



## Mid Term Exam Comm 223 Answer Sheet

Marketing Management I (Concordia University)



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## Mid Term Exam Answer sheet

**In our free-enterprise society, what three specific groups benefit from effective marketing.**

Answer : The three groups that benefit from effective marketing are :

- (1) consumers who buy (they can obtain the best product at the lowest price, leading to consumer satisfaction)
- (2) organizations that sell (receive rewards, profit, growth, etc. if they provide need-satisfying products with effective marketing programs)
- (3) society as a whole (through enhanced competition, providing jobs and a higher standard of living for its citizens).

**Define each of the four Ps. What insights might a firm gain by considering the four Cs rather than the four Ps?**

**Answer:** The four Ps of marketing are: product, price, place, and promotion. *Product* means the goods-and-services combination the company offers to the target market. *Price* is the amount of money customers have to pay to obtain the product. *Place* includes company activities that make the product available to target consumers. *Promotion* refers to activities that communicate the merits of the product and persuade target customers to buy it. The four Cs—customer solution, customer cost, convenience, and communication—describe the four Ps from the customer's viewpoint. By examining products and services using the four Cs, marketers may be better equipped to build customer relationships and offer true value.

**Define strategic planning and describe its four steps.**

*Strategic planning* is the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities. At the corporate level, the company starts the strategic planning process by defining its overall purpose and mission. This mission then is turned into detailed supporting objectives that guide the whole 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. Marketing planning occurs at the business-unit, product, and market levels. Marketing supports company strategic planning with more detailed plans for specific marketing opportunities.

Marketing plays a key role in the company's strategic planning in several ways: (1) it provides a guiding philosophy—the marketing concept—that suggests that company strategy should revolve around building profitable relationships with important consumer groups; (2) it provides inputs to strategic planners by helping to identify attractive market opportunities and by assessing the firm's potential to take advantage of them; and (3)

within individual business units, marketing designs strategies for reaching the unit's objectives.

**Sound and Cinema is a company that will turn an ordinary basement into a home theater. It advertise in publications that are mailed to homeowners in subdivisions in which the least expensive home costs \$475,000. These homeowners are the \_\_\_\_\_ for Sound Cinema.**

*a)mass market*

*b)niche market*

*c)promotional market*

*d)target market*

Answer: d. A target market is a specific group of potential consumers toward which an organization directs its marketing program.

**Why would an organization produce a single good or service and then attempt to sell it to two or more market segments**

Ans: An organization would produce a single good or service and then attempt to sell it to two or more market segments to avoid the added cost of developing additional versions of the product, which often entails high research, engineering and manufacturing expenses. The additional marketing costs of a single-product, multiple-market strategy-primarily in connection with promotion and distribution-are usually relatively low.

**Describe the principle know as niche marketing. What are the competitive advantages of marketing to a niche.**

Ans: Niche marketing is based on the premise that smaller is often better when selecting target segments. By definition, large segments are usually established segments that many companies have identified and targeted previously. However, these large segments may be poorly defined. Niche marketing is the identification and serving of a relatively small group of consumers who have a unique set of needs. Typically, these consumers are willing to pay a premium price to the firm that specializes in meeting those needs. The small size of a market niche often means it would not be profitable for more than one organization to serve it. Thus, when a firm identifies and develops products for market niches, the threat of competitors developing imitative products to attack the niches is reduced.

**Why is it important for a firm to choose its target market segments carefully**

Ans: A firm must choose its target markets segments carefully because, if it picks too narrow a group of segments, it may fail to reach the volume of sales and profit it needs. On the other hand, if it selects too broad a group of segments, it may spread its marketing efforts so thin that the extra expenses more than cancel out the increased sales and profits.

**Define market segmentation. How does it link needs with marketing actions.**

Ans: Market segmentation is aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action. Segmentation links needs to action. It stresses the importance of aggregating – or grouping- people or organizations in a market according to the similarity of their needs and the benefits they are looking for in making a purchase. Such needs and benefits must be related to specific, tangible marketing actions the firm can take.

### **Why should a marketer be concerned with the study of culture**

Ans: A foreign marketer should study culture in order to avoid making blunders which would not be made if he or she had cultural knowledge. Culture should be studied because it affects the consumer's desire and ability to buy.

### **What is demography and why is it so important for marketers**

Ans: *Demography* is the study of human populations in terms of size, density, location, age, gender, race, occupation, and other statistics. The demographic environment is of major interest to marketers because it involves people, and people make up markets. The world's large and highly diverse population poses both opportunities and challenges. Changes in the world demographic environment have major implications for business. Thus, marketers keep a close eye on demographic trends and developments in their markets. They analyze changing age and family structures, geographic population shifts, educational characteristics, and population diversity.

### **Explain the benefits and drawbacks of using comparison shopping websites in making buying decisions.**

Obvious benefits include the vast amount of selection and the ability to comparison shop for the best price of the same product. Buyers can learn about the products through the descriptions provided when clicking on a shopping result. Product reviews provided by other buyers also are helpful. One drawback, however, is the inability touch or try the product. Another drawback is that small pictures on a computer screen often don't provide a good feel for what the product is really like. Buyers may be leery of purchasing from merchants or individuals they do not know. Also, the sheer number alternatives provided on these shopping comparison sites can be overwhelming. Moreover, buyers may see something they are interested in but continue shopping only to realize they cannot find the one they were interested in.

### **How does the market structure and demand faced by business marketers differ from that faced by consumer marketers?**

Business marketers normally deal with *far fewer but far larger buyers* than the consumer marketer does. Further, business demand is *derived demand*—it ultimately derives from the demand for consumer goods. Many business markets have *inelastic demand*; that is, total demand for many business products is not affected much by price changes, especially in the short run. Finally, business markets have more *fluctuating demand*. The demand for many business goods and services tends to change more—and more quickly—than the demand for consumer goods and services does.

**What is a marketing information system, and how is it used to create customer insights?**

Ans: A **marketing information system (MIS)** consists of people and procedures dedicated to assessing information needs, developing the needed information, and helping decision makers use the information to generate and validate actionable customer and market insights. The MIS begins and ends with information users—marketing managers, internal and external partners, and others who need marketing information. First, it interacts with these information users to *assess information needs*. Next, it interacts with the marketing environment to *develop needed information* through internal company databases, marketing intelligence activities, and marketing research. Finally, the MIS helps users to *analyze and use* the information to develop customer insights, make marketing decisions, and manage customer relationships.

**What are the similarities and differences when conducting research in another country versus the domestic market?**

Ans: International marketing researchers follow the same steps as domestic researchers, from defining the research problem and developing a research plan to interpreting and reporting the results. However, these researchers often face more and different problems. Whereas domestic researchers deal with fairly homogeneous markets within a single country, international researchers deal with diverse markets in many different countries that often vary greatly in their levels of economic development, cultures and customs, and buying patterns. International researchers also may have a difficult time finding good secondary data as many countries have almost no research services at all. Even when secondary information is available, it usually must be obtained from many different sources on a country-by-country basis, making it difficult to combine or compare information. Thus, international researchers often must collect their own primary data, which also is fraught with problems (e.g., developing adequate samples, collecting data, and handling cultural differences, high illiteracy rates, and translation problems).

**What is the differences between observational data and questionnaire data?**

*Observational data are facts and figures obtained by watching, either mechanically or in person, how people actually behave. Questionnaire data are facts and figures obtained by asking people about their attitudes, awareness, intentions, and behaviors.*

**Which type of survey provides the greatest flexibility for asking probing questions: mail, telephone, or personal interview.**

*Personal Interview and telephone because you can ask sub question such as ``what do you mean by this or could you clarify your answer with more explanations...``*

**What are some criteria used to decide which segments to choose for targets?**

*Possible criteria include market size, expected growth, competitive position, cost of reaching the segment, and compatibility with the organization`s objectives and resources.*

***What is the difference between the an organization`s business and its goals?***

*An organization`s business describe the clear, broad, underlying industry or market sector of an organization`s offering, An organization`s goal (or objective) are statements of an accomplishment of a task to be achieved, often by a specific time. Goals convert an organization`s mission and business into long and short term performance targets to measure how well it is doing.*

***Explain how marketing discovers and satisfies consumer needs?***

*The first objective in marketing is discovering the needs and wants of consumers who are prospective buyers and customers. This is not easy because consumers may not always know or be able to describe what they need or want. A need occurs when a person feels deprive of basic necessities such as food, clothing, and shelter. A want is a need that is shaped by a person`s knowledge, culture, and personality. Effective marketing can clearly shape a person`s wants and tries to influence what a person buys. The second objective in marketing is satisfying the needs of targeted consumers. Because an organization obviously can`t satisfy all consumer needs, it must concentrate its efforts on certain on certain needs of a specific group of potential consumers or target market-one or more specific groups of potential consumers toward which an organization directs its marketing program. It then selects its target market segment (or segments), which is relatively homogeneous group of prospective buyers that (1) have commons needs and (2) will respond similarly to a marketing action. Finally, the organization develops a set of marketing actions in the form of a unique marketing program to reach them.*

***Explain how organizations build strong customer relationships and customer value through marketing.***

*The essence of successful marketing is to provide sufficient value to gain loyal, long term customers. Customer value is the unique combination of benefits received by targeted buyers that usually includes quality, price, convenience, on-time delivery, and both before-sale and after-sale service. Marketers do this by using one of three value strategies: best price, best product or best service.*

***What are the two characteristics of the marketing concept.***

*An organization should (1) strive to satisfy the needs of consumers while also (2) trying to achieve the organization`s goals.*

***What are four factors are needed for marketing to occur***

- 1-two or more parties (individuals or organizations) with unsatisfied needs
- 2-a desire and ability on their part to have their needs satisfied
- 3-a way for the parties to communicate, and
- 4-something to exchange.

**The process that directs the flow of goods and services from the producer to the consumer by creating time place ownership and awareness utilities is known as**

a-Production

b-Productivity

*c-Marketing*

d-Research

**\_\_\_\_\_ is the process of dividing a market into smaller groups of buyers with distinct needs, characteristics, or behaviors who might require separate products or marketing mixes.**

a-Mass marketing

*b-Market segmentation*

c-Target marketing

d-Market positioning

**\_\_\_\_\_ is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter.**

a-Mass marketing

b-Market segmentation

*c-Market targeting*

d-Market positioning

**During which step of the marketing segmentation, targeting and positioning process does the firm ``develop a marketing mix for the selected segment?``**

a-Market segmentation

b-Market targeting

*c-Market positioning*

d-The firm does not go through the ``development`` during any of the above steps.

