Principles of Marketing 17th edition Kotler Test Bank

SKU: 9780134492513-TEST-BANK

Principles of Marketing, 17e **(Kotler/Armstrong)**
Chapter 2 Company and Marketing Strategy: Partnering to Build Customer Engagement, Value, and Relationships

1) _____ is the process of developing and maintaining a crucial fit between the organization's goals and capabilities and its changing marketing opportunities.
A) Benchmarking
B) SWOT analysis
C) Market segmentation
D) Strategic planning
E) Diversification
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

2) Which of the following is true with regard to strategic planning?
A) At the corporate level, the company starts the strategic planning process by determining what portfolio of businesses and products is best for the company.
B) A strategic plan deals with a company's short-term goals.
C) The focus of strategic planning is to define a game plan for long-run survival and growth.
D) The strategic plan is a statement of an organization's purpose.
E) Strategic planning involves identifying segments of consumers with identical preferences.
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

3) Which of the following is the first step in strategic planning?
A) setting short-term goals
B) developing the business portfolio
C) defining the organizational mission
D) formulating the key marketing strategies
E) identifying the organization's weaknesses and the threats it faces
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

4) Which of the following is NOT a step in the strategic planning process?
A) defining the company mission
B) setting company objectives and goals
C) designing the business portfolio
D) planning marketing and other functional strategies
E) evaluating members of the company's value chain
Answer: E
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

5) A _____ documents an organization's purpose—what it wants to accomplish in the larger environment.
A) vision statement
B) mission statement
C) business portfolio
D) value proposition
E) product strategy
Answer: B
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

6) Mission statements should _____ and be defined in terms of _____.
A) be technology oriented; meeting the self-actualization needs of customers
B) be product oriented; satisfying the esteem needs of customers
C) embody the company's short-term plans; current opportunities
D) be market oriented; satisfying basic customer needs
E) address sales and profits; the net return on investments
Answer: D
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

7) A mission statement serves as a _____.
A) statement of the organization's net profits
B) plan for short-term sustainability
C) statement of the organization's purpose
D) statement of the organization's current liabilities
E) reward plan for the organization's highly skilled employees
Answer: C
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

8) Which of the following is NOT a market-oriented business definition?
A) "We empower customers to realize their dreams."
B) "We make high-quality consumer food products."
C) "We sell success and status."
D) "We create the Hilton experience."
E) "We bring innovation to every home."
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

9) Companies that define their missions in terms of products or technologies are considered myopic primarily because _____.
A) products and technologies result in low returns on investment
B) consumer preferences with regard to products and technology are difficult to predict
C) consumer preferences for different product categories vary from time to time
D) products and technologies eventually become outdated
E) most consumers are not comfortable using sophisticated technology during the buying process
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

10) Mission statements should be defined in terms of _____.
A) the advantages a company's products provide
B) satisfying basic customer needs
C) the value a company's products provide
D) the profitability of a company's products
E) the variety they offer to a customer
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

11) Orion Inc. operates in many industries, including pharmaceuticals and food products. The company's goal is to create "abundant and affordable food for all and a healthy environment." This represents Orion's _____.
A) marketing plan
B) product mix
C) business portfolio
D) marketing mix
E) mission statement
Answer: E
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

12) A company's broad mission leads it to develop all of the following EXCEPT _____.
A) budget objectives
B) business objectives
C) sales objectives
D) marketing objectives
E) customer engagement objectives
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

13) Which of the following companies has a product-oriented business definition?
A) A luxury hotel, whose business definition is: "We sell out-of-the-world experiences to our guests."
B) A real estate company, whose business definition is: "We sell dreams."
C) A cosmetic company, whose business definition is: "We offer hope and self-expression."
D) A shoe manufacturer, whose business definition is: "We manufacture affordable and long-lasting shoes for all."
E) A high-technology company, whose business definition is: "We sell inspirations."
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

14) Which of the following companies has a market-oriented business definition?
A) An electronics company, whose business definition is: "We produce microchips."
B) A hotel, whose business definition is: "We rent rooms."
C) An apparel company, whose business definition is: "We make and sell women's clothing."
D) A cosmetic company, whose business definition is: "We sell hope and self-esteem."
E) A pizzeria, whose business definition is: "We sell the world's most delicious thin-crust pizzas."
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

15) Which of the following is NOT an example of product-oriented mission statements?
A) "We are an online library."
B) "We run theme parks."
C) "We sell athletic shoes."
D) "We sell memorable experiences."
E) "We rent hotel rooms."
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

16) Which of the following is a market-oriented mission statement?
A) "We empower customers to achieve their dreams."
B) "We sell jumbo burgers."
C) "We are an online library."
D) "We are a low-cost airline."
E) "We make porcelain figurines."
Answer: A
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

17) Mission statements should be _____.
A) meaningful and specific yet motivating
B) technology oriented
C) written solely for public relations purposes
D) focused on increasing sales or profits
E) strictly product oriented
Answer: A
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

18) A company's broad mission leads to _____.
A) increasing profits and more customers
B) increasing sales and decreasing costs
C) a higher share price
D) a hierarchy of objectives, including business objective and marketing objectives
E) increased market share and increasing profitability
Answer: D
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

19) The purpose of strategic planning is to find ways in which your company can best use its strengths to take advantage of attractive opportunities in the environment.
Answer: TRUE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

20) A company's mission statement provides the depth needed for all segments of the company to reach their goals.
Answer: FALSE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

21) A mission statement is a document embodying an organization's short-term goals.
Answer: FALSE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

22) A clear mission statement acts as an "invisible hand" that guides people in the organization.
Answer: TRUE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

23) Mission statements should be market oriented.
Answer: TRUE
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

24) "At Joe's Diner, we serve great burgers" is a product-oriented business definition.
Answer: TRUE
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

25) "At Trader Joe's, our mission is to provide all our customers the best food and beverage values to be found anywhere, and the information to make informed buying decisions." This is a product-oriented business definition.
Answer: FALSE
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

26) A company's mission could appropriately be stated as "making more sales or profits."
Answer: FALSE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

27) How does strategic planning benefit companies?
Answer: Strategic planning sets the stage for all other planning in the firm. The strategic plan involves adapting the firm to take advantage of opportunities in its constantly changing environment.
AACSB: Analytical thinking; Reflective thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

28) Why should mission statements be market oriented instead of product or technology oriented?
Answer: Mission statements should be market oriented and defined in terms of satisfying basic customer needs. Products and technologies eventually become outdated, but basic market needs may last forever.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

29) 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 marketing opportunities is called strategic planning. At the corporate level, the company starts the strategic planning process by defining its overall purpose and mission. This mission is then turned into detailed supporting objectives that guide the entire company. Next, headquarters decides what portfolio of businesses and products is best for the company and how much support to give each one. In turn, each business and product develops detailed marketing and other departmental plans that support the company-wide plan. Thus, marketing planning occurs at the business-unit, product, and market levels. It supports company strategic planning with more detailed plans for specific marketing opportunities.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

30) The collection of businesses and products that make up a company is called its _____.
A) strategic business unit
B) supply chain
C) strategic plan
D) business portfolio
E) internal value chain
Answer: D
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

31) Which of the following is the first step of business portfolio planning?
A) shaping the future portfolio by developing strategies for growth and downsizing
B) determining which businesses should receive more, less, or no investment
C) identifying internal strengths and weaknesses
D) identifying future opportunities
E) determining short-term goals
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

32) The major activity in strategic planning is _____, whereby management evaluates the products and businesses that make up the company.
A) SWOT analysis
B) benchmarking
C) business portfolio analysis
D) breakeven analysis
E) prospecting
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

33) The best business portfolio is the one that _____.
A) provides the greatest opportunity for increasing profits
B) best fits the company's strengths and weaknesses to opportunities in the environment
C) ensures that the company will realize increased share of market
D) allows the company to decrease its overall costs
E) entices customers to purchase even more products from the company
Answer: B
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

34) Which of the following best describes a strategic business unit?
A) the internal value chain of a company
B) the supply chain of a company
C) the key businesses that make up a company
D) the key channel intermediaries of a service company
E) the key competitors of a company
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

35) During portfolio analysis, a company _____ after identifying the key businesses that make up the company.
A) formulates a short-term marketing plan
B) assesses the attractiveness of its various SBUs
C) assesses its strengths and weaknesses
D) performs a SWOT analysis
E) assesses the effectiveness of its various channel intermediaries
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

36) Which of the following is NOT something a company must determine when analyzing its current business portfolio?
A) which businesses should receive more investment
B) which businesses should receive less investment
C) which businesses should receive no investment
D) which businesses should be sold or closed
E) which businesses shape the future portfolio
Answer: D
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

37) Most standard portfolio analysis methods evaluate SBUs on the _____.
A) potential for niche or global marketing
B) degree of product differentiation
C) strength of the market or industry position
D) accessibility to rural markets
E) number of successful business acquisitions
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

38) According to the Boston Consulting Group approach, _____ provides a measure of market attractiveness.
A) product attribute
B) product design
C) market penetration
D) market growth rate
E) market segmentation
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

39) According to the Boston Consulting Group approach, _____ serves as a measure of company strength in the market.
A) relative market share
B) product development
C) market diversification
D) product attribute
E) market segmentation
Answer: A
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

40) Which of the following is true of the BCG matrix approach?
A) It is inexpensive to implement.
B) It does not have any limitations.
C) It considers market growth rate to be a measure of market attractiveness.
D) It describes consumer motivations and needs.
E) It does not consider relative market share to be a measure of company strength in the market.
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

41) Within a company, who is most likely to perform strategic planning?
A) the president and vice presidents
B) the accounting and finance departments
C) the marketing and sales departments
D) cross-functional teams of divisional managers close to their markets
E) the manufacturing and production departments
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

42) The key businesses of Kimberley and Price consist of a division that produces and sells breakfast cereals and another that manufactures gardening tools. Each of these businesses is called a _____.
A) market segment
B) strategic business unit
C) question mark
D) prospect
E) product portfolio
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

43) _____ are a type of SBU that often require heavy investments to finance their rapid growth.
A) Cash cows
B) Question marks
C) Stars
D) Dogs
E) Bears
Answer: C
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

44) _____ are low-growth, high-share businesses/products that need less investment to hold their market share.
A) Stars
B) Cash cows
C) Question marks
D) Dogs
E) Bears
Answer: B
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

45) Which of the following is true with regard to cash cows?
A) They are high-growth, high-share businesses or products.
B) They can be used to help finance the company's question marks and stars.
C) They require significant cash to maintain market share.
D) They are low-share businesses and products.
E) They do not promise to be large sources of cash.
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

46) _____ are low-share business units in high-growth markets that require a lot of cash to hold their share.
A) Stars
B) Dogs
C) Question marks
D) Cash cows
E) Bears
Answer: C
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

47) The pharmaceuticals division of Omni Healthcare holds low market share in a high-growth market. According to the BCG matrix, the pharmaceuticals division of Omni can be classified as a _____.
A) star
B) bear
C) question mark
D) cash cow
E) dog
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Challenging

48) By harvesting its SBU, a company would most likely be _____.
A) milking the SBU's short-term cash flow regardless of the long-term effect
B) selling the SBU or phasing it out and using the resources elsewhere
C) investing just enough to hold the SBU's current market share
D) investing more in the business unit to build its share
E) diversifying the company's product line
Answer: A
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

49) A company can _____ an SBU by selling it or phasing it out and using the resources elsewhere.
A) divest
B) promote
C) expand
D) harvest
E) hold
Answer: A
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

50) Modern strategic planning _____.
A) exclusively consists of a company's short-term goals
B) is decentralized
C) does not involve cross-functional teams
D) does not take the overall mission of the company into consideration
E) is highly centralized
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

51) The BCG matrix approach is problematic in that it _____.
A) focuses on planning for the future at the cost of ignoring the present
B) focuses solely on current businesses and provides little scope for future planning
C) tends to undermine the importance of market growth rate as a measure of market attractiveness
D) tends to undermine the importance of relative market share as a measure of company strength in the market
E) fails to classify SBUs
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

52) Which of the following is a portfolio-planning tool for identifying company growth opportunities through market penetration, market development, product development, or diversification?
A) BCG matrix
B) analysis of variance
C) product/market expansion grid
D) Harris matrix
E) SWOT analysis
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

53) Phoenix, a popular coffee shop chain in North America, recently opened 400 stores to cater to its rapidly increasing number of patrons. This exemplifies _____.
A) product differentiation
B) product development
C) diversification
D) market penetration
E) market segmentation
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

54) Which of the following is true with regard to the product/expansion grid?
A) It classifies SBUs into four distinct categories.
B) It is a useful device for identifying growth opportunities.
C) It helps companies analyze their internal strengths and weaknesses.
D) It functions on the premise that firms should downsize to regain market share.
E) It is a useful device for segregating customers into distinct categories.
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

55) Making more sales to current customers without changing a firm's products is known as _____.
A) market segmentation
B) market penetration
C) product diversification
D) product development
E) prospecting
Answer: B
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

56) Lark Inc., an American electronics company, is currently reviewing new geographical markets to sell its highly popular televisions. By 2020, it plans to open new stores across all the major South Asian cities. Lark is most likely following a _____ strategy.
A) local marketing
B) market development
C) diversification
D) product adaptation
E) product development
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

57) The managers of Arrow, an American retail chain, are currently reviewing new demographic markets to sell the firm's current products. This is an example of _____.
A) market penetration
B) product development
C) mass marketing
D) market development
E) product adaptation
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

58) The managers of Alfredo's Pizza, a popular pizzeria in New York City, have been increasingly encouraging senior citizens to visit the pizzeria's numerous outlets spread across the city. Anticipating a rise in the population of senior citizens in the area, the management of Alfredo's Pizza is seeking to tap into this promising segment that consists of retired, affluent consumers. In this instance, the managers of Alfredo's Pizza are anticipating company growth through _____.
A) market development
B) product development
C) mass customization
D) niche marketing
E) product differentiation
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

59) FencePro, a local company, has developed an entirely new mounting system for chain link fences. After acquiring a distributor, FencePro now has the ability to market its products nationwide. FencePro is most likely following a _____ strategy.
A) market penetration
B) market development
C) downsizing
D) product adaptation
E) product development
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

60) Amor, a successful brand of women's clothing, recently introduced a line of fitness equipment. This is an example of _____.
A) mass customization
B) niche marketing
C) diversification
D) prospecting
E) product adaptation
Answer: C
AACSB: Application of knowledge; Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

61) Sunny Brews is a coffeehouse chain based in Boston. It recently introduced Eva, a mild roast, which became immensely popular. This exemplifies _____.
A) benchmarking
B) diversification
C) mass customization
D) product development
E) downsizing
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

62) A women's apparel manufacturer in California recently acquired a Houston-based company that manufactures office furniture. This is an example of _____.
A) product development
B) market development
C) market penetration
D) diversification
E) product differentiation
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

63) Cleats, Unlimited developed a new style of soccer shoe. This is an example of _____.
A) product development
B) market development
C) market penetration
D) diversification
E) product differentiation
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

64) Companies may want to downsize their business portfolios for all but which of the following reasons?
A) The firm may have grown too fast.
B) The firm may have entered areas where it lacks experience.
C) The customers may have purchased all they need.
D) The market environment might change.
E) The products might simply age.
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

65) Elmo Corp., a manufacturer of personal computers and printers, recently established an office furniture exporting business. This is an example of _____.
A) niche marketing
B) local marketing
C) diversification
D) product adaptation
E) downsizing
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

Refer to the scenario below to answer the following question(s).

Fun-Spot Fun Park began as a small amusement park in 1985. 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 the arbors. "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 that has brought so many visitors," Gail added. "We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time for variety."

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "Like the park's motto at the entrance reads, 'We're here to make you happy!' And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

66) Fun-Spot's mission is _____.
A) product oriented
B) technology oriented
C) market oriented
D) design oriented
E) narrowly focused on profits
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

67) Fun-Spot Fun Park represents a high-growth, high-share business. According to the BCG matrix, it can be classified as a _____.
A) star
B) question mark
C) bear
D) cat
E) dog
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

68) Ron and Gail plan to lower Fun-Spot's prices in an effort to encourage customers to stay longer, visit more often, and spend more money during each visit. What type of strategy are Ron and Gail planning?
A) market penetration
B) market development
C) product development
D) product adaptation
E) diversification
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

69) Ron and Gail, owners of Fun-Spot, strive to provide new offerings and entertainment options for their visitors. This type of strategy can be best described as _____.
A) market penetration
B) market development
C) product development
D) niche marketing
E) diversification
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

70) The major activity in strategic planning is business portfolio analysis, whereby management evaluates the products and businesses that make up the company.
Answer: TRUE
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

71) The major activity in strategic planning is product innovation.
Answer: FALSE
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

72) On the BCG matrix, "question marks" are high-growth, high-share businesses or products.
Answer: FALSE
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

73) Market penetration involves offering modified or new products to current markets.
Answer: FALSE
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

74) Market development involves company growth by identifying and developing new market segments for current company products.
Answer: TRUE
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

75) An American airline company started a grocery chain in Australia. This is an example of product development.
Answer: FALSE
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

76) Company growth through diversification involves offering modified or new products to the company's current markets.
Answer: FALSE
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

77) What is a strategic business unit (SBU)?
Answer: An SBU can be a company division, a product line within a division, or sometimes a single product or brand.
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

78) What are stars according to the BCG growth-share matrix?
Answer: Stars are high-growth, high-share businesses or products. They often need heavy investments to finance their rapid growth.
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

79) What type of strategy should a company use to manage its cash cows?
Answer: Since cash cows are low-growth, high-share businesses or products, and require less investment, a company should finance other SBUs with the help of cash cows.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

80) Define market penetration.
Answer: Market penetration refers to company growth by increasing sales of current products to current market segments without changing the product.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

81) What is a business portfolio? What are the steps involved in business portfolio planning?
Answer: A business portfolio is the collection of businesses and products that make up a company.
Business portfolio planning involves two steps. First, the company must analyze its current business portfolio and determine which businesses should receive more, less, or no investment. Second, it must shape the future portfolio by developing strategies for growth and downsizing.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

82) What is a growth-share matrix? Discuss the BCG growth-share matrix.
Answer: The growth-share matrix is a portfolio-planning method that evaluates a company's SBUs in terms of market growth rate and relative market share. Using the now-classic Boston Consulting Group (BCG) approach, a company classifies all its SBUs according to the growth-share matrix. On the vertical axis, market growth rate provides a measure of market attractiveness. On the horizontal axis, relative market share serves as a measure of company strength in the market. The growth-share matrix defines four types of SBUs:
1. Stars are high-growth, high-share businesses or products. They often need heavy investments to finance their rapid growth. Eventually their growth will slow down, and they will turn into cash cows.
2. Cash cows are low-growth, high-share businesses or products. These established and successful SBUs need less investment to hold their market share. Thus, they produce a lot of the cash that the company uses to pay its bills and support other SBUs that need investment.
3. Question marks are low-share business units in high-growth markets. They require a lot of cash to hold their share, let alone increase it. Management has to think hard about which question marks it should try to build into stars and which should be phased out.
4. Dogs are low-growth, low-share businesses and products. They may generate enough cash to maintain themselves but do not promise to be large sources of cash.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

83) What are some of the problems associated with matrix approaches?
Answer: The BCG and other formal methods revolutionized strategic planning. However, such centralized approaches have limitations: They can be difficult, time-consuming, and costly to implement. Management may find it difficult to define SBUs and measure market share and growth. In addition, these approaches focus on classifying current businesses but provide little advice for future planning.
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

84) Marketing plays a key role in the company's strategic planning in all of these ways EXCEPT _____.
A) providing input to identify attractive market opportunities
B) designing new products from scratch
C) creating customer value and building profitable relationships with customer groups
D) designing strategies for reaching a unit's objective
E) providing a guiding philosophy
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

85) Each department in a company that carries out value-creating activities can be thought of as a link in the company's _____.
A) channel of intermediaries
B) external value stream
C) demand chain
D) internal value chain
E) supplier chain
Answer: D
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Easy

86) RedFin manufactures diving equipment that is highly regarded by customers worldwide. Each department in RedFin contributes to its success and can be thought of as a(n) _____.
A) link in the company's internal value chain
B) separate organization
C) independent subsidiary of the company
D) separate market segment
E) SBU
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Moderate

87) The network made up of the company, its suppliers, its distributors, and, ultimately, its customers who partner with each other to improve the performance of the entire system is known as the _____.
A) business portfolio
B) supply chain
C) marketing mix
D) value delivery network
E) internal value chain
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

88) Customer engagement and value are the key ingredients in the marketer's formula for success.
Answer: TRUE
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Easy

89) Each department in a company can be thought of as a link in the company's internal value chain.
Answer: TRUE
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Easy

90) Since companies want to work together to attract customers, marketers do not need to practice partner relationship management.
Answer: FALSE
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Easy

91) What factors determine the success of a company's value chain?
Answer: A company's value chain is only as strong as its weakest link. Success depends on how well each department performs its work of adding customer value and on how the company coordinates the activities of various departments.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Moderate

92) What are the various components of the value delivery network of a company?
Answer: The value delivery network is made up of the company, its suppliers, its distributors, and, ultimately, its customers who partner with each other to improve the performance of the entire system.
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

93) What is a value delivery network?
Answer: A value delivery network refers to the network of a company, its suppliers, its distributors, and, ultimately, its customers who partner with each other to improve the performance of the entire system.
More companies today are partnering with other members of the supply chain—suppliers, distributors, and, ultimately, customers—to improve the performance of the customer value delivery network. Competition no longer takes place only between individual competitors. Rather, it takes place between the entire value delivery networks created by these competitors.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Easy

94) The marketing logic by which a company hopes to create customer value and achieve profitable customer relationships is referred to as the _____.
A) price
B) marketing implementation
C) value chain
D) marketing strategy
E) downsizing
Answer: D
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

95) Which of the following is an element of the marketing mix?
A) place
B) education
C) needs
D) wants
E) esteem
Answer: A
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

96) Which of the following is NOT part of a company's decision about which customers it will serve and how?
A) differentiation
B) targeting
C) budgeting
D) segmentation
E) positioning
Answer: C
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

97) Which of the following is NOT an element of the marketing mix?
A) place
B) purchase
C) product
D) price
E) promotion
Answer: B
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

98) Customers can be grouped and served in various ways based on several factors. These include all of the following EXCEPT _____ factors.
A) psychographic
B) behavioral
C) technological
D) demographic
E) geographic
Answer: C
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

99) Market segmentation can be best described as the process of _____.
A) assigning specific human attributes to a given brand
B) dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate marketing programs
C) evaluating each market segment's attractiveness and selecting one or more segments to enter
D) turning marketing plans into marketing actions to accomplish strategic marketing objectives
E) maintaining a strategic fit between organizational goals and changing marketing opportunities
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

100) Teenagers are expected to respond in a similar way to a set of marketing efforts. In other words, this group represents a _____.
A) channel intermediary
B) line extension
C) market segment
D) product attribute
E) brand personality
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

101) Each company must divide up the total market, choose the best segments, and design strategies for profitably serving chosen segments. This process involves market segmentation, _____, differentiation, and positioning.
A) market targeting
B) marketing implementation
C) supply-chain analysis
D) price discrimination
E) market diversification
Answer: A
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

102) Which of the following refers to the process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviors?
A) market diversification
B) market segmentation
C) downsizing
D) customer relationship management
E) prospecting
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

103) Rob has been asked by his manager to identify a group of potential customers who would respond in a similar way to a given set of marketing efforts. In this instance, Rob has been asked to identify a _____.
A) new product
B) market segment
C) marketing intermediary
D) brand
E) product line
Answer: B
AACSB: Application of knowledge
Skill: Application
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

104) The process of evaluating each market segment's attractiveness and selecting one or more segments to enter is known as _____.
A) market segmentation
B) diversification
C) market targeting
D) prospecting
E) downsizing
Answer: C
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

105) Paul Robinson 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 _____.
A) target market
B) market segment
C) niche market
D) product attribute
E) product design
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

106) Which of the following is true with regard to a market segment?
A) A market segment consists of consumers with dissimilar needs and preferences.
B) A market segment consists of consumers who respond in a similar way to a given set of marketing efforts.
C) Very few markets have segments.
D) Dividing the market into segments decreases the efficiency of the selling process.
E) Dividing the market into segments reduces composite demand.
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

107) The process of arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers is known as _____.
A) market segmentation
B) differentiation
C) target marketing
D) market targeting
E) positioning
Answer: E
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

108) Crocus, a gift store, specializes in serving customer segments that major competitors overlook and ignore. Which of the following best describes Crocus?
A) market follower
B) market challenger
C) early adopter
D) market nicher
E) laggard
Answer: D
AACSB: Application of knowledge
Skill: Application
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

109) Arrow is "a different kind of company, manufacturing a different kind of a car"; the RoadPro is "like nothing else." Statements such as these reflect a firm's _____.
A) portfolio
B) marketing segment
C) positioning
D) marketing mix
E) mission statement
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

110) Alpha Motors offers "Green automobiles for a greener world." This refers to the _____ of Alpha automobiles.
A) brand resonance
B) position
C) brand equity
D) pleasure value
E) added value
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

111) Arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers is known as _____.
A) positioning
B) segmenting
C) diversifying
D) prospecting
E) satisficing
Answer: A
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

112) Effective positioning begins with _____.
A) pricing
B) diversification
C) differentiation
D) promotion
E) segmentation
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

113) Which of the following Ps in the marketing mix describes the goods-and-services combination the company offers to the target market?
A) price
B) promotion
C) product
D) place
E) package
Answer: C
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

114) In the marketing mix, design, packaging, services, and variety can be categorized under _____.
A) product
B) price
C) promotion
D) place
E) position
Answer: A
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

115) In the context of a company's marketing mix, _____ includes company activities that make the product available to target consumers.
A) position
B) place
C) price
D) promotion
E) branding
Answer: B
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

116) In the marketing mix, place includes _____.
A) logistics
B) discounts
C) sales promotion
D) advertising
E) packaging
Answer: A
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

117) _____ refers to activities that communicate the merits of the product and persuade target customers to buy it.
A) Position
B) Promotion
C) Pricing
D) Segmentation
E) Prospecting
Answer: B
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

118) To succeed in today's competitive marketplace, companies must be product-centered.
Answer: FALSE
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

119) Dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate products or marketing programs is known as market diversification.
Answer: FALSE
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

120) A market segment consists of consumers who respond in different ways to a given set of marketing efforts.
Answer: FALSE
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

121) A product's position is the place it occupies relative to competitors' products in consumers' minds.
Answer: TRUE
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

122) The marketing mix consists of people, property, planning, and position.
Answer: FALSE
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

123) Product refers to the goods-and-services combination that a company offers to its target market.
Answer: TRUE
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

124) One valid criticism of the four Ps concept of the marketing mix is that services are not considered.
Answer: FALSE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

125) The four Cs concept adopts the buyer's view of the market.
Answer: TRUE
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

126) What are the components of a company's marketing mix?
Answer: A company designs an integrated marketing mix made up of factors under its control—product, price, place, and promotion (the four Ps).
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Easy

127) What does a market segment consist of?
Answer: A market segment consists of consumers who respond in a similar way to a given set of marketing efforts.
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

128) What does market targeting involve?
Answer: Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter.
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

129) What is a marketing strategy? How do marketing strategies help firms?
Answer: Marketing strategy refers to the marketing logic by which the company hopes to create this customer value and achieve these profitable relationships. A company decides which customers it will serve (segmentation and targeting) and how (differentiation and positioning). It identifies the total market and then divides it into smaller segments, selects the most promising segments, and focuses on serving and satisfying the customers in these segments. Guided by marketing strategy, a company designs an integrated marketing mix made up of factors under its control—product, price, place, and promotion (the four Ps). To find the best marketing strategy and mix, the company engages in marketing analysis, planning, implementation, and control. Through these activities, the company watches and adapts to the actors and forces in the marketing environment.
AACSB: Application of knowledge; Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

130) Distinguish between market segmentation and market targeting.
Answer: The process of dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate products or marketing programs, is called market segmentation. On the other hand, 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 it over time.
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

Refer to the scenario below to answer the following question(s).

Fun-Spot Fun Park began as a small amusement park in 1985. 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 the arbors. "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 that has brought so many visitors," Gail added. "We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time for variety."

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "Like the park's motto at the entrance reads, 'We're here to make you happy!' And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

131) Which of the following would be classified as an opportunity in a SWOT analysis of Fun-Spot?
A) A rival amusement park announces plans to open three new rides next season.
B) A new luxury hotel is being constructed in the area, with the aim of attracting more high-spending families on vacation.
C) Ron and Gail have paid off the mortgage on Fun-Spot, significantly reducing their monthly expenses.
D) Fun-Spot employees tend to be enthusiastic and young, projecting an image of fun and vitality.
E) Fun-Spot plans to further diversify its offerings by beginning a two-week summer camp for elementary school students.
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

132) Which of the following is true with regard to a SWOT analysis?
A) It classifies SBUs into four distinct categories.
B) It measures customer response to a new product.
C) It evaluates the company's overall strengths.
D) It evaluates the growth potential of a market segment.
E) It ignores the threats faced by a company while assessing its situation in the market.
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

133) _____ analysis is an overall evaluation of the company's strengths, weaknesses, opportunities, and threats.
A) Porter's five forces
B) A breakeven
C) A regression
D) A SWOT
E) A cluster
Answer: D
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

134) In a SWOT analysis, which of the following would be considered a strength?
A) industry trends
B) technological shifts
C) environmental demands
D) performance challenges
E) internal capabilities
Answer: E
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

135) In a SWOT analysis, _____ include favorable trends in the external environment.
A) strengths
B) challenges
C) weaknesses
D) opportunities
E) threats
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

136) Harris Brown, the marketing manager at a small retail chain, wants to assess his firm's strengths, opportunities, weaknesses, and threats. Which of the following would be best suited for his purpose?
A) SWOT analysis
B) cluster analysis
C) portfolio analysis
D) regression analysis
E) Porter's five forces analysis
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

137) Which of the following functions is NOT part of managing the marketing process?
A) planning
B) control
C) budgeting
D) implementation
E) organization
Answer: C
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

138) _____ provides a complete analysis of the company's situation.
A) A SWOT analysis
B) A marketing audit
C) Regression analysis
D) Return on marketing investment
E) Marketing budget evaluation
Answer: A
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

139) Marketing _____ addresses the what and why of marketing activities, while marketing _____ addresses the who, where, when, and how.
A) analysis; planning
B) planning; implementation
C) implementation; planning
D) organization; implementation
E) control; planning
Answer: B
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

140) Omega Inc. makes lightweight sunglasses with 100-percent UV protection for people who love to hunt, hike, and ride bikes. The company's long-term plans include the development of lenses that, in addition to protecting users from UV rays, would help reduce lens spotting through effective water-sheeting methods. This new feature would be valuable to people who fish. Given the rising popularity of recreational fishing in the United States, Omega products clearly have a huge market potential. In terms of a SWOT analysis, Omega has recognized a market _____.
A) weakness
B) strength
C) threat
D) opportunity
E) challenge
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

141) The main section of the marketing plan most likely presents a detailed _____ analysis of the current marketing situation.
A) breakeven
B) SBU
C) SWOT
D) regression
E) cluster
Answer: C
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

142) A marketing plan begins with a(n) _____, which presents a brief summary of the main goals and recommendations of the plan for management review.
A) budget
B) opportunity analysis
C) threat analysis
D) executive summary
E) action program
Answer: D
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

143) Many managers think that "doing things right," or _____, is as important as, or even more important than, "doing the right things."
A) strategy
B) planning
C) positioning
D) implementation
E) targeting
Answer: D
AACSB: Analytical thinking; Ethical understanding and reasoning
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

144) The most common form of marketing organization is the _____ organization. Under this organization, an operational specialist heads different marketing activities.
A) geographic
B) product management
C) functional
D) customer management
E) market
Answer: C
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

145) Berman Electronics, a chain of appliance stores in North America, caters to a wide range of customers. It has a marketing organization in which different operational specialists head different marketing activities. Berman Electronics is a(n) _____.
A) customer management organization
B) niche marketer
C) early adopter
D) functional organization
E) laggard
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Challenging

146) _____ refer(s) to meaningful sets of marketing performance measures in a single display used to monitor strategic marketing performance.
A) Field automation systems
B) Market segments
C) Market share
D) Marketing dashboards
E) Line extensions
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

147) Emerson Studios has designed its marketing organization along the lines of a _____ organization in which operational specialists head different marketing activities.
A) geographic
B) product
C) functional
D) customer
E) market
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

148) Ravenshaw Corp. assigns its sales and marketing people to specific countries, regions, and districts. Ravenshaw Corp. is most likely an example of a _____.
A) geographic organization
B) product organization
C) functional organization
D) niche marketer
E) mass marketer
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

149) Which of the following is true with regard to geographic organization?
A) It is the most common form of marketing organization.
B) Different marketing activities are headed by a functional specialist.
C) It requires salespeople to have international experience.
D) It reduces the overall efficiency of salespeople.
E) It allows salespeople to work with a minimum of travel time and cost.
Answer: E
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

150) Which of the following is a major advantage of the market organization?
A) The company is organized around the needs of specific customer segments.
B) The company exploits bleeding-edge technologies to keep ahead in the market.
C) The company has a flat organizational structure.
D) The company allows its salespeople to settle into a specific territory.
E) The company caters to a single, small market segment.
Answer: A
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

151) More and more, companies are shifting their brand management focus from brand profitability toward _____.
A) technology management
B) product management
C) customer management
D) functional management
E) geographic management
Answer: C
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

152) _____ refers to measuring and evaluating the results of marketing strategies and plans and taking corrective action to ensure that the objectives are achieved.
A) Marketing control
B) Marketing implementation
C) Satisficing
D) Prospecting
E) Benchmarking
Answer: A
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

153) Marketing control involves four steps including all the following EXCEPT _____.
A) setting specific marketing goals
B) measuring the marketing plan's performance in the marketplace
C) evaluating the causes of any differences between expected and actual performance
D) increasing the staffing in the planning department
E) taking corrective action to close the gaps between goals and performance
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

154) All of the following steps pertain to the marketing control process EXCEPT _____.
A) setting goals
B) measuring performance
C) taking corrective action
D) defining the company's mission
E) evaluating the causes of gaps between expected and actual performance
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

155) The purpose of _____ is to ensure that the company achieves the sales, profits, and other goals set out in its annual marketing plan.
A) benchmarking
B) operating control
C) strategic control
D) SWOT analysis
E) a marketing audit
Answer: B
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

156) _____ involves looking at whether a company's key action plans are well-matched to its opportunities.
A) Operating control
B) Benchmarking
C) Strategic control
D) Regression analysis
E) Portfolio analysis
Answer: C
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

157) _____ measures the profits generated by investments in marketing activities.
A) A SWOT analysis
B) A marketing audit
C) Regression analysis
D) Return on marketing investment
E) Marketing budget evaluation
Answer: D
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

158) A SWOT analysis allows a marketer to evaluate the company's overall strengths, weaknesses, opportunities and threats.
Answer: TRUE
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

159) The four marketing management functions are analysis, planning, implementation, and control.
Answer: TRUE
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

160) Benchmarking refers to the process that turns marketing plans into marketing actions to accomplish strategic marketing objectives.
Answer: FALSE
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

161) Operating control involves checking ongoing performance against the annual plan and taking corrective action when necessary.
Answer: TRUE
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

162) Return on marketing investment refers to the net return from a marketing investment divided by the costs of the marketing investment.
Answer: TRUE
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

163) What is SWOT analysis?
Answer: SWOT analysis is an overall evaluation of the company's strengths (S), weaknesses (W), opportunities (O), and threats (T).
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

164) What is the main purpose of the executive summary in a marketing plan?
Answer: The executive summary presents a brief summary of the main goals and recommendations of the plan for management review, helping top management find the plan's major points quickly.
AACSB: Written and oral communication
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

165) What is the difference between marketing planning and marketing implementation?
Answer: Whereas marketing planning addresses the what and why of marketing activities, implementation addresses the who, where, when, and how.
AACSB: Written and oral communication
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

166) Define marketing planning. What are the contents of a marketing plan?
Answer: Marketing planning involves choosing marketing strategies that will help the company attain its overall strategic objectives. A detailed marketing plan is needed for each business, product, or brand.
The major contents of a marketing plan are:
1. Executive summary
2. Current marketing situation
3. Threats and opportunities analysis
4. Objectives and issues
5. Marketing strategy
6. Action programs
7. Budgets
8. Controls
AACSB: Written and oral communication
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

167) Describe the most common forms of marketing organizations.
Answer: Modern marketing departments can be arranged in several ways.
1. The most common form of marketing organization is the functional organization. Under this organization, different marketing activities are headed by a functional specialist—a sales manager, an advertising manager, a marketing research manager, a customer service manager, or a new product manager.
2. A company that sells across the country or internationally often uses a geographic organization. Its sales and marketing people are assigned to specific countries, regions, and districts. Geographic organization allows salespeople to settle into a territory, get to know their customers, and work with a minimum of travel time and cost.
3. Companies with many very different products or brands often create a product management organization. Using this approach, a product manager develops and implements a complete strategy and marketing program for a specific product or brand.
4. For companies that sell one product line to many different types of markets and customers who have different needs and preferences, a market or customer management organization might be best. A market management organization is similar to the product management organization.
Large companies that produce many different products flowing into many different geographic and customer markets usually employ some combination of the functional, geographic, product, and market organization forms.
AACSB: Written and oral communication
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

168) What does marketing ROI measure?
Answer: Marketing ROI measures the profits generated by investments in marketing activities.
AACSB: Written and oral communication
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank

169) How do marketers measure return on marketing investment? Why is this figure 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. It measures the profits generated by investments in marketing activities. Marketing ROI can be difficult to measure. In measuring financial ROI, both the "R" and the "I" are uniformly measured in dollars. As of yet, however, there is no consistent definition of marketing ROI. For instance, returns like advertising and brand-building impact aren't easily put into dollar returns.
Increasingly, however, beyond standard performance measures, marketers are using customer-centered measures of marketing impact, such as customer acquisition, customer retention, customer lifetime value, and customer equity. These measures capture not only current marketing performance but also future performance resulting from stronger customer relationships.
AACSB: Application of knowledge; Analytical thinking
Skill: Concept
Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

Copyright © 2018 Pearson Education, Inc.

Principles of Marketing 17th edition Kotler Test Bank