

Chapter 1 Marketing: Creating and Capturing Customer Value

1) All of the following are accurate descriptions of modern marketing, EXCEPT which one?

- A) Marketing is the creation of value for customers.
- B) Marketing is managing profitable customer relationships.
- C) Selling and advertising are synonymous with marketing.
- D) Marketing involves satisfying customers' needs.
- E) Marketing is used by for-profit and not-for-profit organizations.

Answer: C

Diff: 2 Page Ref: 2 and 4

Skill: Concept

Objective: 1-1

2) According to the opening scenario, the Tide marketing team is MOST concerned about which of the following?

- A) maintaining its brand share
- B) fostering customers' emotional connections with their product
- C) advertising their product's benefits
- D) comparing the effectiveness of their product to other brands
- E) incorporating consumer-generated marketing in the marketing mix

Answer: B

Diff: 2 Page Ref: 2

Skill: Concept

Objective: 1-1

3) According to management guru Peter Drucker, "The aim of marketing is to _____."

- A) create customer value
- B) identify customer demands
- C) make selling unnecessary
- D) set realistic customer expectations
- E) sell products

Answer: C

Diff: 2 Page Ref: 5

Skill: Concept

Objective: 1-1

4) _____ is defined as a social and managerial process by which individuals and organizations obtain what they need and want through value creation and exchange.

- A) Selling
- B) Advertising
- C) Bartering
- D) Marketing
- E) Negotiating

Answer: D

Diff: 2 Page Ref: 5

Skill: Concept

Objective: 1-1

5) Which steps of the five-step marketing process are about understanding customers, creating customer value, and building strong customer relationships?

- A) the first two only
- B) the first three only
- C) the first four only
- D) the last three only
- E) the last four only

Answer: C

Diff: 2 Page Ref: 5

AACSB: Communication

Skill: Concept

Objective: 1-1

6) According to the simple five-step model of the marketing process, a company needs to _____ before designing a customer-driven marketing strategy.

- A) determine how to deliver superior value
- B) build profitable relationships with customers
- C) use customer relationship management to create full partnerships with key customers
- D) understand the marketplace and customer needs and wants
- E) construct key components of a marketing program

Answer: D

Diff: 2 Page Ref: 5

AACSB: Communication

Skill: Concept

Objective: 1-2

7) _____ are human needs as shaped by individual personality and culture.

- A) Needs
- B) Wants
- C) Demands
- D) Values
- E) Exchanges

Answer: B

Diff: 2 Page Ref: 6

Skill: Concept

Objective: 1-2

8) When backed by buying power, wants become _____.

- A) social needs
- B) demands
- C) physical needs
- D) self-esteem needs
- E) exchanges

Answer: B

Diff: 1 Page Ref: 6

Skill: Concept

Objective: 1-2

9) What do companies call a set of benefits that they promise to consumers to satisfy their needs?

- A) market offering
- B) value proposition
- C) demand satisfaction
- D) need proposition
- E) evoked set

Answer: A

Diff: 1 Page Ref: 6

Skill: Concept

Objective: 1-2

10) Which of the following refers to sellers being preoccupied with their own products and losing sight of underlying consumer needs?

- A) selling myopia
- B) marketing management
- C) value proposition
- D) marketing myopia
- E) the product concept

Answer: D

Diff: 1 Page Ref: 6

Skill: Concept

Objective: 1-2

11) When marketers set low expectations for a market offering, the biggest risk they run is _____.

- A) disappointing loyal customers
- B) decreasing customer satisfaction
- C) failing to attract enough customers
- D) failing to understand their customers' needs
- E) incorrectly identifying a target market

Answer: C

Diff: 1 Page Ref: 7

Skill: Concept

Objective: 1-2

12) _____ is the act of obtaining a desired object from someone by offering something in return.

- A) A value proposition
- B) Exchange
- C) Bribery
- D) Value creation
- E) Donation

Answer: B

Diff: 1 Page Ref: 7

Skill: Concept

Objective: 1-2

13) A(n) _____ is the set of actual and potential buyers of a product.

- A) market
- B) audience
- C) group
- D) segment
- E) exchange

Answer: A

Diff: 1 Page Ref: 7

Skill: Concept

Objective: 1-2

14) Consumer research, product development, communication, distribution, pricing, and service are all core _____ activities.

- A) exchange
- B) marketing
- C) management
- D) production
- E) customer relationship management

Answer: B

Diff: 1 Page Ref: 7

AACSB: Communication

Skill: Concept

Objective: 1-2

15) Which of the following is the most likely result of a marketing strategy that attempts to serve all potential customers?

- A) All customers will be delighted.
- B) Customer-perceived value will increase.
- C) Customer evangelists will become unpaid salespersons for the service or product.
- D) Not all customers will be satisfied.
- E) The company will need to follow up with a demarketing campaign.

Answer: D

Diff: 3 Page Ref: 9

AACSB: Analytic Skills

Skill: Concept

Objective: 1-3

16) In the case of excess demand, _____ may be required to reduce the number of customers or to shift demand temporarily or permanently.

- A) marketing
- B) demarketing
- C) value marketing
- D) surplus
- E) negotiating

Answer: B

Diff: 1 Page Ref: 9

Skill: Concept

Objective: 1-3

17) The art and science of choosing target markets and building profitable relationships with them is called _____.

- A) marketing management
- B) positioning
- C) segmentation
- D) selling
- E) differentiation

Answer: A

Diff: 1 Page Ref: 8

Skill: Concept

Objective: 1-3

18) Selecting which segments of a population of customers to serve is called _____.

- A) market segmentation
- B) positioning
- C) customization
- D) target marketing
- E) managing the marketing effort

Answer: D

Diff: 1 Page Ref: 8

Skill: Concept

Objective: 1-3

19) Which of the following is the set of benefits a company promises to deliver the customer to satisfy their needs?

- A) a money-back guarantee
- B) low pricing
- C) good customer service
- D) a value proposition
- E) an attribute

Answer: D

Diff: 1 Page Ref: 9

Skill: Concept

Objective: 1-3

20) Which customer question is answered by a company's value proposition?

- A) "Why should I buy your brand rather than a competitor's?"
- B) "How does your brand benefit me and society?"
- C) "What are the costs and benefits of your brand?"
- D) "What kind of experience will I have with products and services associated with this brand?"
- E) "What are the benefits of being a loyal consumer of your brand?"

Answer: A

Diff: 3 Page Ref: 9

AACSB: Communication

Skill: Concept

Objective: 1-3

21) Which of the following marketing management orientations focuses primarily on improving efficiencies along the supply chain?

- A) production concept
- B) product concept
- C) selling concept
- D) marketing concept
- E) social marketing concept

Answer: A

Diff: 2 Page Ref: 9

AACSB: Analytic Skills

Skill: Concept

Objective: 1-3

22) Which of the following marketing management concepts is most likely to lead to marketing myopia?

- A) customer-driven marketing
- B) customer-driving marketing
- C) social marketing
- D) selling
- E) production

Answer: E

Diff: 3 Page Ref: 9

Skill: Concept

Objective: 1-3

23) The _____ concept is aligned with the philosophy of continuous product improvement and the belief that customers will choose products that offer the most in quality, performance, and innovative features.

- A) product
- B) production
- C) customer
- D) marketing
- E) promotion

Answer: A

Diff: 1 Page Ref: 10

Skill: Concept

Objective: 1-3

24) The product concept says that a company should do which of the following?

- A) improve marketing of its best products
- B) market only those products with high customer appeal
- C) focus on the target market and make products that meet those customers' demands
- D) focus on making continuous product improvements
- E) make promoting products the top priority

Answer: D

Diff: 2 Page Ref: 10

Skill: Concept

Objective: 1-3

25) "Build a better mousetrap and the world will beat a path to your door" reflects the _____ concept.

- A) production
- B) marketing
- C) selling
- D) product
- E) target marketing

Answer: D

Diff: 2 Page Ref: 10

AACSB: Reflective Thinking

Skill: Concept

Objective: 1-3

26) Which concept calls for aggressive selling and focuses on generating transactions to obtain profitable sales?

- A) marketing
- B) production
- C) product
- D) selling
- E) societal marketing

Answer: D

Diff: 1 Page Ref: 10

Skill: Concept

Objective: 1-3

27) Which concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do?

- A) product
- B) production
- C) selling
- D) marketing
- E) equity

Answer: D

Diff: 1 Page Ref: 10

Skill: Concept

Objective: 1-3

28) A firm that uses the selling concept takes a(n) _____ approach.

- A) outside-in
- B) myopic
- C) inside-out
- D) societal
- E) customer service

Answer: C

Diff: 2 Page Ref: 10

Skill: Concept

Objective: 1-3

29) According to the production concept, consumers will favor products that are _____ and _____.

- A) satisfying; quality focused
- B) advertised; affordable
- C) in high demand; hard to find
- D) segmented; convenient
- E) available; affordable

Answer: E

Diff: 3 Page Ref: 9

Skill: Concept

Objective: 1-3

30) Herb Kelleher of Southwest Airlines used the marketing concept in his successful organization. Having a customer department rather than a marketing department, as suggested by Kelleher, is an example of a(n) _____ perspective.

- A) outside-in
- B) external
- C) inside-out
- D) modern
- E) traditional

Answer: A

Diff: 3 Page Ref: 10

Skill: Concept

Objective: 1-3

31) Though often criticized, the selling concept is particularly appropriate and effective with which of the following types of products?

- A) convenience
- B) shopping
- C) specialty
- D) unsought
- E) demarketed

Answer: D

Diff: 2 Page Ref: 10

Skill: Concept

Objective: 1-3

- 32) Which of the following reflects the marketing concept philosophy?
- A) "We don't have a marketing department; we have a customer department."
 - B) "We're in the business of making and selling superior products."
 - C) "We build them so you can buy them."
 - D) "When it's profits versus customers' needs, profits will always win out."
 - E) "You won't find a better deal anywhere."

Answer: A

Diff: 3 Page Ref: 10

AACSB: Reflective Thinking

Skill: Concept

Objective: 1-3

- 33) Customer-driven marketing usually works well when _____ and when customers _____.

- A) a clear need exists; are difficult to identify
- B) customers know what they want; are loyal to the brand
- C) a firm can deliver the goods desired; are thoroughly researched
- D) a clear need exists; know what they want
- E) a need exists; don't know what they want

Answer: D

Diff: 2 Page Ref: 11

Skill: Concept

Objective: 1-3

- 34) Marie Ortiz enjoys her work at Futuristic Designs, Inc. Her organization understands and anticipates customer needs even better than customers themselves do and creates products and services to meet current and future wants and demands. Marie's firm practices _____ marketing.

- A) customer-driven
- B) customer-driving
- C) relationship
- D) donor
- E) social

Answer: B

Diff: 2 Page Ref: 11

Skill: Concept

Objective: 1-3

35) When customers don't know what they want or don't even know what's possible, the most effective strategy is _____ marketing.

- A) customer-driven
- B) customer-driving
- C) societal
- D) production
- E) product

Answer: B

Diff: 2 Page Ref: 11

Skill: Concept

Objective: 1-3

36) The societal marketing concept seeks to establish a balance between consumer short-run wants and consumer _____.

- A) short-run costs and profits
- B) short-run ethics
- C) long-run welfare
- D) immediate health
- E) value propositions

Answer: C

Diff: 2 Page Ref: 11

AACSB: Ethical Reasoning

Skill: Concept

Objective: 1-3

37) Which concept holds that firms must strive to deliver value to customers in a way that maintains or improves the consumer's and society's well-being?

- A) marketing
- B) selling
- C) product
- D) societal marketing
- E) equity

Answer: D

Diff: 1 Page Ref: 11

AACSB: Ethical Reasoning

Skill: Concept

Objective: 1-3

38) The three areas of consideration that should be balanced in the societal marketing concept are consumer wants, society's interests, and _____.

- A) human welfare
- B) want satisfaction
- C) company profits
- D) short-run wants
- E) long-term needs

Answer: C

Diff: 2 Page Ref: 11

AACSB: Ethical Reasoning

Skill: Concept

Objective: 1-3

39) The set of marketing tools a firm uses to implement its marketing strategy is called the _____.

- A) promotion mix
- B) product mix
- C) marketing mix
- D) TQM
- E) marketing effort

Answer: C

Diff: 2 Page Ref: 12

Skill: Concept

Objective: 1-3

40) Of the following, which is the most important concept of modern marketing?

- A) customer relationship management
- B) societal marketing
- C) consumer-generated marketing
- D) properly trained salespeople
- E) low prices

Answer: A

Diff: 2 Page Ref: 13

AACSB: Communication

Skill: Concept

Objective: 1-4

41) Building, keeping, and growing profitable relationships by delivering customer value and satisfaction is called _____.

- A) customer lifetime value
- B) customer perceived value
- C) customer relationship management
- D) database marketing
- E) societal marketing

Answer: C

Diff: 1 Page Ref: 13

Skill: Concept

Objective: 1-4

42) Customer-perceived value is determined by a customer's _____ of the benefits and costs of a market offering relative to those of competing offers.

- A) personal assessment
- B) rational expectations
- C) accurate assessment
- D) objective evaluation
- E) emotional understanding

Answer: A

Diff: 2 Page Ref: 13

Skill: Concept

Objective: 1-4

43) It is most accurate to say that customers buy from stores and firms that offer which of the following?

- A) the highest value for the dollar
- B) the highest customer-perceived value
- C) the highest level of customer satisfaction
- D) the most attractive company image
- E) the most concern for society's interests

Answer: B

Diff: 3 Page Ref: 13

Skill: Concept

Objective: 1-4

44) _____ is defined as the customer's evaluation of the differences between all the benefits and all the costs of a marketing offer relative to those of competing offers.

- A) Customer equity
- B) Customer satisfaction
- C) Customer evangelism
- D) Customer-perceived value
- E) Marketing myopia

Answer: D

Diff: 1 Page Ref: 13

Skill: Concept

Objective: 1-4

45) Which of the following is the term for customers who make repeat purchases and tell others about their positive experiences with a product or service?

- A) satisfied customers
- B) customer evangelists
- C) butterflies
- D) full partners
- E) social customers

Answer: B

Diff: 2 Page Ref: 13

AACSB: Communication

Skill: Concept

Objective: 1-4

46) Which of the following strategies would a company most likely use to increase customer satisfaction?

- A) decreasing the variety of offered services
- B) demarketing
- C) lowering prices
- D) "firing" unprofitable customers
- E) limiting customer experiences with a brand

Answer: C

Diff: 3 Page Ref: 16

Skill: Concept

Objective: 1-4

47) A room upgrade offered by a hotel to a guest who often stays in the hotel is an example of a

_____.

- A) frequency marketing program
- B) basic customer relationship
- C) club marketing program
- D) partner relationship management technique
- E) structural benefit

Answer: A

Diff: 2 Page Ref: 16

AACSB: Reflective Thinking

Skill: Concept

Objective: 1-4

48) iRobot, the makers of Roomba, have involved their customers in product development, marketing, and technical support in an effort to foster which of the following?

- A) basic relationships
- B) customer delight
- C) selective relationship management
- D) customer-perceived value
- E) frequency marketing programs

Answer: B

Diff: 3 Page Ref: 14-15

Skill: Concept

Objective: 1-4

49) In which of the following situations has a company most actively turned its consumers into marketing partners?

- A) American Airlines awards frequent flyer points to returning customers.
- B) Paige Premium Denim jeans provide a superior quality and a perfect fit.
- C) iRobot invites enthusiastic Roomba owners to develop and share their own programs and uses for the company's robotic vacuum.
- D) Best Buy distinguishes between its best customers, called *angels*, and its less profitable customers, called *demons*, stocking merchandise to appeal to separate groups of its angels.
- E) Toyota develops a marketing presence on social networks and other online communities.

Answer: C

Diff: 2 Page Ref: 14

AACSB: Reflective Thinking

Skill: Concept

Objective: 1-4

50) Using customer profitability analysis to weed out unprofitable customers and target winning ones for pampering is referred to as _____.

- A) customer relationship management
- B) positioning
- C) database marketing
- D) selective relationship management
- E) marketing myopia

Answer: D

Diff: 2 Page Ref: 17

Skill: Concept

Objective: 1-4

51) Pete Sanchez, a recent graduate of business school, has a different approach than his marketing manager, who believes in keeping customers at arm's length and using mass media advertising. Pete knows that today few successful firms still practice true _____ and are instead turning to selective relationship management.

- A) club marketing
- B) frequency marketing
- C) mass marketing
- D) customer satisfaction
- E) market segmentation

Answer: C

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Skill: Concept

Objective: 1-4

52) The Niketown running club that organizes twice weekly evening runs and follow-up meetings in the Nike Store is an example of which of the following?

- A) a frequency marketing program
- B) a basic customer relationship
- C) a club marketing program
- D) a partner relationship
- E) a structural benefit provided for top customers

Answer: C

Diff: 2 Page Ref: 18

Skill: Concept

Objective: 1-4

53) Which of the following has NOT contributed to the deeper, more interactive nature of today's customer relationships?

- A) e-mail
- B) Web sites
- C) online social networks
- D) traditional advertising
- E) video sharing

Answer: D

Diff: 2 Page Ref: 18

AACSB: Use of IT

Skill: Concept

Objective: 1-4

54) Which of the following best explains why consumers have greater power and control in today's marketplace?

- A) The production concept and competition have lowered prices.
- B) Implementation of the product concept has resulted in continually improving products.
- C) Customer-driven marketing creates products and services that meet customers' future needs.
- D) More companies are implementing social marketing and weighing long-term costs and benefits.
- E) Through new communication technologies, customers have more access to information and more methods of sharing their opinions with other customers.

Answer: E

Diff: 3 Page Ref: 18

AACSB: Use of IT

Skill: Concept

Objective: 1-4

55) Greater consumer control means that companies must rely more on marketing by _____ than by _____.

- A) interruption; involvement
- B) interaction; intrusion
- C) socialization; information
- D) producing; selling
- E) inspiration; competition

Answer: B

Diff: 2 Page Ref: 18

AACSB: Communication

Skill: Concept

Objective: 1-4

56) To create customer value and build strong customer relationships, marketers know they cannot go it alone; therefore, they practice _____.

- A) partner relationship management
- B) database marketing
- C) attractive Web site design
- D) customer equity
- E) consumer-generated marketing

Answer: A

Diff: 1 Page Ref: 19

Skill: Concept

Objective: 1-4

57) In today's world, marketing should be done by _____ employees in an organization.

- A) only marketing
- B) only marketing, sales, and customer-support
- C) only sales and technology
- D) only management and marketing
- E) all

Answer: E

Diff: 1 Page Ref: 19

Skill: Concept

Objective: 1-4

58) Through _____, many companies today are strengthening their connections to all partners, from providers of raw materials to components to final products that are delivered to final buyers.

- A) supply chain management
- B) direct marketing
- C) partnership relationship marketing
- D) customized marketing
- E) equity marketing

Answer: A

Diff: 2 Page Ref: 21

Skill: Concept

Objective: 1-4

59) Suzie Chan strengthens her company's connections by treating suppliers of raw materials, vendors, and distributors as partners in delivering customer value. What type of management is she practicing?

- A) outside partnering
- B) inside partnering
- C) marketing
- D) supply chain
- E) customer development

Answer: D

Diff: 2 Page Ref: 21

Skill: Concept

Objective: 1-4

60) The final step in the marketing process is _____.

- A) capturing value from customers
- B) creating customer loyalty
- C) creating customer lifetime value
- D) understanding the marketplace
- E) designing a customer-driven marketing strategy

Answer: A

Diff: 1 Page Ref: 21

Skill: Concept

Objective: 1-4

61) Stew Leonard, the owner of a highly successful regional supermarket chain, reacts adversely to losing a single customer sale. He feels that this amounts to losing the entire stream of future purchases that a customer is likely to make if he or she remains in the area. Stew Leonard's concern is an illustration of which of the following?

- A) share of customer
- B) market share
- C) profitability
- D) customer lifetime value
- E) market share maintenance

Answer: D

Diff: 2 Page Ref: 22

AACSB: Reflective Thinking

Skill: Concept

Objective: 1-4

62) *Advertising Age*, a magazine for advertising professionals, recently gave its Ad Agency of the Year award to _____.

- A) the consumer
- B) on-line marketers
- C) Frito-Lay
- D) Coca-Cola
- E) YouTube

Answer: A

Diff: 3 Page Ref: 20

Skill: Concept

Objective: 1-4

63) Which of the following is an example of consumer-generated marketing?

- A) Toyota's presence in online communities
- B) Nike's Nike Plus running Web site
- C) MasterCard's use of "Priceless" commercials shot by customers
- D) Neiman Marcus's InCircle Rewards program for its best customers
- E) The Lexus Covenant aimed at creating customer delight

Answer: C

Diff: 2 Page Ref: 20

Skill: Concept

Objective: 1-4

64) When an airline goes after a "share of travel" from its customers, it is attempting to increase _____.

- A) customer lifetime value
- B) share of customer
- C) total customer spending
- D) customer satisfaction
- E) customer ownership

Answer: B

Diff: 2 Page Ref: 22

AACSB: Reflective Thinking

Skill: Concept

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41) Building, keeping, and growing profitable relationships by delivering customer value and satisfaction is called _____.

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- B) interaction; intrusion
- C) socialization; information
- D) producing; selling
- E) inspiration; competition

Answer: B

Diff: 2 Page Ref: 18

AACSB: Communication
Skill: Concept
Objective: 1-4

56) To create customer value and build strong customer relationships, marketers know they cannot go it alone; therefore, they practice _____.

- A) partner relationship management
- B) database marketing
- C) attractive Web site design
- D) customer equity
- E) consumer-generated marketing

Answer: A

Diff: 1 Page Ref: 19

Skill: Concept

Objective: 1-4

57) In today's world, marketing should be done by _____ employees in an organization.

- A) only marketing
- B) only marketing, sales, and customer-support
- C) only sales and technology
- D) only management and marketing
- E) all

Answer: E

Diff: 1 Page Ref: 19

Skill: Concept

Objective: 1-4

58) Through _____, many companies today are strengthening their connections to all partners, from providers of raw materials to components to final products that are delivered to final buyers.

- A) supply chain management
- B) direct marketing
- C) partnership relationship marketing
- D) customized marketing
- E) equity marketing

Answer: A

Diff: 2 Page Ref: 21

Skill: Concept

Objective: 1-4

59) Suzie Chan strengthens her company's connections by treating suppliers of raw materials, vendors, and distributors as partners in delivering customer value. What type of management is she practicing?

- A) outside partnering
- B) inside partnering
- C) marketing
- D) supply chain
- E) customer development

Answer: D

Diff: 2 Page Ref: 21

Skill: Concept

Objective: 1-4

- 60) The final step in the marketing process is _____.
- A) capturing value from customers
 - B) creating customer loyalty
 - C) creating customer lifetime value
 - D) understanding the marketplace
 - E) designing a customer-driven marketing strategy

Answer: A

Diff: 1 Page Ref: 21

Skill: Concept

Objective: 1-4

61) Stew Leonard, the owner of a highly successful regional supermarket chain, reacts adversely to losing a single customer sale. He feels that this amounts to losing the entire stream of future purchases that a customer is likely to make if he or she remains in the area. Stew Leonard's concern is an illustration of which of the following?

- A) share of customer
- B) market share
- C) profitability
- D) customer lifetime value
- E) market share maintenance

Answer: D

Diff: 2 Page Ref: 22

AACSB: Reflective Thinking

Skill: Concept

Objective: 1-4

62) *Advertising Age*, a magazine for advertising professionals, recently gave its Ad Agency of the Year award to _____.

- A) the consumer
- B) on-line marketers
- C) Frito-Lay
- D) Coca-Cola
- E) YouTube

Answer: A

Diff: 3 Page Ref: 20

Skill: Concept

Objective: 1-4

63) Which of the following is an example of consumer-generated marketing?

- A) Toyota's presence in online communities
- B) Nike's Nike Plus running Web site
- C) MasterCard's use of "Priceless" commercials shot by customers
- D) Neiman Marcus's InCircle Rewards program for its best customers
- E) The Lexus Covenant aimed at creating customer delight

Answer: C

Diff: 2 Page Ref: 20

Skill: Concept

Objective: 1-4

64) When an airline goes after a "share of travel" from its customers, it is attempting to increase _____.

- A) customer lifetime value
- B) share of customer
- C) total customer spending
- D) customer satisfaction
- E) customer ownership

Answer: B
Diff: 2 Page Ref: 22
AACSB: Reflective Thinking
Skill: Concept
Objective: 1-4

65) Beyond simply retaining good customers, marketers want to constantly increase their "share of customer." What does this mean in marketing terms?

A) Marketers want to increase their market share.

B) Marketers want to increase the share they get of the customer's purchasing in their product categories.

C) Marketers want to increase the profit margin with this target market.

D) Marketers want to continuously increase their customers' levels of satisfaction.

E) Marketers want to turn satisfied customers into delighted customers.

Answer: B

Diff: 3 Page Ref: 22

Skill: Concept

Objective: 1-4

66) _____ is one of the best ways to increase share of customer.

A) Targeting new customers

B) Using bait and switch

C) Cross-selling

D) Relationship selling

E) Partnership marketing

Answer: C

Diff: 2 Page Ref: 22

Skill: Concept

Objective: 1-4

67) Amazon.com leverages relationships with its 35 million customers by offering them music, videos, gifts, toys, consumer electronics, and office products, among other items. Based on previous purchase history, the company recommends related CDs, books, videos, or other products that might interest a customer. This most directly helps Amazon.com capture a greater _____.

A) customer lifetime value

B) share of customer

C) profit margin

D) share of market

E) customer equity

Answer: B

Diff: 2 Page Ref: 23

AACSB: Reflective Thinking

Skill: Concept

Objective: 1-4

68) Which of the following is the total combined customer lifetime values of all a company's current and potential customers?

- A) share of customer
- B) customer lifetime value
- C) customer equity
- D) profitability

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E) share of market

Answer: C

Diff: 2 Page Ref: 23

Skill: Concept

Objective: 1-4

69) The ultimate aim of customer relationship management is to produce _____.

A) customer equity

B) market share

C) sales volume

D) a reliable database

E) higher profit margins

Answer: A

Diff: 3 Page Ref: 23

Skill: Concept

Objective: 1-4

70) A potentially highly profitable, short-term customer is a _____.

A) true friend

B) butterfly

C) stranger

D) barnacle

E) true believer

Answer: B

Diff: 2 Page Ref: 24

Skill: Concept

Objective: 1-4

71) Customers can be classified into four relationship groups, according to their profitability and projected loyalty. Which type of customers have the highest profit potential and strong loyalty?

A) barnacles

B) strangers

C) butterflies

D) true friends

E) big fish

Answer: D

Diff: 2 Page Ref: 24

Skill: Concept

Objective: 1-4

72) Which of the following statements about the Internet is most accurate?

- A) Companies are cautiously using the Internet to build closer relationships with customers and marketing partners alike.
- B) After the dot-com meltdown of 2000, fewer consumers are buying products and/or services online.
- C) The Internet makes it easy for consumers to view, interact with, and create marketing content.
- D) Consumer e-commerce looks promising, but business-to-business e-commerce is declining.
- E) Web 2.0 involves a less balanced approach to online marketing than the original dot-com boom did.

Answer: C

Diff: 2 Page Ref: 26

AACSB: Use of IT

Skill: Concept

Objective: 1-5

73) Which of the following is currently the fastest-growing form of marketing?

- A) consumer-generated marketing
- B) online marketing
- C) mass media marketing
- D) social marketing
- E) word-of-mouth marketing

Answer: B

Diff: 3 Page Ref: 26

AACSB: Use of IT

Skill: Concept

Objective: 1-5

74) Today almost every company, small and large, is affected in some way by which of the following?

A) the societal marketing concept

B) not-for-profit marketing

C) global competition

D) customer-generated marketing

E) caring capitalism

Answer: C

Diff: 2 Page Ref: 26

Skill: Concept

Objective: 1-5

75) Governmental agencies are becoming more involved in marketing as the years pass. When a local government advertises keeping the area's streams and water supply cleaner, it is involved in _____.

- A) green marketing
- B) social marketing campaigns
- C) demarketing
- D) environmental marketing
- E) partnership marketing

Answer: B

Diff: 2 Page Ref: 29

Skill: Concept

Objective: 1-5

76) Selling is managing profitable customer relationships.

Answer: FALSE

Diff: 1 Page Ref: 2

Skill: Concept

Objective: 1-1

77) Human needs are shaped by culture and individual personality.

Answer: FALSE

Diff: 2 Page Ref: 6

Skill: Concept

Objective: 1-2

78) The difference between human needs and wants is that needs are not influenced by marketers.

Answer: TRUE

Diff: 2 Page Ref: 6

Skill: Concept

Objective: 1-2

79) When backed by buying power, needs become demands.

Answer: FALSE

Diff: 2 Page Ref: 6

Skill: Concept

Objective: 1-2

80) Market offerings are limited to physical products.

Answer: FALSE

134) Renovations of the guest rooms at the Seagull Terrace and plans to add an indoor pool area are examples of the _____ concept.

- A) selling
- B) marketing
- C) product
- D) production
- E) societal marketing

Answer: C

Diff: 2 Page Ref: 10

AACSB: Reflective Thinking

Skill: Application

Objective: 1-4

135) Carol Veldt has decided to ask selected guests to participate in an extensive survey about their experience at Seagull Terrace and about their most desired amenities and vacation experiences. By implementing the suggestions she receives from guests, Carol would be following the _____ concept.

- A) production
- B) product
- C) selling
- D) marketing
- E) societal

Answer: D

Diff: 2 Page Ref: 10

AACSB: Reflective Thinking

Skill: Application

Objective: 1-4

136) What should sellers consider if they wish to avoid marketing myopia?

Answer: Sellers should consider the particular benefits and experiences desired by their customers, and not just pay attention to the specific products they offer.

Diff: 1 Page Ref: 6

AACSB: Analytic Skills

Skill: Application

Objective: 1-2

137) You are a manufacturer of tents, sleeping bags, and outdoor cooking equipment. How might you go about creating brand experiences for your customers?

Answer: Such manufacturers should focus on the benefits enjoyed through the use of their products-access to the great outdoors, shared family experiences, and relived memories of the consumer's youth.

Diff: 1 Page Ref: 7

AACSB: Analytic Skills

Skill: Application

Objective: 1-2

138) Think about suppliers and other marketing partners. A modern marketing system relies on profitable relationships all along the way. How might Wal-Mart rely on their marketing partners in order to offer low prices?

Answer: Wal-Mart must rely on suppliers that will provide merchandise at low costs, a low-cost and efficient distribution system, an accurate and efficient customer relationship database system, and a strong partnership with each of the members of its supply chain.

Diff: 1 Page Ref: 8

AACSB: Analytic Skills

Skill: Application

Objective: 1-2

139) When demand for the latest talking Elmo was at its highest, it was suggested that manufacturers purposefully maintain strong demand by limiting supply, which would drive prices up. If this were the case, explain how such manufacturers were NOT carrying out the production concept.

Answer: The production concept holds that consumers favor products that are available and affordable. With this concept, manufacturers work to increase production and improve manufacturing efficiency, and thus eventually lower the price paid by the consumer.

Diff: 3 Page Ref: 9

AACSB: Analytic Skills

Skill: Application

Objective: 1-3

140) The marketing team at Bead Beautiful, a line of jewelry targeted at pre-teenage girls, is meeting to formulate the products' value proposition. What should team members consider as they define a value proposition for Bead Beautiful?

Answer: In considering Bead Beautiful's value proposition, the marketing team should identify the benefits and values the company promises to deliver to customers to satisfy their needs. The value proposition should differentiate Bead Beautiful from other similar products, answering the customer's question "Why should I buy this brand rather than a competitor's?"

Diff: 2 Page Ref: 9

AACSB: Analytic Skills

Skill: Application

Objective: 1-3

141) Company X carries organizational and office supplies and follows the selling concept. Explain how Company X may lose sight of customer relationships with their marketing orientation.

Answer: The company's aim is to sell its supplies rather than make what the market wants; such a strategy creates sales transactions but not long-term relationships. The company's likely faulty assumption is that customers who are persuaded to buy the product will like it or that they will buy the product again even if they weren't really initially satisfied. Company X will not foster customer loyalty with this approach.

Diff: 2 Page Ref: 10

AACSB: Analytic Skills

Skill: Application

Objective: 1-3

142) In nineteenth-century Dublin, Molly Malone sold cockles and mussels while shouting to passers by, "alive-alive-oh." Was Molly taking an outside-in or inside-out perspective? Explain.

Answer: The vendor's approach was inside-out. The cockles and mussels are available. The vendor's job was then to attract willing buyers.

Diff: 3 Page Ref: 10

AACSB: Reflective Thinking

Skill: Concept

Objective: 1-3

143) Explain why electronics and pharmaceuticals manufacturers may use customer-driving marketing.

Answer: In such industries, consumers do not know exactly what new products are available; therefore, consumers rely on such firms to tell them what they need.

Diff: 2 Page Ref: 11

AACSB: Analytic Skills

Skill: Application

Objective: 1-3

144) Explain how storing customer information in a database might better prepare car-maker Saturn in customer relationship management (CRM).

Answer: Managing detailed information about customers may allow Saturn to design new models around customer demographics and desires for specific features. These "touchpoints" can be the key to long-term customer loyalty.

Diff: 3 Page Ref: 13

AACSB: Analytic Skills

Skill: Application

Objective: 1-4

145) What determines whether sellers create basic relationships or full partnerships with customers?

Answer: The type of relationship a seller seeks to create with its customers is dependent on the number of customers and their profitability. A company with many low-margin customers develops basic relationships; a company with just a few high-margin customers invests resources to create full partnerships.

Diff: 1 Page Ref: 16

AACSB: Analytic Skills

Skill: Application

Objective: 1-4

146) How can a marketer increase "share of customer"?

Answer: The marketer can offer greater variety to customers; in addition, the marketer can train employees to cross-sell and up-sell in order to market more products and services to existing customers.

Diff: 2 Page Ref: 22-23

AACSB: Analytic Skills

Skill: Application

Objective: 1-4

147) Explain what marketers can expect from individuals in the customer relationship group classified as "butterflies."

Answer: "Butterflies" are profitable but not loyal. Marketers should enjoy this type of customer "for the moment" because they soon flutter off. Marketers should create profitable and satisfying transactions with "butterflies," then cease investing in them until the next time around. Marketers can expect transactions with butterflies when conditions are optimal for the customer, but they should not expect butterflies to become loyal customers.

Diff: 2 Page Ref: 24

AACSB: Analytic Skills

Skill: Application

Objective: 1-4

148) Able works in the marketing department of an international company. In what ways might Able use modern technologies to conduct market research in order to learn more about and better serve his company's customers?

Answer: Able could use videoconferencing to monitor customer focus groups discussing the company's products and services in various locations. Able could use online data services to learn more about the needs and wants of his customers, or he could create a customer database for the company to target individual customers with tailored offers.

Diff: 2 Page Ref: 25

AACSB: Use of IT

Skill: Application

Objective: 1-5

149) In what ways might even a local retailer find itself touched by global competition?

Answer: A local retailer might have global suppliers and customers. The retailer's goods may come from abroad, or components of those goods may be produced or assembled abroad. In addition, a local retailer may also sell goods over the Internet to international customers.

Diff: 1 Page Ref: 27

AACSB: Analytic Skills

Skill: Application

Objective: 1-5

150) How is marketing being applied in the not-for-profit sector?

Answer: Firms in the not-for-profit sector use marketing to enhance their images, to encourage donor marketing to attract memberships and donors, and to design social marketing campaigns to encourage specific causes.

Diff: 2 Page Ref: 28

AACSB: Analytic Skills

Skill: Application

Objective: 1-5