



COMM 223 Chapter 1 Multiple Choice Questions and Answers

Marketing Management I (Concordia University)



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MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) Marketing, more than any other business function, deals with _____.

- A) brands
- B) customers
- C) sales
- D) new products
- E) advertising

Answer: B

2) Amazon, like many other successful companies, is driven by one primary objective, namely _____.

- A) acquiring market share from industry leader, Walmart.
- B) value creation for the customers.
- C) fast and reliable delivery.
- D) acquiring companies in order to add to its many product offerings.
- E) providing shareholders with healthy returns on their investments.

Answer: B

3) According to the five- step model of the marketing process, the first step in marketing is _____.

- A) capturing value from customers to create profits and customer equity
- B) constructing an integrated marketing program that delivers superior value
- C) designing a customer- driven marketing strategy
- D) engaging customers, building profitable relationships, and creating customer delight
- E) understanding the marketplace and customer needs and wants

Answer: E

4) In recent years marketers have leveraged various forms of social media and other technologies to advance their primary goal of _____.

- A) being better able to reach the customer directly, personally and interactively
- B) finding less expensive ways to operate thus driving higher levels of profitability.
- C) gaining favourable media attention
- D) gathering more sales data (big data)
- E) faster product development

Answer: A

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

5) Management guru Peter Drucker stated, "The aim of marketing is to make selling unnecessary."

Answer: ☒ True ☐ False

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

6) What is marketing? Briefly describe the marketing process.

Answer: Marketing can be defined as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. The marketing process consists of five steps. In the first four steps, companies work to understand consumers, create customer value, and build strong customer relationships. In the final step, companies reap the rewards of creating superior customer value. By creating value for consumers, they in turn capture value from consumers in the form of sales, profits, and long- term customer equity.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 7) As described in the text, both Airbnb and Target's CEO's share a practice that they believe makes them more capable leaders of their company. This practice involves more frequent _____.
A) personal vacations to ensure they get rested while enjoying time away from their role
B) visits to their locations (AirBnb hosts and Target stores)
C) isolation from the market in order to make more refined decisions
D) interviews with the media (Fortune Magazine, Wall Street Journal)
E) blog posts on how to run a company (Jeff Bullas, James Altucher)

Answer: B

- 8) _____ are defined as states of felt deprivation.
A) Demands B) Ideas C) Exchanges D) Needs E) Values

Answer: D

- 9) _____ are the form human needs take as they are shaped by culture and individual personality.
A) Services B) Risks C) Necessities D) Wants E) Benefits

Answer: D

- 10) Consumers' needs and wants are fulfilled through _____.
A) ideas
B) value
C) demand
D) desire
E) market offerings

Answer: E

- 11) Abel now has the buying power to purchase the computer that he wanted to buy six months ago. Abel's want has most likely become a _____.
A) market offering
B) desire
C) need
D) demand
E) value

Answer: D

- 12) Canadian telecommunications giant BELL has committed resources to continue its annual, "Let's Talk" day to promote greater awareness in mental health. This is an example of a marketing offering for a(n) _____.
A) place B) person C) idea D) product E) exchange

Answer: C

- 13) Marketers are said to suffer from marketing myopia when they ignore underlying consumer needs and focus excessively on _____.
A) consumers' future demands
B) consumers' brand experiences
C) competitors' threats
D) competitors' strengths
E) consumers' existing wants

Answer: E

14) The Walt Disney World Resort doesn't just offer amusement park rides, it uses its famed Disney magic to create carefully orchestrated _____.

- A) wants
- B) service offerings
- C) values
- D) experiences
- E) benefits

Answer: D

15) When considering the factors that influence the experience of the Walt Disney World Resort, something as simple as how each employee is identified makes a difference. At Disney World, employees are called _____.

- A) Superstars
- B) Mickey's Crew
- C) Mickey's Mouseketeers
- D) Cast Members
- E) Precious Jewels

Answer: D

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

- A) Targeting
- B) Segmentation
- C) Exchange
- D) Positioning
- E) Differentiation

Answer: C

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

17) Market offerings are limited to physical products.

Answer: True ☒ False

18) Market offerings include entities such as people, places, information, and ideas.

Answer: ☒ True False

19) When sellers pay less attention to the specific products they offer and more attention to the benefits and experiences produced by these products, they suffer from marketing myopia.

Answer: True ☒ False

20) A greater focus on underlying customer needs than on existing customer wants leads to marketing myopia.

Answer: True ☒ False

21) A market is a segment of potential consumers who share a common need or want.

Answer: ☒ True False

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

22) Describe how the Loblaw's clothing brand, Joe Fresh, differentiates itself from other clothing labels.

Answer: By selling Joe Fresh in Loblaw brand stores (Superstore, Zehrs, ValueMart etc), Loblaw's took advantage of its strong brand presence and the large number of stores to enable Joe Fresh to be highly accessible and visible. While it may appear a challenge to sell clothing in a grocery store, Loblaw's marketing strategy leveraged location as a key differentiator. People frequent their stores, so Joe Fresh remains front of mind. In order to succeed, Loblaw's has to offer frequent product rotations (regular updates of new products on shelves). The company hired famous Canadian fashion designer Joe Mimran to advance the perception that Joe Fresh carries current fashions. Joe Fresh is considered a key part of fashion week activities. Compared to competing brands, Loblaw's offers lower prices for up-to-date fashions.

23) Using suitable examples, briefly compare and contrast the concepts of needs, wants, and demands. Discuss how these concepts relate to marketing practices.

Answer: Human needs are states of felt deprivation. Needs are part of the human make-up; they are not created by external forces. Humans have a basic physical need for food, clothing, warmth, and safety, a basic social need for belonging and affection, and a basic individual need for knowledge and self-expression. Unlike needs, wants are not innate. Instead, wants are needs shaped by culture, society, and individual personality. For example, someone needs food, wants a Big Mac and soft drink, and demands lunch at McDonald's. Wants become demands when they are backed by consumers' buying power. Marketers conduct extensive research to understand customers' needs, wants, and demands. They then attempt to fulfill customers' needs, wants, and demands through their market offerings.

24) Explain market offerings and marketing myopia.

Answer: Consumers' needs and wants are fulfilled through market offerings — some combination of products, services, information, or experiences offered to a market to satisfy a need or a want. Market offerings are not limited to physical products. They also include services — activities or benefits offered for sale that are essentially intangible and do not result in the ownership of anything. Examples include banking, airline, hotel, retailing, and home repair services. More broadly, market offerings also include other entities, such as persons, places, organizations, information, and ideas. Many sellers make the mistake of paying more attention to the specific products they offer than to the benefits and experiences produced by these products. These sellers suffer from marketing myopia. They are so taken with their products that they focus only on existing wants and lose sight of underlying customer needs. They forget that a product is only a tool to solve a consumer problem. A manufacturer of quarter-inch drill bits may think that the customer needs a drill bit but what the customer really needs is a quarter-inch hole. These sellers will have trouble if a new product comes along that serves the customer's need better or less expensively. The customer will have the same need but will want the new product.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

25) _____ is the art and science of choosing target markets and building profitable relationships with them.

- A) Positioning
- B) Customer-perceived value
- C) Marketing management
- D) Segmentation
- E) Differentiation

Answer: C

26) Rather than assume that each client has the same needs, a travel agency that understands marketing creates separate departments; one dedicated to retirees, another to the business traveler, a third department concentrates on student travel and the fourth department focusing on families. This is an example of a firm that has considered _____.

- A) market Segmentation
- B) value engineering
- C) cost leadership
- D) positioning
- E) mass customization

Answer: A

27) Dollarama profitably appeals to families with more modest means. The retailer's approach is most likely referred to as _____.

- A) undifferentiated marketing
- B) consumer- generated marketing
- C) mass distribution
- D) target marketing
- E) cost leadership

Answer: D

28) A brand's _____ is the set of benefits that it promises to deliver to consumers to satisfy their needs.

- A) dividend yield
- B) perquisite
- C) value proposition
- D) dominant effect
- E) fringe benefit

Answer: C

29) British Columbia- based Flair Airlines gives you "Canada's ticket to ultra- low airfares" is their _____.

- A) segmentation strategy
- B) value proposition
- C) production concept
- D) market offering
- E) selling concept

Answer: B

30) Which of the following marketing management orientations may yield the unintended consequence of aggressive selling by creating short term sales transactions rather than on building long- term relationships?

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

Answer: C

31) PC manufacturer, Lenovo, focuses on low labour costs and mass distribution to ensure the continuous availability of its products at reasonable prices. Lenovo most likely follows the _____.

- A) customer- driving marketing concept
- B) production concept
- C) societal marketing concept
- D) marketing concept
- E) selling concept

Answer: B

32) Henry Ford's philosophy was to perfect the Model- T so that its cost could be reduced further for increased consumer affordability. This most likely reflects the _____.

- A) production concept
- B) marketing concept
- C) societal marketing concept
- D) customer- driving marketing concept
- E) selling concept

Answer: A

33) The selling concept holds that _____.

- A) consumers will not buy enough of a firm's products unless the firm undertakes large- scale persuasion and promotion efforts
- B) a company's marketing decisions should consider consumers' wants, the company's requirements, consumers' long- run interests, and society's long- run interests
- C) achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do
- D) consumers will only favour products that are available and highly affordable
- E) consumers will favour products that offer the most in quality, performance, and innovative features

Answer: A

34) Which of the following is a difference between the marketing concept and the selling concept?

- A) The marketing concept focuses on customer conquest, whereas the selling concept focuses on targeting the right customers.
- B) The marketing concept focuses on short- term sales, whereas the selling concept strives to build long- term customer relationships.
- C) The marketing concept focuses on customer needs, whereas the selling concept focuses on existing products.
- D) The marketing concept takes an inside- out perspective, whereas the selling concept takes an outside- in perspective.
- E) The marketing concept is product- centered, whereas the selling concept is production- centered.

Answer: C

35) The _____ 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) production
- B) societal marketing
- C) marketing
- D) product
- E) selling

Answer: C

36) Mountain Equipment Co- op (MEC) lives by a long- standing belief in being socially and environmentally accountable. This most likely reflects the _____.

- A) Production Concept
- B) Societal Marketing Concept
- C) Product Concept
- D) Selling Concept
- E) Marketing Concept

Answer: B

37) Customer- driven marketing is most effective when _____.

- A) customers do not know what they want but are easily persuaded
- B) clear needs exist and customers know what they want
- C) customers have wants but cannot afford them
- D) customers seek new products and technological innovations
- E) a clear need exists among customers, but the need is difficult to identify

Answer: B

38) L.L. Bean, the outdoor apparel retailer was founded on the principle of _____.

- A) low cost products
- B) customer satisfaction
- C) environmental stewardship
- D) customer relationship management
- E) trend setting outdoor fashion

Answer: B

39) The ABC, a leading provider of personal computer systems, began manufacturing tablet devices after predicting a future consumer need for portability. Which of the following was most likely implemented by the ABC company?

- A) the product concept
- B) customer- driving marketing
- C) sustainable marketing
- D) the selling concept
- E) the production concept

Answer: B

40) The societal marketing concept holds that _____.

- A) consumers will favour products that offer the most in quality, performance, and innovative features
- B) the society will only favour products that are available and highly affordable
- C) achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do
- D) consumers will not buy enough of a firm's products unless the firm undertakes a large- scale selling and promotion effort
- E) a company's marketing decisions should focus on creating economic value in a way that also creates value for the surrounding environment

Answer: E

41) Many leading business and marketing thinkers are now preaching the concept of "shared value" which recognizes that _____ needs, not just economic needs, define markets.

- A) functional
- B) societal
- C) physical
- D) marketing
- E) individual

Answer: B

42) Which of the following concepts calls for sustainable marketing?

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

Answer: D

43) Cosmetic retailer Lush knows that doing what's right benefits both customers and the company. Their premium beauty products are made by hand from the freshest possible natural ingredients. This is an example of the _____ concept.

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

Answer: A

44) _____ marketing is defined as socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs.

- A) Customer- driving
- B) Sustainable
- C) Customer- driven
- D) Ambush
- E) Mass

Answer: B

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

45) The product concept is a customer- centered, sense- and- respond philosophy.

Answer: True ☒ False

46) A brand's value proposition is the set of benefits or values it promises to deliver to consumers to satisfy their needs.

Answer: ☒ True False

47) The selling concept holds that consumers will favour products that offer the most in quality, performance, and innovative features.

Answer: True ☒ False

48) Xenon Corp. releases frequent updates to improve its expensive software products. This marketing approach used by the firm is most likely based on the production concept.

Answer: True ☒ False

49) Organizations that follow the production concept most likely practice socially and environmentally responsible marketing.

Answer: True ☒ False

50) Product, price, place, and promotion make up the elements of a firm's marketing mix.

Answer: ☒ True False

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

51) Why do companies generally divide a market into segments of customers?

Answer: A company decides whom it will serve by dividing the market into segments of customers and selecting which segments it will go after. Some people think of marketing management as finding as many customers as possible and increasing demand. But marketing managers know that they cannot serve all customers in every way. By trying to serve all customers, they may not serve any customer well. Hence, companies usually want to select only customers that they can serve well and profitably. Ultimately, marketing managers must decide which customers they want to target and on the level, timing, and nature of their demand.

52) Compare and contrast the product and production concepts.

Answer: The production concept holds that consumers will favour products that are available and highly affordable. Therefore, it dictates that management should focus on improving production and distribution efficiency. This concept is one of the oldest orientations that guides sellers. The production concept is still a useful philosophy in some situations. For example, both personal computer maker Lenovo and home appliance maker Haier dominate the highly competitive, price-sensitive Chinese market through low labour costs, high production efficiency, and mass distribution. However, although useful in some situations, the production concept can lead to marketing myopia. Companies adopting this orientation run a major risk of focusing too narrowly on their own operations and losing sight of the real objective — satisfying customer needs and building customer relationships. The product concept holds that consumers will favour products that offer the most in quality, performance, and innovative features. Under this concept, marketing strategy focuses on making continuous product improvements. Product quality and improvement are important parts of most marketing strategies. However, focusing only on products can also lead to marketing myopia. For example, manufacturers of mousetraps might believe that if they can build a better mousetrap, their profits will soar but they are often rudely shocked. Buyers may be looking for a better solution to a mouse problem but not necessarily for a better mousetrap. The better solution might be a chemical spray, an exterminating service, a house cat, or something else that suits their needs even better than a mousetrap. Furthermore, a better mousetrap will not sell unless the manufacturer designs, packages, and prices it attractively, places it in convenient distribution channels, brings it to the attention of people who need it, and convinces buyers that it is a better product.

53) Compare the selling and marketing concepts, and list the key components of each concept.

Answer: The selling concept reflects an inside-out perspective, while the marketing concept takes an outside-in perspective. The selling concept is typically practiced when an organization markets products or services that buyers do not normally think of purchasing, such as insurance or blood donation. Aggressive selling focuses on creating sales transaction rather than on building long-term relationships with customers, with the aim of selling what a company makes rather than making what the customer wants. The marketing concept, on the other hand, is based on identifying the needs and wants of target markets and then satisfying those needs and wants better than competitors do. Under the marketing concept, customer focus and value are the paths to sales and profits. Instead of a product-centered make-and-sell philosophy, the marketing concept is a customer-centered sense-and-respond philosophy. The job is not to find the right customers for a product but to find the right products for customers.

54) Briefly explain the societal marketing concept.

Answer: The societal marketing concept questions whether the pure marketing concept overlooks possible conflicts between consumer short- run wants and consumer long- run welfare. Is a firm that satisfies the immediate needs and wants of target markets always doing what's best for its consumers in the long run? The societal marketing concept holds that marketing strategy should deliver value to customers in a way that maintains or improves both the consumer's and society's well- being. It calls for sustainable marketing, socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs. Companies like GE, Dow, Google, IBM, and Nestle are concerned not just with short- term economic gains, but with the well- being of their customers, the depletion of natural resources vital to their businesses, the viability of key suppliers, and the economic well- being of the communities in which they produce and sell.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

55) The overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction is referred to as _____.

- A) customer relationship management
- B) societal marketing
- C) enterprise resource planning
- D) perceived- value management
- E) partner relationship management

Answer: A

56) Which of the following terms refers to a customer's evaluation of the difference between all the benefits and all the costs of a market offering relative to those of competing offers?

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

Answer: D

57) A Steinway piano—any Steinway piano—costs a lot. But to those who own one, a Steinway is a great value. This is an example of _____.

- A) customer lifetime value
- B) customer share
- C) customer perceived value
- D) share of customer
- E) customer experience

Answer: C

58) Ritz- Carlton is fervently dedicated to anticipating customers' slightest needs. Without ever asking, they seem to know when customers want a king- size bed, non- allergenic pillow, extra body gel, or the blinds open upon arrival. An amazing 95 percent of departing guests report that their stay has been a truly memorable experience. This is an example of _____.

- A) customer- perceived value
- B) customer share
- C) customer equity
- D) customer delight
- E) customer lifetime value

Answer: D

- 59) Customer evangelists are those who _____.
A) work with quality- assurance teams to improve product safety
B) evaluate newly launched products in the marketplace
C) use personal selling methods to market products and services
D) use their expertise to influence people about specific products
E) spread the word about their good experiences with a brand or product

Answer: E

- 60) In which of the following circumstances is an organization likely to engage in full partnerships with key consumers?
A) when the market has a huge number of customers
B) when the market has few customers and high margins
C) when the firm has a frequency marketing program
D) when the firm has a large number of low- margin customers
E) when the firm has few marketing resources at its disposal

Answer: B

- 61) Procter & Gamble's Tide detergent does not attempt to get to know customers personally. Instead, Tide creates engagement and relationships through brand- building advertising, websites, and social media presence. Which of the following types of associations would be most profitable for the firm to develop with these customers?
A) business partnering
B) basic relationships
C) full partnerships
D) joint ventures
E) strategic alliances

Answer: B

- 62) Rather than using hard- sell product pitches, Bark uses social media to share original comedic videos and stories- often without even mentioning their product- BarkBox.

This is an example of _____.

- A) soft- sell marketing
B) public relations
C) societal marketing
D) intense social media blitzing
E) engagement marketing

Answer: E

- 63) Which of the following is an example of consumer- generated marketing?
A) Cristal, a jewellery store, uses its page on Facebook to provide information about its upcoming products to its customers.
B) Fun & Run, a local amusement park, promotes its services by allowing consumers to upload videos and write reviews about the park.
C) Figa, a leading provider of athletic shoes, helps its customers customize their shoes on its website and choose personalized settings.
D) Barton's, a local pet supply store, rewards frequent buyers with vouchers and exclusive offers.
E) Energix, a manufacturer of soft drinks, attracts customers through televised advertisements.

Answer: B

- 64) Companies that invite consumers play a role in shaping ads and social media (Tesla) or by offering suggestions for product design (Oreo's, Mountain Dew) are leveraging what increasingly popular marketing approach?
- A) low cost marketing campaign development
 - B) process marketing
 - C) consumer- generated marketing
 - D) direct marketing
 - E) engagement marketing

Answer: C

- 65) _____ refers to working closely with people inside and outside the company to jointly bring more value to customers.
- A) Customer- generated marketing
 - B) Demand management
 - C) Integrated communication
 - D) Channel value proposition
 - E) Partner relationship management

Answer: E

- 66) _____ refers to a channel stretching from raw materials to components to final products that are carried to final buyers.
- A) A marketing channel
 - B) A market segment
 - C) A supply chain
 - D) A demand chain
 - E) A marketing- mix channel

Answer: C

- 67) The final step in the marketing process is _____.
- A) designing a customer- driven marketing strategy
 - B) understanding the marketplace
 - C) constructing an integrated marketing program
 - D) capturing value from customers
 - E) building profitable relationships with the customers

Answer: D

- 68) Stew Leonard's has created what has been the "Disneyland of Dairy Stores," complete with costumed characters, scheduled entertainment, and a petting zoo. It's built 30 additions onto the original store, which now serves more than 300,000 customers each week. This legion of loyal shoppers is largely a result of the store's passionate approach to customer service. Instead of focusing on individual transactions, Stew and his staff are putting a priority on _____.
- A) attracting "butterflies"
 - B) decreasing customer- perceived value
 - C) capturing customer lifetime value
 - D) managing partner relationships
 - E) converting "strangers" into "butterflies"

Answer: C

69) _____ refers to the portion of the customer's purchase that a company gets in its product categories.

- A) Brand equity
- B) Value proposition
- C) Customer equity
- D) Share of customer
- E) Customer lifetime value

Answer: D

70) _____ is the total combined customer lifetime values of all the company's current and potential customers.

- A) Market share
- B) Customer equity
- C) Share of customer
- D) Customer- perceived value
- E) Value proposition

Answer: B

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

- A) produce high customer equity
- B) turn "strangers" into "butterflies"
- C) divide markets into distinct segments
- D) evaluate current sales share
- E) evaluate customer lifetime value

Answer: A

72) In which of the following customer relationship groups do organizations generally avoid investing?

- A) barnacles
- B) true friends
- C) strangers
- D) butterflies
- E) true believers

Answer: C

73) A consumer who is potentially profitable but not loyal to a firm's offerings is referred to as a _____.

- A) butterfly
- B) barnacle
- C) true friend
- D) true believer
- E) stranger

Answer: A

74) _____ are customers who show low potential profitability and little projected loyalty.

- A) Butterflies
- B) True friends
- C) True believers
- D) Strangers
- E) Barnacles

Answer: D

75) A customer who is both loyal and profitable is referred to as a _____.

- A) laggard
- B) barnacle
- C) stranger
- D) butterfly
- E) true believer

Answer: E

76) Amazon Prime strives to convert casual shoppers into loyal customers. An Amazon Prime customer can be classified as a _____.
A) barnacle B) butterfly C) stranger D) laggard E) true believer
Answer: E

77) Efforts to convert _____ into loyal customers are rarely successful.
A) true believers
B) butterflies
C) strangers
D) laggards
E) barnacles
Answer: B

78) Customers who are classified as true believers _____.
A) tell others about their good experiences with a company
B) are projected to be less loyal to any brand
C) are attracted to a company's competitor's deals and offers
D) are not very profitable for a company
E) have needs and wants that do not fit a company's offerings
Answer: A

79) Carla, a team leader in charge of customer relationship management, is planning strategies to improve the profitability of her firm's least profitable but loyal customers. She is also examining methods for "firing" customers in this group who cannot be made profitable. To which of the following customer relationship groups do these customers belong?
A) true friends B) strangers C) barnacles D) innovators E) butterflies
Answer: C

80) Various government agencies have launched campaigns to encourage energy conservation and concern for the environment as well as discourage smoking, illegal drug use, and obesity. This illustrates _____ marketing.
A) social
B) consumer-generated
C) ambush
D) multi-level
E) for-profit
Answer: A

81) _____ marketing is perhaps the fastest-growing marketing platform.
A) Social media B) Blog C) Mobile D) Online E) Website
Answer: C

82) Which of the following transforms marketing strategies into real values for consumers?
A) share of customer
B) customer satisfaction surveys
C) customer equity
D) the four Ps of marketing
E) a firm's value proposition
Answer: D

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

83) Companies like Coca-Cola and Facebook deliver customer satisfaction by spreading happiness and connecting individuals through shared experiences.

Answer: ☒ True ☐ False

84) The more loyal a firm's profitable customers, the lower its customer equity.

Answer: ☐ True ☒ False

85) In markets with few customers and high margins, sellers should try to develop basic relationships rather than full partnerships.

Answer: ☐ True ☒ False

86) The Internet of Things (IoT) is a global environment where everything and everyone is digitally connected to everything and everyone else.

Answer: ☒ True ☐ False

87) Through consumer-generated marketing, consumers themselves are playing a bigger role in shaping their own brand experiences and those of others.

Answer: ☒ True ☐ False

88) Success at delivering customer value rests on how well a company's entire supply chain performs against competitors' supply chains.

Answer: ☒ True ☐ False

89) Customer equity is a measure of the past value of a company's customer base.

Answer: ☐ True ☒ False

90) In the final step of a marketing process, a company reaps the rewards of its strong customer relationships by capturing value from customers.

Answer: ☒ True ☐ False

91) Customer-perceived value is defined as a customer's evaluation of the perceived difference between all the benefits and all the costs of a market offering relative to those of competing offers.

Answer: ☒ True ☐ False

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

92) The aim of customer relationship management is to create not just customer satisfaction, but customer delight as well. Explain.

Answer: Customer satisfaction cannot be taken for granted. Since brand loyalty is dependent upon strong customer satisfaction, companies strive to retain, satisfy, and even delight current customers. Firms create customer delight by promising only what they can deliver and then delivering more than what they promise. They also create emotional relationships with key customers. Delighted customers make repeated purchases and become customers for life. More importantly, they also essentially become an unpaid sales force for the firm as "customer evangelists" who tell other potential customers about their positive experiences with a product.

93) Explain, with examples, the different types of relationships that a company can build with its customers.

Answer: At one extreme, a company with many low-margin customers may seek to develop basic relationships with them. For example, Procter & Gamble's Tide does not phone or call on all of its consumers to get to know them personally. Instead, it creates relationships through brand-building advertising, public relations, and social media presence. At the other extreme, in markets with few customers and high margins, sellers want to create full partnerships with key customers. For example, P&G sales representatives work closely with Walmart, Kroger, and other large retailers that sell Tide. In between these two extremes, other levels of customer relationships are appropriate. Beyond offering consistently high value and satisfaction, marketers can use specific marketing tools to develop stronger bonds with customers. For example, many companies offer frequency marketing programs that reward customers who buy frequently or in large amounts. Airlines offer frequent-flyer programs, hotels give room upgrades to their frequent guests, and supermarkets give patronage discounts to "very important customers." Other companies sponsor club marketing programs that offer members special benefits and create member communities.

94) Compare and contrast customer-managed relationships and consumer-generated marketing.

Answer: Today's consumers have more information about brands than ever before, and they have a wealth of platforms for airing and sharing their brand views with other consumers. Thus, the marketing world is now embracing not only customer relationship management, but also customer-managed relationships. Greater consumer control means that companies can no longer rely on marketing by intrusion. Instead, marketers must practice marketing by attraction — creating market offerings and messages that involve consumers rather than interrupt them. Hence, most marketers now augment their mass-media marketing efforts with a rich mix of direct marketing approaches that promote brand-consumer interaction. For example, many brands are creating dialogues with consumers via their own or existing on social networks.

A growing part of the new customer dialogue is consumer-generated marketing, by which consumers themselves are playing a bigger role in shaping their own brand experiences and those of others. This might happen through uninvited consumer-to-consumer exchanges in blogs, video-sharing sites, and other digital forums. Increasingly, companies are also inviting consumers to play a more active role in shaping products and brand messages. One drawback of this process is that harnessing consumer-generated content can be time-consuming and expensive.

95) Define customer equity and explain why it is important to a company.

Answer: Customer equity is the sum of the lifetime values of all the current and potential customers of a company. Customer equity is dependent upon customer loyalty from a firm's profitable customers. Because customer equity is a reflection of a company's future, companies must manage it carefully, viewing customers as assets that need to be maximized. It is important that companies not only acquire customers but also keep and grow them. When companies create profitable customers, they earn a greater share of their purchases, and capture their customer lifetime value.

- 96) Describe and compare the four types of customers classified by their potential profitability to an organization. Identify how an organization should manage each type of customer.

Answer: The four types of customers are strangers, butterflies, true friends, and barnacles.

1. "Strangers" have low potential profitability and loyalty. A company's offerings do not fit well with a stranger's wants and demands. Companies should not invest in building a relationship with this type of customers.
2. Another type of customer in which a company should not invest is the "barnacle." Barnacles are highly loyal but not very profitable because there is a limited fit between their needs and the company's offerings. The company might be able to improve barnacles' profitability by selling them more, raising their fees, or reducing service to them. However, if they cannot be made profitable, they should be "fired."
3. Like strangers, "butterflies" are not loyal. However, they are potentially profitable because there is a good fit between the company's offerings and their needs. Like real butterflies, this type of customer will come and go without becoming a permanent, loyal consumer of a company's products. Companies should create satisfying and profitable transactions with them, and then cease investing in them until the next time around.
4. The final type of customers is "true friends." They are both profitable and loyal. There is a strong fit between their needs and the company's offerings, so the company should make continuous relationship investments in an effort to go beyond satisfying and to delight these customers. A company should try to delight true friends so that they will tell others about their good experiences with the company.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 97) Which of the following marketing tools is NOT used for *digital and social media marketing*?

- A) websites
- B) mobile ads and apps
- C) social media
- D) telemarketing
- E) online video

Answer: D

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 98) Today, almost every company, large or small, is touched in some way by global competition.

Answer: ☒ True ☐ False

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 99) Discuss the opportunities and challenges that new communication technologies have created for marketers.

Answer: Through the Internet and related technologies, people can now interact in direct and surprisingly personal ways with large groups of others, from neighbours within a local community to people across the world. With communication technologies such as e-mail, blogs, websites, online communities, online social networks, and Twitter, today's marketers incorporate interactive approaches that help build targeted, two-way customer relationships. Marketers can create deeper consumer involvement and a sense of community surrounding a brand, making a brand a meaningful part of consumers' conversations and lives. However, while new communication tools create relationship-building opportunities for marketers, they also create challenges. They give consumers a greater voice, and therefore greater power and control in the marketplace. Today's consumers have more information about brands than ever before, and they have a wealth of platforms for airing and sharing their brand views with other consumers.

100) Explain how the Internet has transformed the way in which we do business today.

Answer: The Internet links individuals and businesses of all types to each other. The Internet allows firms access to exciting new market spaces. The consumer love affair with digital and mobile technology makes it fertile ground for marketers trying to engage customers. Digital and social media marketing involves using digital marketing tools such as websites, social media, mobile ads and apps, online video, e-mail, blogs, and other digital platforms that engage consumers anywhere, anytime via their computers, smartphones, tablets, Internet-ready TVs, and other digital devices. At the most basic level, marketers set up company and brand websites that provide information and promote the company's products. Many of these sites also serve as online brand communities, where customers can congregate and exchange brand-related interests and information. The social media provide exciting opportunities to extend customer engagement and get people talking about a brand. Most companies now use social media as part of their marketing mixes. Mobile marketing is perhaps the fastest-growing digital marketing platform. Smartphones are ever-present, always on, finely targeted, and highly personal. This makes them ideal for engaging customers anytime, anywhere as they move through the buying process. For example, Starbucks customers can use their mobile devices for everything from finding the nearest Starbucks and learning about new products to placing and paying for orders.