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Marketing: An Introduction, 6e **(Armstrong et al.)**
Chapter 2 Company and Marketing Strategy: Partnering to Build Customer Relationships

1) _____ is the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities.
A) Strategic planning
B) Annual market planning
C) Short-term planning
D) Long-range planning
E) Advertising
Answer: A
Diff: 2 Type: MC Page Ref: 46
Skill: Concept
Objective: 2-1

2) _____ deals with the company's current business and _____ involves adapting a firm to take advantage of opportunities in its constantly changing environment.
A) Long-range planning; strategic planning
B) Short-range planning; long-range planning
C) Annual planning; long-range planning
D) Strategic planning; short-range planning
E) Environmental scanning; strategic planning
Answer: A
Diff: 2 Type: MC Page Ref: 46
Skill: Concept
Objective: 2-1

3) Starbucks has an annual plan in place to deal with the company's current SBUs and their operations. However, as a growth-oriented firm, Starbucks is interested in both domestic and international markets. This requires Starbucks to constantly monitor the environment and adapt to the opportunities with which it is presented. To take advantage of its changing marketing opportunities, it is most important for Starbucks to have which of the following in place?
A) value-delivery network
B) mission statement
C) supporting objectives
D) profit analysis
E) strategic plan
Answer: E
Diff: 2 Type: MC Page Ref: 46
Skill: Concept
Objective: 2-1

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4) The first step in strategic planning is to _____.
A) set objectives and goals
B) develop the business portfolio
C) define the company mission
D) plan marketing strategies
E) identify a problem
Answer: C
Diff: 1 Type: MC Page Ref: 46
Skill: Concept
Objective: 2-1

5) Which of the following is the final step in the strategic planning process?
A) defining the company mission
B) setting company objectives and goals
C) designing the business portfolio
D) planning marketing and other functional strategies
E) identifying the company's culture
Answer: D
Diff: 1 Type: MC Page Ref: 46
Skill: Concept
Objective: 2-1

6) Which of the following provides an answer to these questions: *What is our business? Who are our customers? What do our customers value? What should our business be?*
A) objectives and goals
B) mission statement
C) business portfolio
D) marketing and functional strategies
E) operational strategies
Answer: B
Diff: 1 Type: MC Page Ref: 46
Skill: Concept
Objective: 2-1

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7) A vendor for Ford Motor Company received the following message from one of Ford's marketing managers: "As we move forward during the twenty-first century, it is incumbent upon us to inform you that Ford is committed to building profitable customer relationships by creating environmentally better cars and getting them to market faster at lower costs." The marketing manager is most likely referring to Ford's _____.
A) vision statement
B) market tactics
C) business portfolio
D) mission statement
E) business objectives
Answer: D
Diff: 2 Type: MC Page Ref: 46
Skill: Concept
Objective: 2-1

8) _____ should be market oriented and defined in terms of _____.
A) Strategic plans; company needs
B) Annual plans; product needs
C) Long-range plans; company needs
D) Mission statements; customer needs
E) Objectives; customer needs
Answer: D
Diff: 2 Type: MC Page Ref: 47
Skill: Concept
Objective: 2-1

9) A(n) _____ defines a business in terms of satisfying basic customer needs.
A) market-oriented mission statement
B) product-oriented mission statement
C) technology-oriented mission statement
D) environment-oriented mission statement
E) strategic plan
Answer: A
Diff: 2 Type: MC Page Ref: 48
Skill: Concept
Objective: 2-1

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10) When the makers of a ballpoint pen state they are in the communication equipment business, they are defining their mission in terms of the _____.
A) environment
B) technology used
C) company
D) product
E) market
Answer: D
Diff: 2 Type: MC Page Ref: 48
Skill: Concept
Objective: 2-1

11) Which of the following is an accurate guideline for a clear mission statement?
A) A mission statement should focus on sales.
B) A mission statement should declare how the company intends to win in the marketplace.
C) A mission statement should focus on profits.
D) A mission statement should be very general.
E) A mission statement should be very specific.
Answer: B
Diff: 2 Type: MC Page Ref: 47
Skill: Concept
Objective: 2-1

12) Which of the following is a market-oriented business definition?
A) "to provide a local trading platform where practically anyone can trade practically anything"
B) "to sell tools and home repair and improvement items"
C) "to be the best company in our industry"
D) "to bring inspiration and innovation to everyone in the world"
E) "to make sports equipment"
Answer: D
Diff: 2 Type: MC Page Ref: 48
Skill: Concept
Objective: 2-1

13) Which of the following is an example of a market-oriented mission statement?
A) "We help you organize the world's information and make it universally accessible and useful."
B) "We run theme parks."
C) "We make customer food and drink products."
D) "We hold online auctions."
E) "We sell tools and home repair items."
Answer: A
Diff: 2 Type: MC Page Ref: 48
Skill: Concept
Objective: 2-1

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14) Which of the following is an example of a product-oriented mission statement?
A) "At Home Depot, we empower consumers to achieve the homes of their dreams."
B) "At Canada's Wonderland theme park, we create fantasies—a place where dreams come true."
C) "At Nike, we bring innovation and inspiration to every athlete in the world."
D) "At Revlon, we make high quality cosmetics reasonably priced.
E) "At CP Hotels, we rent rooms."
Answer: E
Diff: 2 Type: MC Page Ref: 48
Skill: Concept
Objective: 2-1

15) Revlon has clearly defined its "mission" of selling lifestyle and self-expression. In order for the firm to launch its strategic plan, the mission needs to be turned into detailed _____ that guide each level of the company.
A) strategies
B) tactics
C) product mixes
D) supporting objectives
E) promotional tools
Answer: D
Diff: 2 Type: MC Page Ref: 48
Skill: Concept
Objective: 2-1

16) Paul Pierce is busy working with other managers evaluating the products and businesses making up their company. Paul is engaged in _____.
A) defining the company's mission statement
B) preparing a business portfolio
C) portfolio analysis
D) marketing planning
E) marketing control
Answer: C
Diff: 2 Type: MC Page Ref: 49
Skill: Concept
Objective: 2-2

17) The collection of businesses and products that make up a company is called its _____.
A) strategic business unit
B) mission statement
C) strategic plan
D) business portfolio
E) operational factors
Answer: D
Diff: 1 Type: MC Page Ref: 49
Skill: Concept
Objective: 2-2

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18) Business portfolio planning involves two steps: _____ and _____.
A) identifying SBUs; assessing the attractiveness of SBUs
B) analyzing the current business portfolio; shaping the future business portfolio
C) identifying internal strengths; identifying external opportunities
D) conducting a SWOT analysis; establishing marketing controls
E) identifying growth opportunities; evaluating growth opportunities
Answer: B
Diff: 2 Type: MC Page Ref: 49
Skill: Concept
Objective: 2-2

19) _____ can be a company division, a product line within a division, or sometimes a single product or brand.
A) A market
B) The BCG
C) An SBU
D) A PLC
E) A value delivery network
Answer: C
Diff: 2 Type: MC Page Ref: 49
Skill: Concept
Objective: 2-2

20) After management has identified the key businesses making up its company, what is the next step?
A) Identify businesses in which to invest.
B) Assess the attractiveness of its SBUs.
C) Decide whether to harvest any businesses.
D) Complete short-range planning.
E) Complete SBU identification.
Answer: B
Diff: 2 Type: MC Page Ref: 49
Skill: Concept
Objective: 2-2

21) According to the text the best known product portfolio planning method was developed by _____.
A) Philip Kotler
B) Harvard University
C) the SRI Consulting Firm
D) the Boston Consulting Group
E) James P. Hess
Answer: D
Diff: 1 Type: MC Page Ref: 50
Skill: Concept
Objective: 2-2

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22) Most portfolio analysis methods evaluate SBUs on two dimensions, namely _____ and _____.
A) market share; strength of the SBU's position
B) market or industry growth rate; market or industry attractiveness
C) market or industry attractiveness; strength of the SBU's position in that market or industry
D) market growth rate; profits
E) market penetration; market development
Answer: C
Diff: 2 Type: MC Page Ref: 49-50
Skill: Concept
Objective: 2-2

23) In the Boston Consulting Group approach, _____ provide(s) a measure of market attractiveness.
A) relative market share
B) SBUs
C) cash cows
D) market growth rate
E) dogs
Answer: D
Diff: 2 Type: MC Page Ref: 50
Skill: Concept
Objective: 2-2

24) In the Boston Consulting Group approach, _____ serve(s) as a measure of company strength in the market.
A) relative market share
B) SBUs
C) cash cows
D) market growth rate
E) market segmentation
Answer: A
Diff: 2 Type: MC Page Ref: 50
Skill: Concept
Objective: 2-2

25) The BCG growth-share matrix classifies four types of SBUs. They are _____.
A) product, price, promotion, and placement
B) sales, market share, price, and promotion
C) stars, cash cows, question marks, and dogs
D) planning, organizing, leading, and controlling
E) market penetration, market development, product development, and diversification
Answer: C
Diff: 2 Type: MC Page Ref: 50
Skill: Concept
Objective: 2-2

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26) In the BCG approach, _____ are high-share, high-growth businesses or products. They need heavy investment to finance rapid growth. When their growth slows down, they turn into _____.
A) cash cows; stars
B) question marks; dogs
C) stars; question marks
D) stars; cash cows
E) dogs; cash cows
Answer: D
Diff: 3 Type: MC Page Ref: 50
Skill: Concept
Objective: 2-2

27) _____ are low-growth, high share businesses or products. They generate a lot of cash that the firm uses to pay its bills and support other SBUs that need investment.
A) Stars
B) Cash cows
C) Question marks
D) Dogs
E) Cats
Answer: B
Diff: 2 Type: MC Page Ref: 50
Skill: Concept
Objective: 2-2

28) When dealing with a _____, managers must decide whether to invest in it in an attempt to build it into a star or cash cow or whether to phase it out.
A) star
B) dog
C) question mark
D) cash cow
E) cat
Answer: C
Diff: 2 Type: MC Page Ref: 50
Skill: Concept
Objective: 2-2

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29) In the BCG matrix, income from _____ can be used to help finance the company's question marks and stars.
A) dogs
B) SBUs
C) cash cows
D) sales revenue
E) overseas operations
Answer: C
Diff: 2 Type: MC Page Ref: 50
Skill: Concept
Objective: 2-2

30) The four possible strategies that can be pursued for each SBU are building, holding, _____, and _____.
A) harvesting; divesting
B) promoting; selling
C) downsizing; expanding
D) diversifying; penetrating
E) developing; growing
Answer: A
Diff: 2 Type: MC Page Ref: 50-51
Skill: Concept
Objective: 2-2

31) Which of the following accurately reflects a problem with a matrix approach to strategic planning?
A) It focuses on future planning.
B) It can be costly to conduct.
C) It detracts from the focus on profit maximization.
D) It can lead to over estimation of profits.
E) It focuses on classifying future businesses.
Answer: B
Diff: 2 Type: MC Page Ref: 51
Skill: Concept
Objective: 2-2

32) Unlike strategic-planning efforts of the past, which were conducted primarily by senior managers, today's strategic planning is more _____.
A) short-term oriented
B) decentralized
C) limitation-free
D) product-oriented
E) centralized
Answer: B
Diff: 2 Type: MC Page Ref: 51
Skill: Concept
Objective: 2-2

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33) Which of the following is a useful tool for identifying future growth opportunities?
A) the BCG matrix
B) the business portfolio
C) the product/market expansion grid
D) the value chain
E) the value delivery network
Answer: C
Diff: 1 Type: MC Page Ref: 52
Skill: Concept
Objective: 2-2

34) Mountain Home Farms is now using the product/market expansion grid to develop strategies. The owners of the company have most likely found the grid to be quite useful for identifying _____.
A) target markets
B) growth opportunities
C) key customers
D) new products
E) suppliers
Answer: B
Diff: 1 Type: MC Page Ref: 52
Skill: Concept
Objective: 2-2

35) Making more sales to current customers without changing a firm's products is called _____.
A) market development
B) market growth
C) market penetration
D) product development
E) market attractiveness
Answer: C
Diff: 1 Type: MC Page Ref: 52
Skill: Concept
Objective: 2-2

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36) Canada's Wonderland is identifying and developing new markets for its current theme parks. Canada's Wonderland is exploring possibilities for _____.
A) market penetration
B) market development
C) downsizing
D) diversification
E) product development
Answer: B
Diff: 2 Type: MC Page Ref: 52
Skill: Concept
Objective: 2-2

37) If Under Armour, the successful maker of moisture-wicking shirts and shorts, considered introducing a line of Under Armour fitness equipment, the company would be considering _____.
A) marketing controls
B) market development
C) diversification
D) market penetration
E) product adaptation
Answer: C
Diff: 3 Type: MC Page Ref: 52-53
Skill: Concept
Objective: 2-2

38) _____ entails reducing the business portfolio by eliminating products that no longer fit the company's overall strategy.
A) Market segmentation
B) BCG
C) Product line extension
D) Downsizing
E) Market redesign
Answer: D
Diff: 1 Type: MC Page Ref: 53
Skill: Concept
Objective: 2-2

39) Which of the following is a reason that a firm might want to abandon products or markets?
A) The market environment has changed, making a product more profitable.
B) The firm has entered areas in which it does not have experience.
C) The economic climate is showing signs of recovery.
D) The firm has grown too slowly.
E) The firm has products which are slowly becoming more appealing to the customer.
Answer: B
Diff: 2 Type: MC Page Ref: 53
Skill: Concept
Objective: 2-2

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40) The marketing concept is best thought of as which of the following?
A) a guiding philosophy for the company's marketing strategy
B) a specific company tactic to build relationships with customers, vendors, and suppliers
C) the overall purpose of the company
D) the position the company's product holds in customers' minds
E) the organization of the company's marketing department
Answer: A
Diff: 2 Type: MC Page Ref: 53
Skill: Concept
Objective: 2-3

41) Each department in a company that carries out activities to serve the customer can be thought of as a partner in the company's internal _____.
A) market development
B) product development
C) business portfolio
D) value chain
E) value delivery network
Answer: D
Diff: 2 Type: MC Page Ref: 53 & 55
Skill: Concept
Objective: 2-3

42) A value delivery network includes _____.
A) employees within the company
B) different departments in the company
C) the company and its suppliers, distributors and customers
D) consumers
E) company departments and consumers
Answer: C
Diff: 2 Type: MC Page Ref: 53 & 55
Skill: Concept
Objective: 2-3

43) Multinationals like Honda Motor Co. and Walmart stores have designed programs to work closely with their suppliers to help them reduce their costs and improve quality. This illustrates the importance of an efficient _____.
A) business model
B) low-cost operator
C) product mix
D) value-delivery network
E) problem-solver
Answer: D
Diff: 2 Type: MC Page Ref: 53 & 55
Skill: Concept
Objective: 2-3

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44) _____ is the marketing logic by which a company hopes to create customer value and achieve profitable customer relationships.
A) Price
B) Being a low-cost operator
C) A consistent product mix
D) Marketing strategy
E) Implementing a differentiation strategy
Answer: D
Diff: 1 Type: MC Page Ref: 57
Skill: Concept
Objective: 2-4

45) A sound marketing strategy begins with _____.
A) positioning
B) customer analysis
C) differentiation
D) promotion
E) SWOT analysis
Answer: B
Diff: 2 Type: MC Page Ref: 57
Skill: Concept
Objective: 2-4

46) The process of customer-driven marketing involves _____.
A) product, price, promotion, and adaptation
B) market segmentation, market targeting, differentiation, and positioning
C) marketing analysis, planning, implementation, and feedback
D) analysis, targeting, implementation, and control
E) problem identification, information search, decision, and implementation
Answer: B
Diff: 2 Type: MC Page Ref: 58
Skill: Concept
Objective: 2-4

47) The process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviors is called _____.
A) market targeting
B) positioning
C) marketing strategy
D) market segmentation
E) market extension
Answer: D
Diff: 1 Type: MC Page Ref: 58
Skill: Concept
Objective: 2-4

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48) For Hyundai Corporation, customers who care primarily about the price of a car make up one _____.
A) market position
B) value network
C) market segment
D) customer extension
E) value chain
Answer: C
Diff: 2 Type: MC Page Ref: 58
Skill: Concept
Objective: 2-4

49) _____ involves evaluating each market segment's attractiveness and selecting one or more segments to enter.
A) Market segmentation
B) Product differentiation
C) Market targeting
D) Market mixing
E) Positioning
Answer: C
Diff: 1 Type: MC Page Ref: 59
Skill: Concept
Objective: 2-4

50) Most companies today enter a new market by serving a _____; if this proves successful, they _____.
A) single market segment; add segments
B) multitude of segments; add more segments
C) few segments; add more segments
D) niche; differentiate
E) target market; reposition
Answer: A
Diff: 2 Type: MC Page Ref: 59
Skill: Concept
Objective: 2-4

51) _____ is the place a product occupies in consumer's mind relative to competitors' products.
A) Product placement
B) Product position
C) Market segmentation
D) Market targeting
E) Product promotion
Answer: B
Diff: 1 Type: MC Page Ref: 59
Skill: Concept
Objective: 2-4

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52) Jill Reno has researched new markets and has decided which segments to enter. Next she should decide what _____ her company's offerings should occupy in those segments.
A) position
B) place
C) rank
D) rating
E) percentage of space
Answer: A
Diff: 1 Type: MC Page Ref: 59
Skill: Concept
Objective: 2-4

53) Effective positioning begins with _____ the company's marketing offer from the competition in order to give consumers more perceived value.
A) pricing
B) aligning
C) differentiating
D) promoting
E) placing
Answer: C
Diff: 2 Type: MC Page Ref: 61
Skill: Concept
Objective: 2-4

54) In the four Ps of the marketing mix, design, packaging, services, and variety all fall under the category of _____.
A) product
B) price
C) promotion
D) place
E) position
Answer: A
Diff: 2 Type: MC Page Ref: 62
Skill: Concept
Objective: 2-4

55) The four *Ps* concept takes the seller's or marketer's view of the market. What are the buyer's four *Cs*?
A) convenience, cost, competition, and communication
B) customer solution, customer cost, convenience, and communication
C) customer solution, customer satisfaction, convenience, and communication
D) customer satisfaction, customer value, convenience, and customer relationships
E) customer solution, customer value, convenience, and communication
Answer: B
Diff: 2 Type: MC Page Ref: 63
Skill: Concept
Objective: 2-4

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56) The text suggests that instead of thinking of selling products, marketers would be wise to take the customer's view and think of _____.
A) providing convenience
B) offering solutions to problems
C) initiating two-way communication
D) offering discounts
E) connecting services and products
Answer: B
Diff: 2 Type: MC Page Ref: 63
Skill: Concept
Objective: 2-4

57) In the marketing management functions, a SWOT analysis should _____ a marketing plan.
A) precede
B) coincide with
C) follow
D) evaluate
E) take priority over
Answer: A
Diff: 2 Type: MC Page Ref: 64
Skill: Concept
Objective: 2-5

58) In a SWOT analysis, which of the following would be considered a strength?
A) internal limitations
B) trends in the market
C) favorable factors in the environment
D) factors that challenge the company's performance
E) internal resources
Answer: E
Diff: 2 Type: MC Page Ref: 64
Skill: Concept
Objective: 2-5

59) In a SWOT analysis, which of the following refers to factors in the external environment?
A) strengths
B) strategies
C) weaknesses
D) opportunities
E) trends
Answer: D
Diff: 2 Type: MC Page Ref: 64
Skill: Concept
Objective: 2-5

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60) To be successful at marketing, companies must effectively turn marketing planning into _____.
A) marketing analysis
B) marketing implementation
C) marketing control
D) marketing audits
E) marketing budgeting
Answer: B
Diff: 2 Type: MC Page Ref: 66
Skill: Concept
Objective: 2-5

61) Under the _____ organizational format of marketing departments, different marketing activities are headed by a specialist such as a sales manager, advertising manager, marketing research manager, or customer-service manager.
A) geographic
B) product management
C) market management
D) customer-centered
E) functional
Answer: E
Diff: 2 Type: MC Page Ref: 67
Skill: Concept
Objective: 2-5

62) Modern marketing departments are changing their focus to _____.
A) customer management
B) product management
C) brand management
D) functional management
E) market organization management
Answer: A
Diff: 2 Type: MC Page Ref: 68
Skill: Concept
Objective: 2-5

63) The _____ organizational format requires that a complete strategy and marketing program is developed and implemented for a specific brand.
A) functional
B) market management
C) geographic
D) product management
E) customer management
Answer: D
Diff: 2 Type: MC Page Ref: 68
Skill: Concept
Objective: 2-5

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64) The _____ organizational system's main advantage is that the company is organized around the needs of specific market segments.
A) product management
B) market management
C) geographic management
D) vertical management
E) functional management
Answer: B
Diff: 2 Type: MC Page Ref: 68
Skill: Concept
Objective: 2-5

65) An increasingly large number of firms are changing their organizational focus from _____ to _____.
A) product management; functional management
B) product management; geographic management
C) brand management; customer relationship management
D) geographic management; functional management
E) global management; regional management
Answer: C
Diff: 2 Type: MC Page Ref: 68
Skill: Concept
Objective: 2-5

66) Evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained is called _____.
A) marketing control
B) strategic control
C) operating control
D) developmental control
E) efficiency
Answer: A
Diff: 1 Type: MC Page Ref: 68
Skill: Concept
Objective: 2-5

67) The marketing control process entails the following steps in order: setting goals, _____, evaluating performance, and _____.
A) evaluating goals; measuring performance
B) achieving goals; measuring performance
C) taking corrective action; measuring performance
D) measuring performance; taking corrective action
E) taking corrective action; following up
Answer: D
Diff: 2 Type: MC Page Ref: 68
Skill: Concept
Objective: 2-5

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68) Which of the following may be required in the marketing control process?
A) setting long term goals
B) assigning profit
C) changing the action programs
D) defining the mission
E) discounting the causes of gaps in performance
Answer: C
Diff: 2 Type: MC Page Ref: 68
Skill: Concept
Objective: 2-5

69) Ensuring that the company achieves the sales, profits, and other goals set out in its annual marketing plan is the purpose of _____.
A) marketing control
B) operating control
C) strategic control
D) anticipatory control
E) a marketing audit
Answer: B
Diff: 2 Type: MC Page Ref: 68
Skill: Concept
Objective: 2-5

70) _____ involves looking at whether a company's basic strategies are well matched to its opportunities.
A) Operating control
B) Market management organization
C) Marketing control
D) Strategic control
E) Distribution
Answer: D
Diff: 1 Type: MC Page Ref: 68
Skill: Concept
Objective: 2-5

71) With the rise of social media, two major challenges facing marketers today are _____.
A) keeping up with the changing technology and learning how to use it
B) keeping up with changing technology and choosing the best ones to use
C) understanding how to use the tools in a way that achieves marketing goals and measuring the effects of social media programs
D) understanding how to use the tools in a way that achieves marketing goals and interpreting the information gathered
E) measuring the most effective tools for use and measuring the effects of social media programs
Answer: C
Diff: 2 Type: MC Page Ref: 69
Skill: Concept
Objective: 2-5

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72) Which of the following measures the profits generated by investments in marketing activities?
A) SWOT analysis
B) marketing audits
C) costs of the marketing investment
D) marketing ROI
E) budgets
Answer: D
Diff: 2 Type: MC Page Ref: 69
Skill: Concept
Objective: 2-5

73) Which of the following is a customer-centered measure of marketing impact?
A) customer management
B) company acquisitions
C) customer equity
D) customer retention of promotions
E) producer lifetime value
Answer: C
Diff: 1 Type: MC Page Ref: 70
Skill: Concept
Objective: 2-5

74) Monsanto operates in many businesses, including pharmaceuticals and food products. The company defines its _____ as creating "abundant food and a healthy environment."
A) strategy
B) market development
C) business portfolio
D) mission
E) value-delivery network
Answer: D
Diff: 2 Type: MC Page Ref: 45 - 48
Skill: Application
Objective: 2-1

75) Kimball Gardens is a company that operates as two distinct businesses—one that sells lawn and garden products and one that markets booklets. Each business is called a _____.
A) separate entity
B) strategic business unit (SBU)
C) matrix
D) division
E) business portfolio
Answer: B
Diff: 2 Type: MC Page Ref: 49
Skill: Application
Objective: 2-2

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76) The pharmaceuticals division of Omni Healthcare holds low market share in a high-growth market. In order to increase market share, managers may decide to _____.
A) hold the pharmaceuticals division's share
B) implement a harvest strategy
C) use money from a cash cow to promote the pharmaceuticals division
D) divest the SBU
E) diversify the pharmaceutical division
Answer: C
Diff: 3 Type: MC Page Ref: 50 - 51
Skill: Application
Objective: 2-2

77) The Bank of Ontario bought Pershing, an off-shore investment firm with operations in India, from Credit Suisse First Boston. The Bank of Ontario is pursuing a _____.
A) product development strategy
B) downsizing strategy
C) diversification strategy
D) market penetration strategy
E) product adaptation
Answer: C
Diff: 2 Type: MC Page Ref: 52
Skill: Application
Objective: 2-2

78) Acme, Inc., has modified the distribution process of its widgets and gadgets in order to tap into the Eastern European market. Acme is likely following a _____ strategy.
A) market penetration
B) market development
C) diversification
D) harvesting
E) product development
Answer: B
Diff: 2 Type: MC Page Ref: 52
Skill: Application
Objective: 2-2

79) Starbucks has introduced a debit card that lets customers prepay for coffee and snacks. This effort by Starbucks management is an example of _____.
A) market development
B) product development
C) diversification
D) market penetration
E) product adaptation
Answer: D
Diff: 2 Type: MC Page Ref: 52
Skill: Application
Objective: 2-2

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80) The U.S.-based company Walmart, the world's largest retailer, has successfully launched its stores in Mexico, Canada, the U.K., and Germany, and other nations. This is an example of how Walmart is pursuing _____ as a growth strategy.
A) market penetration
B) product development
C) downsizing
D) market development
E) diversification
Answer: D
Diff: 2 Type: MC Page Ref: 52
Skill: Application
Objective: 2-2

81) Walmart relies on sound relationships with its low-cost suppliers in order to pass low prices on to consumers. Thus, forming a _____ is crucial to Walmart's success.
A) value delivery network
B) growth-share matrix
C) customer relationship management policy
D) market concept philosophy
E) diversification strategy
Answer: A
Diff: 2 Type: MC Page Ref: 56
Skill: Application
Objective: 2-3

82) AllPro Plastics is in the process of dividing a market into distinct groups of buyers with different needs, characteristics, and behaviors who might require separate products or marketing programs. Which of the following is this firm doing?
A) market development
B) market diversification
C) market penetration
D) market targeting
E) market segmentation
Answer: E
Diff: 1 Type: MC Page Ref: 58
Skill: Application
Objective: 2-4

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83) Paul Pendergraff has identified a group of potential customers who seem to respond in a similar way to a series of magazine and radio advertisements for his company's product. Paul has identified a(n) _____.
A) target market
B) market segment
C) market
D) market position
E) undefined niche
Answer: B
Diff: 1 Type: MC Page Ref: 58
Skill: Application
Objective: 2-4

84) Paul Pendergraff is evaluating each market segment's attractiveness and is in the process of selecting one or more segments for his firm's product to enter. What is Paul doing?
A) market targeting
B) marketing segmenting
C) marketing
D) market positioning
E) market penetrating
Answer: A
Diff: 1 Type: MC Page Ref: 59
Skill: Application
Objective: 2-4

85) Memories R Us specializes in serving market segments that major competitors overlook and ignore. Which of the following best describes Memories R Us'?
A) market follower
B) marketer challenger
C) market seeker
D) market nicher
E) full market coverer
Answer: D
Diff: 1 Type: MC Page Ref: 59
Skill: Application
Objective: 2-4

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86) Saturn is "a different kind of company, a different kind of a car"; the Hummer is "like nothing else." These statements reflect a firm's _____.
A) product portfolio
B) target markets
C) positioning
D) strategy
E) market niche
Answer: C
Diff: 2 Type: MC Page Ref: 59
Skill: Application
Objective: 2-4

87) Of the following, it is most important for Nike to develop _____ for their products.
A) customer management organizations
B) unique market positions
C) market management organizations
D) marketing ROI data
E) marketing dashboards
Answer: B
Diff: 1 Type: MC Page Ref: 59
Skill: Application
Objective: 2-4

88) Environmental Service Company wants to practice effective positioning. To do so, the owners must _____ their marketing offering to give consumers more value than the services offered by competitors.
A) differentiate
B) promote
C) advertise
D) sell
E) represent
Answer: A
Diff: 1 Type: MC Page Ref: 61
Skill: Application
Objective: 2-4

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89) Harris, the marketing manager at a small sports retail chain, has conducted a marketing analysis. He has investigated the company's internal resources and situational factors, as well as factors and trends in the competitive sports retail chain market. Which of the following has Harris completed?
A) SWOT analysis
B) business portfolio analysis
C) executive summary
D) marketing plan
E) marketing mix
Answer: A
Diff: 1 Type: MC Page Ref: 64
Skill: Application
Objective: 2-5

90) Michelin is in the process of doing a SWOT Analysis. Which of the following most accurately identifies a difference between a weakness and a threat in SWOT analysis?
A) Michelin is more able to change a threat than a weakness.
B) Michelin is more able to change a weakness than a threat.
C) Michelin can be more negatively affected by a weakness than by a threat.
D) Michelin can be more negatively affected by a threat than by a weakness.
E) Michelin can more easily identify threats than weaknesses.
Answer: B
Diff: 3 Type: MC Page Ref: 64-65
Skill: Application
Objective: 2-5

91) Emerson Studios, a chain of 25 portrait stores in five provinces and territories, has organized its marketing into different activities that are headed by specialists. What type of marketing organization is this?
A) geographic
B) product
C) organic
D) functional
E) market
Answer: D
Diff: 2 Type: MC Page Ref: 67
Skill: Application
Objective: 2-5

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92) Peter Cramer is constantly involved in evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained. Peter's current work is most accurately classified as _____.
A) marketing control
B) marketing planning
C) strategic planning
D) tactical planning
E) strategic control
Answer: A
Diff: 1 Type: MC Page Ref: 68
Skill: Application
Objective: 2-5

93) Juanita Castro is looking at whether her company's strategies are well matched to its opportunities. Juanita is utilizing _____.
A) marketing control
B) operating control
C) strategic control
D) SWOT analysis
E) marketing auditing
Answer: C
Diff: 2 Type: MC Page Ref: 68
Skill: Application
Objective: 2-5

94) ABC Financial Services has just developed a formal statement of its purpose. This firm has put together a mission statement.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 46
Skill: Concept
Objective: 2-1

95) Mission statements should be realistic and general in nature.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 47
Skill: Concept
Objective: 2-1

96) Mission statements should be both meaningful motivating.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 47
Skill: Concept
Objective: 2-1

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97) At Google, "we help you organize the world's information and make it universally accessible," is a product-oriented mission.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 48
Skill: Application
Objective: 2-1

98) "At Nike, we sell shoes" is a market-oriented business definition.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 48
Skill: Application
Objective: 2-1

99) A firm's mission statement should be the basis for both its business and marketing objectives.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 47
Skill: Concept
Objective: 2-1

100) Marketing strategies must be developed to support marketing objectives.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 48
Skill: Concept
Objective: 2-2

101) When designing business portfolios, most companies are well advised to start with adding a broad range of products and businesses to their organization.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 49
Skill: Concept
Objective: 2-2

102) In the BCG matrix, "dogs" by definition are businesses and products that do not generate enough cash to maintain themselves.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 50
Skill: Concept
Objective: 2-2

103) More and more companies involve only centralized upper-level management teams in strategic planning.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 51
Skill: Concept
Objective: 2-2

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104) Though companies need to grow to compete effectively and satisfy their stakeholders, growth itself should not be a company's objective.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 51
Skill: Concept
Objective: 2-2

105) The growth strategy of diversification involves offering modified or new products to current markets.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 52
Skill: Concept
Objective: 2-2

106) A company should consider downsizing when products of an SBU no longer fit the company's overall strategy.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 53
Skill: Concept
Objective: 2-2

107) The marketing department alone cannot produce superior value for customers.
Answer: TRUE
Diff: 1 Type: TF Page Ref: 53
Skill: Concept
Objective: 2-3

108) A company's value chain is only as strong as its strongest link, or most effective department.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 56
Skill: Concept
Objective: 2-3

109) To improve its value delivery network, a company needs to examine the value chains of its suppliers and distributors.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 56
Skill: Application
Objective: 2-3

110) The image of a product in the minds of consumers is called market segmentation.
Answer: FALSE
Diff: 1 Type: TF Page Ref: 59
Skill: Concept
Objective: 2-4

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111) A market segment consists of consumers who respond in different ways to a given set of marketing efforts.
Answer: FALSE
Diff: 1 Type: TF Page Ref: 58
Skill: Concept
Objective: 2-4

112) Holiday Inn has divided the total customer market into smaller segments and selected the most promising segments. Deciding what position it wants to occupy in these segments is called targeting.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 59
Skill: Application
Objective: 2-4

113) A company with limited resources would likely decide to serve all segments of a market.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 59
Skill: Concept
Objective: 2-4

114) When a company positions its product, it must first identify possible customer value differences within a market segment that could be the basis of a competitive advantage for the product.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 59
Skill: Concept
Objective: 2-4

115) Guided by marketing strategy, the company designs a marketing mix made up of factors under its control: product, price, place, and promotion.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 62
Skill: Concept
Objective: 2-4

116) In the four Ps of the marketing mix, promotion refers solely to advertising.
Answer: FALSE
Diff: 1 Type: TF Page Ref: 63
Skill: Concept
Objective: 2-4

117) One valid criticism of the four Ps concept is that services are not considered.
Answer: FALSE
Diff: 3 Type: TF Page Ref: 63
Skill: Concept
Objective: 2-4

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118) The four Ps concept takes the seller's view of the market.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 63
Skill: Concept
Objective: 2-4

119) The four marketing management functions are analysis, planning, implementation, and control.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 64
Skill: Concept
Objective: 2-5

120) In SWOT analysis, strengths and weaknesses refer to a firm's internal environment, while opportunities and threats refer to the external environment.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 64
Skill: Concept
Objective: 2-5

121) Through annual marketing planning, the company decides what it wants to do with each business unit.
Answer: FALSE
Diff: 2 Type: TF Page Ref: 65
Skill: Concept
Objective: 2-5

122) Marketing planning is the task of selecting marketing strategies for each business, product, or brand in a company with the goal of helping the company attain its overall objectives.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 65-66
Skill: Concept
Objective: 2-5

123) The final step in the marketing control process is taking corrective action to erase any gaps between goals and performance.
Answer: TRUE
Diff: 2 Type: TF Page Ref: 68
Skill: Concept
Objective: 2-5

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124) Define strategic planning. Discuss the steps involved.
Answer: The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities is called strategic planning. At the outset, beginning at the corporate level, each company must define its overall purpose and mission. What is our business? Who is the customer? What do our customers value? Answers to these questions are crucial in writing a clear mission statement. Mission statements need to be carefully defined in terms of customer needs. Missions should be realistic, motivating, and fit the market environment. Missions then lead to setting business and marketing objectives/goals in the planning process. This is followed by decisions regarding what portfolio of businesses and products is best for the company and how much support to give each one. Next, each business and product develops detailed marketing and other functional strategies. In this step, plans are drawn at the business unit, product, and market levels in support of company-wide plans.
Diff: 2 Type: ES Page Ref: 46-47
Skill: Concept
Objective: 2-1

125) What is business portfolio planning? Discuss how a company might use the Boston Consulting Group's product portfolio analysis method.
Answer: A business portfolio is the collection of businesses and products that make up the company. Business portfolio planning entails two steps. First, there is an analysis of the company's current business portfolio, followed by decisions about what businesses should receive more, less, or no investment. Second, planners must shape the future portfolio by developing strategies for growth and/or downsizing. The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in that market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks, and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU.
Diff: 2 Type: ES Page Ref: 49-53
Skill: Application
Objective: 2-2

126) What are some problems with matrix approaches?
Answer: The BCG and other portfolio planning approaches can be difficult to execute, time consuming, and also costly to implement. Defining SBUs and measuring relative market share and growth can be a difficult task as well. A serious flaw with these approaches is that, while they are helpful for classifying current businesses, they offer little or no advice for future planning. Also, the BCG and other formal methods are centralized, involving mainly upper management.
Diff: 2 Type: ES Page Ref: 51
Skill: Concept
Objective: 2-2

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127) The BCG is a useful approach to evaluate current businesses. Describe a device that a firm could use to identify future growth opportunities.
Answer: The product/market expansion grid is a useful device for identifying growth opportunities in the future. It examines products, both current and new, against markets, both current and new. There are four strategies available to companies: market penetration, market development, product development, and diversification. Market penetration entails making more sales to current customers without changing products. Market development involves identifying and developing new markets for a company's products. New markets include demographic groups and geographic regions, among others. Companies can also consider product development, offering modified or new products to current markets. Diversifying companies might consider acquiring or starting new businesses unrelated to their core competencies. However, diversifying too broadly can be detrimental in the long run.
Diff: 2 Type: ES Page Ref: 52
Skill: Application
Objective: 2-2

128) Explain the term "value-delivery network"
Answer: For decades, marketers have traditionally created value to satisfy customer needs and wants. They did this through focusing on internal marketing departments and functions. Today, the manufacturer or retailer needs to look beyond its own value chain and into the value chains of suppliers and distributors to create value throughout the entire supply chain. More companies are partnering with other members of the supply chain to improve the performance of the customer value-delivery network. In fact, today competition takes place between entire value delivery networks instead of between individual competitors.
Diff: 2 Type: ES Page Ref: 55-57
Skill: Concept
Objective: 2-3

129) Define marketing strategy. Discuss the steps in formulating marketing strategy.
Answer: The marketing logic by which a company hopes to achieve profitable relationships is called its marketing strategy. Marketing strategy formulation entails four specific steps: market segmentation, market targeting, differentiation, and positioning. The process of dividing a market into distinct groups of buyers with different needs, characteristics, or behavior is called market segmentation. Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain that value over time. Effective positioning begins with actually differentiating the company's marketing offer so that it gives consumers greater value. Positioning is defined as creating a distinct image of a product in the eyes of target consumers relative to the competition. A product's positioning should take advantage of a competitive difference within the market target.
Diff: 2 Type: ES Page Ref: 57-62
Skill: Concept
Objective: 2-4

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130) Explain why, according to the authors of your text, the four Ps concept of the marketing mix takes a seller's view of the market, not the buyer's view. How should marketers consider the buyer's view?
Answer: The four Ps are described in terms of how the seller conceives of each; product, price, place, and promotions. In today's day and age of customer relationship marketing, the four Ps can be described as the four Cs from the customer's point of view. In lieu of product, there is customer solution; that is, customers buy solutions to their problems or look for value in products. In lieu of price, customer cost takes into consideration customers' interest in the total costs of obtaining, using, and disposing of a product. The place element of the marketing mix focuses on delivering the product to the right customer at the right time and place. Place can be redefined from the customer's point of view as how convenient it is to obtain a product.Finally, Promotions is not only what the company is doing to reach the customer, today is is about customers communicating back to the company. Thus promotions is replaced by communication. Marketers should use the four Cs as a base for the four Ps of their marketing mix.
Diff: 3 Type: ES Page Ref: 63
Skill: Concept
Objective: 2-4

131) Define marketing planning. Briefly outline the major steps in a marketing plan.
Answer: Marketing planning involves deciding on marketing strategies that will help the company achieve its overall strategic objectives. A detailed marketing plan is needed at the business, product, or brand level. An executive summary is the first step in the plan. It contains a brief summary of the main goals and recommendations of the plan for management review. The main section of the plan presents a detailed SWOT analysis of the current marketing situation, along with potential threats and opportunities. The plan then states major objectives for the brand and outlines the specifics of a marketing strategy for achieving them. In addition, action programs for implementing the marketing strategy along with the details of a supporting marketing budget are presented. The final section outlines the controls used to monitor progress and corrective action.
Diff: 2 Type: ES Page Ref: 65-68
Skill: Concept
Objective: 2-5

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132) Marketing departments are organized in several ways. Compare and contrast the most common forms of marketing organizations.
Answer: Some common forms of marketing department organization include functional organization, geographical organization, product management organization, and market management organization. Under a functional department organization, a functional specialist, such as a sales manager, advertising manager, or market research manager, is responsible for all marketing activities. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. Product management organization first appeared at P&G in 1929. Under this approach, a product manager develops and implements a complete strategy and marketing program for a specific product or brand. Under a market or customer management organization, the company is organized around the needs of specific customer segments. In firms that use this organization, one product line is sold to many different types of markets and customers that have different needs and preferences. Finally, large companies that produce many products sold in many geographic areas typically use some combination of these organizational forms.
Diff: 2 Type: ES Page Ref: 66-68
Skill: Application
Objective: 2-5

133) Briefly discuss how marketers measure return on marketing investment, explaining why this figure can be difficult to assess.
Answer: Marketing ROI (return on investment) is the net return from a marketing investment divided by the costs of the marketing investment. In other words, ROI is a measure of the profits generated by investments in a marketing activity. Marketing ROI can be difficult to assess because the benefits of marketing are not always easily translated in dollar amounts. However, marketing ROI can be assessed in terms of brand awareness, sales, or market share. Some companies are now using marketing dashboards, which are single displays showing several sets of marketing performance measures. And beyond standard performance measures, many marketers are using customer–centered measures such as customer acquisition, retention, and lifetime value.
Diff: 3 Type: ES Page Ref: 69-70
Skill: Application
Objective: 2-5

134) Why should a mission statement be market oriented instead of product or technology oriented?
Answer: A market-oriented mission statement defines the business in terms of customer needs; products and technologies become outdated, but basic market needs may last forever.
Diff: 2 Type: ES Page Ref: 47-48
Skill: Application
Objective: 2-1

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135) Why should a mission statement be "motivating" instead of stated in terms of sales or profits?
Answer: Sales and profits are only a reward for creating value for customers. A mission statement should emphasize a company's strengths and how these will create a planned customer experience. A company's employees will be more dedicated to the company's mission if they feel that their work is creating this customer experience.
Diff: 3 Type: ES Page Ref: 47
Skill: Application
Objective: 2-2

136) What is a strategic business unit (SBU) and how is it involved in a business portfolio analysis?
Answer: An SBU is a key part of a company—whether a brand, product, product line, department, or an entire division—that act as a unique business. Identifying and analyzing a company's SBUs are the first two steps in business portfolio analysis.
Diff: 1 Type: ES Page Ref: 51
Skill: Application
Objective: 2-2

137) Into what BCG quadrant does a high-share, high-growth SBU fall?
Answer: It falls into the "star" category. They need heavy investment to finance their growth.
Diff: 1 Type: ES Page Ref: 50
Skill: Application
Objective: 2-2

138) What type of strategy should a company use to manage its cash cows?
Answer: Because a cash cow generates cash without much investment, a company should use the profits to support other SBUs.
Diff: 1 Type: ES Page Ref: 50
Skill: Application
Objective: 2-2

139) How might the BCG matrix represent a life cycle?
Answer: Many SBUs start out as question marks, then move into the star category if they succeed; stars eventually become cash cows, and then perhaps, dogs.
Diff: 3 Type: ES Page Ref: 50-51
Skill: Application
Objective: 2-2

140) Give a situation in which the suggested strategy for a dog might be to divest.
Answer: Consider a new technology that is being launched into a market. Assume it is not very attractive to customers, generating low sales. The new technology is thus a dog. Managers should divest the SBU by selling or phasing it out and using the resources elsewhere.
Diff: 3 Type: ES Page Ref: 50-51
Skill: Application
Objective: 2-2

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141) According to the product/market expansion grid, what strategy is a company following when it attempts to increase sales of current products to current customers?
Answer: This is a market penetration strategy. This might be adding new stores in current market areas or offering current customers new ways of using the current product.
Diff: 2 Type: ES Page Ref: 52
Skill: Application
Objective: 2-2

142) How might Party Planning Paradise, a company that sells a wide range of party supplies for all occasions, implement a market development strategy?
Answer: Party Planning Paradise might attempt to identify and develop new markets for its current products, looking for different demographic and geographical markets that might have a need its products would satisfy.
Diff: 2 Type: ES Page Ref: 52
Skill: Application
Objective: 2-2

143) According to the product/market expansion grid, what strategy would a fast-food hamburger restaurant follow if it offered a salad bar option during lunch hours?
Answer: The salad bar is new offering to current customers. Therefore the restaurant is using a product development strategy.
Diff: 2 Type: ES Page Ref: 52
Skill: Application
Objective: 2-2

144) Into what quadrant of the product/market expansion grid would a "new and improved" product fall?
Answer: The "new and improved" product is considered a new product. It is offered to the current market so would fall into the product development quadrant.
Diff: 2 Type: ES Page Ref: 52
Skill: Application
Objective: 2-2

145) What are two situations in which a company may develop strategies for downsizing its business portfolio?
Answer: Downsizing is a good strategy if a company has grown too fast or has entered areas where it lacks experience.
Diff: 2 Type: ES Page Ref: 53
Skill: Application
Objective: 2-2

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146) How are partner relationship management and the value chain related?
Answer: Marketers must work closely and coordinate activities with partners in other company departments to form an effective value chain, with each department executing value-creating activities to design, produce, market, deliver, and support the company's products.
Diff: 2 Type: ES Page Ref: 55
Skill: Application
Objective: 2-3

147) Explain how a marketer of baking soda may attempt to attract more than one market segment.
Answer: Some consumers buy baking soda as a baking ingredient and some consumers buy baking soda to use as a deodorizer, for example. The marketer will focus on both distinct uses in the marketing mix, such as how the product is promoted.
Diff: 3 Type: ES Page Ref: 58
Skill: Application
Objective: 2-4

148) How might a marketer of pens alter the "product" portion of the marketing mix when targeting female college students versus male college students?
Answer: The marketer may use feminine colors and a spiral-flower stripe, for example, when marketing its pens to the females; when targeting males, the marketer might use more neutral colors and wider barrel.
Diff: 2 Type: ES Page Ref: 59
Skill: Application
Objective: 2-4

149) What role does the marketing mix play in positioning?
Answer: The marketing mix components of product, price, place, and promotion are the tools that a company can use to differentiate its products from competitors' products in the minds of the target market,
Diff: 2 Type: ES Page Ref: 59-61
Skill: Application
Objective: 2-4

150) Why is marketing analysis such an important part of marketing management?
Answer: Analysis allows the marketer to evaluate internal strengths and weaknesses and identify environmental opportunities and threats. This analysis allows the marketer to match the company's strengths to opportunities to pursue. From this starting point, the market can continue with planning, implementation, and control.
Diff: 2 Type: ES Page Ref: 64
Skill: Application
Objective: 2-5

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151) In SWOT analysis, what is the difference between a weakness and a threat?
Answer: In SWOT analysis, weaknesses are internal factors that may interfere with a company's objectives, while threats are external factors that challenge the company.
Diff: 2 Type: ES Page Ref: 64
Skill: Application
Objective: 2-5

152) Why is marketing implementation often difficult to carry out?
Answer: While marketing planning may directly involve a small percentage of a firm's employees, marketing implementation must be carried out by people at all levels of the marketing system. The decisions employees make each day must be aligned with the marketing strategy.
Diff: 2 Type: ES Page Ref: 66
Skill: Application
Objective: 2-5

153) Why are many marketers today using customer-centered measures of marketing ROI?
Answer: Companies are looking at marketing expenditures as investments in profitable customer relationships, with the goal of increasing individual customer lifetime values and overall customer equity.
Diff: 2 Type: ES Page Ref: 69-70
Skill: Application
Objective: 2-5

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Fun-Spot Fun Park began as a small amusement park in 1985. Starting with nothing more than a merry-go-round, a slide, pony rides, and an ice cream stand, Fun-Spot grew into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theater.

"My wife, Gail, and I didn't know what we were getting into," commented Ron Hart, the owner. "We just knew that weekenders coming to the lakes in our rural area represented an untapped market."

Today, thousands of visitors flock to Fun-Spot—families, children of all ages, and even senior citizens who enjoy strolling through the gardens and arbor.

"There's something here for everyone," Gail Hart said with a smile. "Dozens of companies hold annual company picnics here. We have welcomed class field trips. And we even had one wedding here at the park!"

"Here's the funny thing," Ron chimed in. "We really don't know why we've been so successful! There is nothing else like Fun-Spot Fun Park in the area. We were just lucky."

"I think it's the ambience of the park," Gail added, "that has brought so many visitors. We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time."

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

154) Describe two critical factors affecting the strategic plan at Fun-Spot.
Answer: A strategic plan is the process of developing and maintaining a strategic fit between the company's goals and capabilities and its changing marketing opportunities. From the case, it would seem that Ron and Gail did not have a strategic planning process in place: Ron said they "didn't know what we were getting into." Without a strategic plan the growth of the amusement park can be reactive to demand rather than proactive by the owners. Ron and Gail's continued success will depend on clearly defining the company's mission, then setting SMART objectives that follow their company's mission, and designing the business portfolio with a focus on creating value for visitors of Fun-Spot.
Diff: 2 Type: ES Page Ref: 46
Skill: Application
Objective: 2-1

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155) Would you consider Fun-Spot's mission statement to be market oriented? Explain.
Answer: A mission statement defines the company's purpose—what it wants to accomplish in the larger environment. The mission at Fun-Spot seems to be "making every visitor happy." It is defined in terms of customer needs, so it is market oriented. Rather than focusing on the entertainment provided, Fun-Spot focuses on the customer. Providing the fastest roller coaster, the greatest variety of ice cream flavors, or the scariest spook house is not as important, for example, as providing top-notch customer attention and attractions appealing to a variety of visitors at this small, rural park.
Diff: 2 Type: ES Page Ref: 46-48
Skill: Application
Objective: 2-1

156) At this point, how do Ron and Gail monitor Fun-Spot's business portfolio?
Answer: A growth-share matrix is a portfolio planning method that evaluates a company's SBU's in terms of its market growth and relative market share. It seems the only way Ron and Gail make a continuous assessment of Fun-Spot's business portfolio is to note the number of visitors. They do not seem to have a strategic plan for evaluating their objectives, strategies or tactics and they do not plan or seek out opportunities in the environment "We really don't know why we've been so successful! There is nothing else like Fun-Spot Fun Park in the area. We were just lucky." If a competitor should appear within a relatively close distance, for example, Ron and Gail will likely have to alter the business portfolio to offset the competition.
Diff: 3 Type: ES Page Ref: 49
Skill: Application
Objective: 2-2

157) Into which quadrant of the BCG matrix does Fun-Spot fall? Why?
Answer: Fun-Spot Fun Park is a star, defined as a high-growth, high-share position. As mentioned in the case, "Fun-Spot Fun Park began as a small amusement park in 1985. Starting with nothing more than a merry-go-round, a slide, pony rides, and an ice cream stand, Fun-Spot grew into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theater." "Today, thousands of visitors flock to Fun-Spot—families, children of all ages, and even senior citizens who enjoy strolling through the gardens and arbor." We assume that there is even more potential for growth since the number of visitors continue to rise. Fun-Spot Park has all the market share in the area since, as Ron states, "There is nothing else like Fun-Spot Fun Park in the area."
Diff: 1 Type: ES Page Ref: 50
Skill: Application
Objective: 2-2

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158) How might Ron and Gail implement a market penetration strategy at Fun-Spot?
Answer: A market penetration strategy is one where a company sells more to the same target customer without changing their current offerings. Ron and Gail would maintain their current entertainment offering and continue to deliver customer attention to their existing customers, but might improve advertising or lower prices in an effort to encourage customers to stay longer, visit more often, and spend more money during each visit.
Diff: 2 Type: ES Page Ref: 52
Skill: Application
Objective: 2-2

159) In what way do Ron and Gail currently implement a product development strategy at Fun-Spot?
Answer: A product development strategy is where a company grows by developing new offerings to the same target customer. The owners at Fun-Spot strive to provide new offerings and entertainment options for their visitors. As Gail said, "We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time."
Diff: 2 Type: ES Page Ref: 53
Skill: Application
Objective: 2-2

160) What are three possible emerging conditions that may cause the Harts to develop a downsizing strategy at Fun-Spot?
Answer: A downsizing strategy eliminates products or business units that are no longer profitable or no longer fit a company's overall strategy. Downsizing would be an appropriate strategy for Fun-Spot if (1) one or more competitors set up entertainment parks close by; or (2) the cost of maintaining live animals such as ponies eliminates profits; or (3) the target audience has found other more appealing forms of family entertainment.
Diff: 3 Type: ES Page Ref: 53
Skill: Application
Objective: 2-2

161) Who comprises Fun-Spot's target markets?
Answer: The target market is a market segment in which a company can profitably generate the greatest customer value and sustain it overtime. It seems that the target market for Fun-SPot includes anyone who desires a relaxing, fun day or evening at a small amusement park—" families, children of all ages, and even senior citizens who enjoy strolling through the gardens and arbor." People/companies needing to host special events are also market segments: "Dozens of companies hold annual company picnics here. We have welcomed class field trips. And we even had one wedding here at the park!"
Diff: 1 Type: ES Page Ref: 59
Skill: Application
Objective: 2-4

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162) If you had to select a primary market segment that is crucial to the success of Fun-Spot, who would it be? Why?
Answer: The primary target market is the market segment that regularly results in a profit for the company and that the company can create value for the customer with their resources. From the case it would appear that Fun-Spot likely relies most on families with children for a steady stream of revenues.
Diff: 2 Type: ES Page Ref: 57
Skill: Application
Objective: 2-4

163) What role do service products play at Fun-Spot?
Answer: Service products are the intangible aspect associated with customer products. For Fun-Spot, services are the experiences visitors have, including the ambience of the park. Visitor experiences are directly tied to such products as the 20 rides, the restaurant, and the outdoor performing arts theater.
Diff: 1 Type: ES Page Ref: 63
Skill: Application
Objective: 2-4

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