diff: 1 Page Ref: 49

Skill: Concept

Objective: 2-4

42) A sound marketing strategy begins with which of the following?

A) customer analysis

B) positioning

C) differentiation

D) promotion

E) SWOT analysis

Answer: A

Diff: 2 Page Ref: 49

Skill: Concept

Objective: 2-4

43) Your firm is attempting to divide up the total market to determine the best segments it can serve. Which is the correct order of doing so?

A) market segmentation, target marketing, market positioning

B) target marketing, market positioning, market segmentation

C) market positioning, market segmentation, target marketing

D) market segmentation, market positioning, target marketing

E) mass marketing, demographic segmentation, psychographic segmentation

Answer: A

Diff: 3 Page Ref: 49

Skill: Concept

Objective: 2-4

44) The process of customer-driven marketing involves which of the following?

A) product; price; promotion; adaptation

B) market segmentation; target marketing; differentiation; positioning

C) marketing analysis; planning; implementation; feedback

D) analysis; targeting; implementation; control

E) problem identification; information search; decision; implementation

Answer: B

Diff: 2 Page Ref: 49

Skill: Concept

Objective: 2-4

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

A) market targeting

B) market segmentation

C) positioning

D) marketing strategy

E) differentiation

Answer: B

Diff: 1 Page Ref: 49

Skill: Concept

Objective: 2-4

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

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

Answer: B

Diff: 2 Page Ref: 49

Skill: Concept

Objective: 2-4

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

- A) market segmentation
- B) differentiation
- C) market targeting
- D) the market mix
- E) positioning

Answer: C

Diff: 1 Page Ref: 49

Skill: Concept

Objective: 2-4

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

- A) position
- B) placement
- C) market segmentation
- D) market targeting
- E) product promotion

Answer: A

Diff: 2 Page Ref: 50

Skill: Concept

Objective: 2-4

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

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

Answer: C

Diff: 2 Page Ref: 50

Skill: Concept

Objective: 2-4

50) Which of the four Ps 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

Diff: 1 Page Ref: 51

Skill: Concept

Objective: 2-5

51) In the four Ps of the marketing mix, design, packaging, services, and variety all fall under the category of \_\_\_\_\_.

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

Answer: A

Diff: 2 Page Ref: 51

Skill: Concept

Objective: 2-4

52) Today the four Ps are compared to the four Cs. Product and place are called \_\_\_\_\_ and \_\_\_\_\_, respectively.

- A) convenience; customer solution
- B) customer cost; convenience
- C) communication; customer solution
- D) customer solution; convenience
- E) communication; convenience

Answer: D

Diff: 3 Page Ref: 52

Skill: Concept

Objective: 2-4

53) In the marketing management functions, an SWOT analysis should \_\_\_\_\_ a marketing plan.

- A) precede
- B) coincide with
- C) follow
- D) evaluate
- E) take priority over

Answer: A

Diff: 2 Page Ref: 54

Skill: Concept

Objective: 2-5

54) In a basic SWOT analysis the "T" stands for \_\_\_\_\_.

- A) timing
- B) trust
- C) threats
- D) trade
- E) tangible

Answer: C

Diff: 1 Page Ref: 53

Skill: Concept

Objective: 2-5

55) In a basic SWOT analysis, the "S" stands for \_\_\_\_\_.

- A) situation
- B) solutions
- C) satisfactions
- D) strengths
- E) strategy

Answer: D

Diff: 1 Page Ref: 53

Skill: Concept

Objective: 2-5



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

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

Answer: E

Diff: 2 Page Ref: 53

Skill: Concept

Objective: 2-5

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

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

Answer: D

Diff: 2 Page Ref: 53

Skill: Concept

Objective: 2-5

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

- A) who, when, where
- B) when, where, how
- C) SWOT
- D) competitor
- E) economic

Answer: C

Diff: 2 Page Ref: 54

Skill: Concept

Objective: 2-5

59) A marketing plan begins with an executive summary, which quickly overviews goals and \_\_\_\_\_.

- A) budgets
- B) controls
- C) promotions
- D) recommendations
- E) obstacles

Answer: D

Diff: 3 Page Ref: 54

AACSB: Communication

Skill: Concept

Objective: 2-5

60) According to the textbook, your boss is most likely referring to \_\_\_\_\_ when she mentions "doing things right."

- A) strategy
- B) planning
- C) objectives
- D) implementation
- E) efficiency

Answer: D

Diff: 3 Page Ref: 55

Skill: Concept

Objective: 2-5

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

- A) geographic
- B) product
- C) functional
- D) divisional
- E) psychographic

Answer: A

Diff: 2 Page Ref: 56

Skill: Concept

Objective: 2-5

62) Which of the following is the most common approach to marketing organization?

- A) geographic
- B) product management
- C) functional
- D) divisional
- E) combination

Answer: C

Diff: 3 Page Ref: 56

Skill: Concept

Objective: 2-5

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

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

Answer: D

Diff: 2 Page Ref: 56

Skill: Concept

Objective: 2-5

64) Modern marketing departments are arranged in the following ways, EXCEPT which one?

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

Answer: E

Diff: 2 Page Ref: 56

Skill: Concept

Objective: 2-5

65) The \_\_\_\_\_ organizational format was first used by Procter and Gamble in 1929.

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

Answer: C

Diff: 3 Page Ref: 56

Skill: Concept

Objective: 2-5

66) The \_\_\_\_\_ organizational system's main advantage is that the company is organized around the needs of specific market segments.

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

Answer: A

Diff: 2 Page Ref: 56

Skill: Concept

Objective: 2-5

67) An increasingly large number of firms are changing their organizational focus from \_\_\_\_\_ to \_\_\_\_\_.

- A) product management; functional management
- B) product management; geographic management
- C) brand management; customer management
- D) geographic management; functional management
- E) global management; regional management

Answer: C

Diff: 2 Page Ref: 57

Skill: Concept

Objective: 2-5

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

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

Answer: A

Diff: 1 Page Ref: 57

Skill: Concept

Objective: 2-5

69) The marketing control process entails the following steps in order: setting goals, \_\_\_\_\_, evaluating performance, and \_\_\_\_\_.

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

Answer: D

Diff: 2 Page Ref: 57

Skill: Concept

Objective: 2-5

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

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

Answer: D

Diff: 3 Page Ref: 57

Skill: Concept

Objective: 2-5

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

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

Answer: B

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Skill: Concept

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Skill: Concept

Objective: 2-4





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- C) communication; customer solution
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Skill: Concept

Objective: 2-5

54) In a basic SWOT analysis the "T" stands for \_\_\_\_\_.

A) timing

B) trust

C) threats

D) trade

E) tangible

Answer: C

Diff: 1 Page Ref: 53

Skill: Concept

Objective: 2-5

55) In a basic SWOT analysis, the "S" stands for \_\_\_\_\_.

A) situation

B) solutions

C) satisfactions

D) strengths

E) strategy

Answer: D

Diff: 1 Page Ref: 53

Skill: Concept

Objective: 2-5

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

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

Answer: E

Diff: 2 Page Ref: 53

Skill: Concept

Objective: 2-5

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

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

Answer: D

Diff: 2 Page Ref: 53

Skill: Concept

Objective: 2-5

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

- A) who, when, where
- B) when, where, how
- C) SWOT
- D) competitor
- E) economic

Answer: C

Diff: 2 Page Ref: 54

Skill: Concept

Objective: 2-5

59) A marketing plan begins with an executive summary, which quickly overviews goals and

- \_\_\_\_\_.
- A) budgets
  - B) controls
  - C) promotions
  - D) recommendations
  - E) obstacles

Answer: D

Diff: 3                  Page Ref: 54

AACSB: Communication

Skill: Concept

Objective: 2-5

60) According to the textbook, your boss is most likely referring to \_\_\_\_\_ when she mentions "doing things right."

- A) strategy
- B) planning
- C) objectives
- D) implementation
- E) efficiency

Answer: D

Diff: 3      Page Ref: 55

Skill: Concept

Objective: 2-5

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

- A) geographic
- B) product
- C) functional
- D) divisional
- E) psychographic

Answer: A

Diff: 2      Page Ref: 56

Skill: Concept

Objective: 2-5

62) Which of the following is the most common approach to marketing organization?

- A) geographic
- B) product management
- C) functional
- D) divisional
- E) combination

Answer: C

Diff: 3      Page Ref: 56

Skill: Concept

Objective: 2-5

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

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

Answer: D

Diff: 2      Page Ref: 56

Skill: Concept

Objective: 2-5

- 64) Modern marketing departments are arranged in the following ways, EXCEPT which one?
- A) functional organization
  - B) geographic organization
  - C) product management organization
  - D) market management organization
  - E) strategic management organization

Answer: E

Diff: 2      Page Ref: 56

Skill: Concept

Objective: 2-5

65) The \_\_\_\_\_ organizational format was first used by Procter and Gamble in 1929.

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

Answer: C

Diff: 3      Page Ref: 56

Skill: Concept

Objective: 2-5

66) The \_\_\_\_\_ organizational system's main advantage is that the company is organized around the needs of specific market segments.

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

Answer: A

Diff: 2      Page Ref: 56

Skill: Concept

Objective: 2-5

67) An increasingly large number of firms are changing their organizational focus from \_\_\_\_\_ to \_\_\_\_\_.

- A) product management; functional management
- B) product management; geographic management
- C) brand management; customer management
- D) geographic management; functional management
- E) global management; regional management

Answer: C

Diff: 2      Page Ref: 57

Skill: Concept

Objective: 2-5



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

A) marketing control

B) strategic control

C) operating control

D) developmental control

E) efficiency

Answer: A

Diff: 1 Page Ref: 57

Skill: Concept

Objective: 2-5

69) The marketing control process entails the following steps in order: setting goals, \_\_\_\_\_, evaluating performance, and \_\_\_\_\_.

A) evaluating goals; measuring performance

B) achieving goals; measuring performance

C) taking corrective action; measuring performance

D) measuring performance; taking corrective action

E) taking corrective action; following up

Answer: D

Diff: 2 Page Ref: 57

Skill: Concept

Objective: 2-5

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

A) setting goals

B) measuring performance

C) taking corrective action

D) defining the mission

E) evaluating the causes of gaps between expected and actual performance

Answer: D

Diff: 3 Page Ref: 57

Skill: Concept

Objective: 2-5

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

A) marketing control

B) operating control

C) strategic control

D) ROMI

E) a marketing audit

Answer: B

Diff: 2 Page Ref: 57

Skill: Concept

Objective: 2-5

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

- A) operating control
- B) marketing control
- C) strategic control
- D) ROMI
- E) portfolio analysis

Answer: C

Diff: 2            Page Ref: 57

Skill: Concept

Objective: 2-5

73) Which of the following is a comprehensive and systematic analysis of a company's environment, objectives, strategies, and activities that is conducted by an outside and objective party?

- A) a marketing plan
- B) a marketing audit
- C) a marketing mix analysis
- D) a portfolio analysis
- E) SWOT analysis

Answer: B

Diff: 3            Page Ref: 57

Skill: Concept

Objective: 2-5

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

- A) SWOT analysis
- B) a marketing audit
- C) an executive summary
- D) marketing ROI
- E) a budget

Answer: D

Diff: 1            Page Ref: 58

Skill: Concept

Objective: 2-5

75) Which of the following would NOT be useful in determining marketing ROI?

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

Answer: D

Diff: 2            Page Ref: 58

Diff: 2 Page Ref: 39  
Skill: Concept  
Objective: 2-5

76) Mission statements should be realistic and general in nature.

Answer: FALSE

Diff: 2 Page Ref: 39

Skill: Concept

Objective: 2-1

Objective: 2-1

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

Answer: TRUE

Diff: 1 Page Ref: 39

Skill: Concept

Objective: 2-1

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

Answer: TRUE

Diff: 2 Page Ref: 39

AACSB: Communication

Skill: Concept

Objective: 2-1

79) At America Online, "we create customer connectivity, anytime, anywhere," is a product-oriented business definition.

Answer: FALSE

Diff: 3 Page Ref: 39

AACSB: Reflective Thinking

Skill: Application

Objective: 2-1

80) "At Nike, we sell shoes" is a market-oriented business definition.

Answer: FALSE

Diff: 3 Page Ref: 40

AACSB: Reflective Thinking

Skill: Application

Objective: 2-1

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

Answer: FALSE

Diff: 2 Page Ref: 40

AACSB: Communication

Skill: Concept

Objective: 2-1

82) The major activity in strategic planning is strategic business unit planning, whereby management evaluates the products and businesses making up the company.

Answer: FALSE

Diff: 2            Page Ref: 41

Skill: Concept

Objective: 2-2

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

Answer: FALSE

Diff: 2            Page Ref: 41

Skill: Concept

Objective: 2-2

84) 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

Diff: 2            Page Ref: 41

Skill: Concept

Objective: 2-2

85) In the BCG matrix, "dogs" are low-growth businesses and products that do not generate enough cash to maintain themselves.

Answer: FALSE

Diff: 3 Page Ref: 42

Skill: Concept

Objective: 2-2

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

Answer: FALSE

Diff: 2 Page Ref: 46

Skill: Concept

Objective: 2-2

87) When an organization identifies and develops new markets for its current products and services, it is engaged in market development.

Answer: TRUE

Diff: 1 Page Ref: 45

Skill: Concept

Objective: 2-2

88) When a firm finds products or businesses that no longer fit its overall strategy, it must carefully milk, harvest, or better develop them.

Answer: FALSE

Diff: 2            Page Ref: 46

Skill: Concept

Objective: 2-2

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

Answer: TRUE

Diff: 1            Page Ref: 48

Skill: Concept

Objective: 2-3

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

Answer: TRUE

Diff: 2            Page Ref: 47

Skill: Concept

Objective: 2-3

91) Mandros International Foods evaluates each market segment's attractiveness and selects one or more segments to enter when considering adding new lines of imported foods. Mandros is engaged in selective marketing.

Answer: FALSE

Diff: 2            Page Ref: 49

AACSB: Reflective Thinking

Skill: Application

Objective: 2-4

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

Answer: FALSE

Diff: 1            Page Ref: 50

Skill: Concept

Objective: 2-4

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



Answer: FALSE

Diff: 1      Page Ref: 49

Skill: Concept

Objective: 2-4

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

Answer: FALSE

Diff: 2            Page Ref: 50

Skill: Application

Objective: 2-4

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

Answer: TRUE

Diff: 3            Page Ref: 50

Skill: Concept

Objective: 2-4

96) The marketing mix consists of product, price, place, positioning, and promotion.

Answer: FALSE

Diff: 2            Page Ref: 48

AACSB: Analytic Skills

Skill: Application

Objective: 2-4

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

Answer: TRUE

Diff: 2            Page Ref: 48

Skill: Concept

Objective: 2-4

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

Answer: FALSE

Diff: 3            Page Ref: 52

AACSB: Analytic Skills

Skill: Concept

Objective: 2-4

99) The four Ps concept takes the seller's view of the market.

Answer: FALSE

Diff: 2            Page Ref: 52

Skill: Concept

Objective: 2-4