Principles of Marketing 20th edition Kotler Test Bank

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Principles of Marketing, 20e **(Kotler)**
Chapter 1 Marketing: Creating Customer Value and Engagement

1) Which of these statements reflects Amazon founder Jeff Bezos's opinion on the firm's success and modern marketing?
A) Focus on the bottom line.
B) Hire the right people.
C) Obsess over customers.
D) Sell everything to anybody.
E) Deliver savings.
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Moderate

2) According to management guru Peter Drucker, "The aim of marketing is to _____."
A) maximize profits of the company
B) emphasize customer wants and not customer needs
C) make selling unnecessary
D) fulfill unrealistic customer expectations
E) sell products
Answer: C
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Easy

3) Marketing is defined as a set of strategies and activities by which companies acquire and engage customers, build strong customer and client relationships, and create superior customer value to _____.
A) enhance research and development efforts
B) maintain or gain the leading market position
C) profit from the sale of products
D) capture value from customers in return
E) increase the firm's revenue
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Moderate

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4) According to the five-step model of the marketing process, which of the following is the last step in creating value for customers?
A) designing a customer-driven marketing strategy
B) understanding the marketplace and customer needs
C) constructing an integrated marketing program that delivers superior value
D) building profitable relationships and creating customer delight
E) capturing value from customers to create profits and customer equity
Answer: E
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Moderate

5) According to the five-step model of the marketing process, a company should _____ before designing a customer-driven marketing strategy.
A) determine how to deliver superior value to customers
B) build profitable relationships with customers
C) use customer relationship management to create full partnerships with key customers
D) understand the marketplace and customer needs and wants
E) construct an integrated marketing program
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Moderate

6) Which of these objectives is one of the threefold goals of marketing?
A) attract new customers by promising superior value
B) extract as much profit as possible from the market segment
C) focus on growing the firm's market share
D) create new products through extensive research and development
E) partner with supply chain members to deliver low-cost products
Answer: A
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Moderate

7) Marketing is engaging customers and managing profitable customer relationships.
Answer: TRUE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Easy

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8) One of the threefold goals of marketing is to eliminate unprofitable customers.
Answer: FALSE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Moderate

9) Marketing is a social and managerial process by which entities obtain what they need or want by creating and exchanging value with others.
Answer: TRUE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Easy

10) List the five steps of the marketing process.
Answer: Step 1: Understand the marketplace and customer needs and wants.
Step 2: Design a customer value-driven marketing strategy.
Step 3: Construct an integrated marketing mix that delivers superior value.
Step 4: Engage customers, build profitable relationships, and create customer delight.
Step 5: Capture value from customers to create profits and customer equity.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Easy

11) _____ are human needs that are shaped by culture and individual personality.
A) Necessities
B) Wants
C) Demands
D) Values
E) Exchanges
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

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12) When backed by buying power, wants become _____.
A) social needs
B) demands
C) physical needs
D) self-esteem needs
E) exchanges
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

13) _____ are states of felt deprivation.
A) Value exchanges
B) Market offerings
C) Demands
D) Needs
E) Wants
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

14) Venus Williams now has the buying power to purchase an island in the Bahamas that she has wanted for several years. Venus's want is now a(n) _____.
A) need
B) necessity
C) exchange
D) demand
E) transaction
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Moderate

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15) A _____ is some combination of products, services, information, or experiences provided to consumers to satisfy a need or want.
A) market offering
B) value proposition
C) brand positioning
D) market segment
E) market mix
Answer: A
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

16) Firm ABC's marketing team is convinced their primary products are superior to their competitors but their sales are declining. A consulting firm tells Firm ABC that they need to focus more on the benefits and experiences provided to the firm's customers and focus less on the specific products. What does Firm ABC appear to suffer from?
A) market offering dystopia
B) demand focus
C) value proposition
D) marketing myopia
E) marketing immersion
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Moderate

17) Smart marketers look beyond the attributes of products and services. Instead, they focus on _____.
A) enhancing profitability
B) creating brand experiences for their customers
C) online buying and rapid delivery
D) developing a superior supply chain network
E) delivering a solid product at a value-conscious price
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

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18) _____ is the act of obtaining a desired object from someone by offering something in return.
A) Valuation
B) Exchange
C) Market offering
D) Confiscation
E) Donation
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

19) A(n) _____ is the set of actual and potential buyers of a product or service.
A) market
B) control group
C) subsidiary
D) focus group
E) audience
Answer: A
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

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

Rashad is the new customer relationship manager for retail Firm XYZ. Sales have been falling and no one at the firm knows why this is happening. The marketing team has evaluated the product offerings several times and is convinced the firm's products are superior to their competitors. Rashad needs additional information to diagnose the problem and then establish a plan to reverse the trend. After interviewing the entire marketing team, Rashad learned that no one really knows anything about their customers other than a demographic profile created 10 years ago.

20) After discussing Firm XYZ's current situation, Rashad learns that no one at the firm has attempted to address the problem from the customer's perspective. He believes the marketing team is suffering from _____.
A) product differentiation syndrome
B) customer value creation
C) exchange focus
D) marketing myopia
E) relationship intermediation
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Moderate

21) Rashad knows that one of the key building blocks for developing and managing customer relationships is to _____.
A) focus on the product mix
B) hire a comprehensive sales force
C) create a superior marketing plan
D) create better products
E) satisfy customers
Answer: E
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

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22) Why do you think sales have been falling at Firm XYZ?
Answer: The team at Firm XYZ appears to be suffering from marketing myopia. They have become so focused on their products that they have lost sight of what customers need and want.
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Moderate

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

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a cliff overlooking the Maine coast, Seagull Terrace had attracted thousands of visitors during summer, but then faced a tremendous downturn in business during winter. "But, given the established industries in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!"

So, Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travelers year-round. Carol's plan also involved a seasonal promotional gimmick–to be implemented from early winter to late spring–that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travelers–both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals.

"We still have a long way to go," Carol admitted. "Our delicatessen offers entrees that are a part of the local cuisine, but we'd like to expand that. We provide health club privileges off-site, but we would like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities. With an indoor pool area, I will eventually offer weekend getaways throughout winter."

23) Seagull Terrace offers its customers good accommodations, local delicacies, and amazing seaside views. The overall experience provided at the motel is a part of its _____.
A) market offering
B) target market
C) market segment
D) product positioning
E) marketing mix
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Challenging

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24) Carol Veldt's marketing efforts resulted in creating and delivering value for her customers as evidenced by repeat guests.
Answer: TRUE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

25) Explain how Carol Veldt transformed Seagull Terrace into an experience.
Answer: Seagull Terrace was a simple seaside motel but Carol's strategy turned the motel into an experience destination. She added amenities such as health and fitness options, better dining options, and renovated lodging. Her main focus was to rebrand the motel as an experience destination instead of merely a place to sleep on your summer vacation.
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Moderate

26) Human needs are shaped by culture and individual personality.
Answer: FALSE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

27) Market offerings are limited to physical products.
Answer: FALSE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

28) What is a market offering?
Answer: A market offering is any combination of products, services, solutions, and experiences that satisfy a consumer's needs or wants. Furniture, financial services, and lodging are all examples of market offerings.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

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29) Explain how wants and resources help determine what we buy.
Answer: Consumers demand products and services that will satisfy their wants and needs and fit within their budgets. They will purchase the products and services that deliver the most value and satisfaction per dollar spent.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

30) Companies go to great lengths to learn about and understand customer needs, wants, and demands. Explain how food delivery company DoorDash's WeDash program attempts to achieve this.
Answer: Food delivery company DoorDash's long-standing WeDash program requires that every DoorDash employee, including the CEO and other executives, serve as a "Dasher" at least four times a year, delivering orders or shadowing customer support agents. This hands-on experience helps employees understand the challenges faced by Dashers, merchants, and customers, ultimately improving the company's services. DoorDash donates money from co-founder and CEO Tony Xu's delivered orders to nonprofit organizations. Such personal involvement helps marketers shape new customer solutions based on real user experiences.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

31) What should sellers consider if they wish to avoid marketing myopia?
Answer: Sellers should consider the particular benefits and experiences desired by their customers, and not just pay attention to the specific products they offer.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

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32) Briefly compare and contrast the concepts of needs, wants, and demands and provide examples to illustrate your answer. How do these three concepts relate to marketing practices?
Answer: Human needs are states of felt deprivation. Needs are a basic part of the human makeup; marketers do not create them. Humans have a basic physical need for food, clothing, warmth, and safety; a basic social need for belonging and affection; and a basic individual need for knowledge and self-expression. Wants are needs shaped by culture, society, and individual personality. For example, an American needs food but wants a Big Mac and a soft drink. Wants become demands when they are backed by consumers' buying power. For example, an American with ten dollars needs food, wants a Big Mac and soft drink, and demands lunch at McDonald's. Marketers conduct extensive research to understand customers' wants and demands. They then attempt to fulfill customers' wants and demands through their market offerings.
AACSB: Written and oral communication
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Moderate

33) Explain how and why marketers go beyond selling a product or service to create brand experiences.
Answer: Sellers are most effective when they focus more on the benefits and experiences produced by their products and services than on the specific products and services themselves. Smart marketers focus on creating a brand experience, incorporating several products and services for their customers. By doing so, marketers hope to increase customer satisfaction. Satisfied customers buy again and tell others about their good experiences.
AACSB: Written and oral communication
Skill: Concept
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Moderate

34) Some firms attempt to serve all market segments _____.
A) because the most profitable firms attract the most customers
B) because they understand the customer needs and wants
C) by focusing on cost cutting over other goals
D) and end up not serving any of them very well
E) and lose sight of their product mix
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

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35) Dividing the market into various groups of customers is known as _____.
A) market segmentation
B) positioning
C) customization
D) target marketing
E) differentiation
Answer: A
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

36) Identifying which groups of customers to serve is known as _____.
A) market segmentation
B) positioning
C) customization
D) target marketing
E) differentiation
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

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

Kamesha's Clothes is a retail clothing store that is considering expansion into nearby communities. Kamesha started her store four years ago and has done well focusing on providing stylish clothing to middle-income buyers. However, before she expands, she would like to understand her customers better and see if she can expand her appeal to other demographic groups. During her last buying trip, she added some more expensive items to her inventory. However, very few of these additional items have been sold. Kamesha is trying to decide whether to begin marketing the items more aggressively or whether to focus on other groups.

37) What should Kamesha do first as she attempts to expand her business?
A) develop a targeted marketing campaign
B) lower her prices on all items
C) identify the various market segments
D) hire a marketing manager
E) consider hiring a consultant to help her make this decision
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Challenging

38) Kamesha's second step should be to _____.
A) lower her prices on all items
B) hire a marketing manager
C) develop a targeted marketing campaign
D) select the market segments she wants to pursue
E) abandon her expansion efforts for the current time
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Challenging

39) What value proposition made Kamesha's business successful and how can she build on that success?
Answer: Kamesha's initial success was based on focusing on providing stylish clothing to middle-income buyers. Instead of trying to serve another target market, she should determine if there are unmet needs or wants among her middle-income buyers and expand accordingly.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

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40) An organic farmer has identified three distinct groups that might be interested in their products: vegetarians, health-conscious individuals, and people identified as trendsetters who try out new products in the market before others. These three groups are examples of _____.
A) marketing mixes
B) market segments
C) value propositions
D) market offerings
E) marketing intermediaries
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Challenging

41) Which of the following customer questions is answered by a company's value proposition?
A) "Why should I buy your brand rather than a competitor's?"
B) "What is your company's estimated customer equity?"
C) "What are the costs involved in the production of your brand?"
D) "What is the budget allocated by your company for research and development?"
E) "What is the financial stability of your company?"
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

42) Which of these marketing orientations focuses primarily on the product's features, performance, and quality?
A) production concept
B) product concept
C) selling concept
D) marketing concept
E) societal marketing concept
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

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43) Companies that follow the _____ concept can run the risk of marketing myopia–focusing too narrowly on their own operational efficiency and losing sight of the real objective–satisfying customer needs and building profitable customer relationships.
A) customer-driven marketing
B) customer-driving marketing
C) societal marketing
D) marketing
E) production
Answer: E
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

44) The _____ concept is typically practiced with unsought goods–those that buyers do not normally think of buying, such as life insurance or blood donations.
A) production
B) product
C) selling
D) marketing
E) societal marketing
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

45) The _____ concept of marketing focuses on consumer wants, company requirements, and the long-run interests of consumers and society.
A) selling
B) product
C) societal
D) consumer
E) production
Answer: C
AACSB: Ethical understanding and reasoning
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

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46) Which of the following is the aim of the product concept?
A) improve the marketing of a firm's best products
B) market only those products with high customer appeal
C) focus on the target market and make products that meet those customers' demands
D) focus on making continuous product improvements
E) ensure that product promotion has the highest priority
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

47) The _____ concept of marketing takes an inside-out view that focuses on existing products.
A) product
B) selling
C) production
D) societal
E) wholistic
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

48) Railroads were once operated based on the thinking that users wanted trains that would offer the most in quality, performance, and innovative features. The railroad managing companies overlooked the fact that there could be other modes of transportation. This reflects the _____ concept.
A) product
B) production
C) selling
D) marketing
E) societal marketing
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Challenging

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49) The three considerations underlying the _____ concept are company profits, consumer wants, and society's interests.
A) marketing
B) production
C) societal marketing
D) selling
E) product
Answer: C
AACSB: Ethical understanding and reasoning
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

50) The production concept _____.
A) focuses on continuous product improvement
B) operates under the premise that consumers will not buy enough of the firm's products unless it undertakes a large-scale selling and promotion effort
C) believes customer focus and value are the paths to sales and profits
D) is a customer-centered sense-and-respond philosophy
E) holds that consumers will favor available and highly affordable products
Answer: E
AACSB: Ethical understanding and reasoning
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

51) The selling concept is typically practiced _____.
A) to balance consumers' wants, company's requirements, and the society's long-run interests
B) with products that offer the most in terms of quality, performance, and innovative features
C) when the company focuses on building long-term customer relationships
D) with goods that buyers normally do not think of buying
E) by customer-driven companies
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

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52) Which of the following marketing orientations holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do?
A) the product concept
B) the production concept
C) the selling concept
D) the marketing concept
E) the societal marketing concept
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

53) The societal marketing concept seeks to establish a balance between _____.
A) customer lifetime value and customer equity
B) an inside-out perspective and an outside-in perspective
C) consumer short-run wants and consumer long-run welfare
D) marketing mixes and market offerings
E) customer-driven marketing and customer-driving marketing
Answer: C
AACSB: Ethical understanding and reasoning
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

54) Some fast-food restaurants offer tasty and convenient food at affordable prices, but in doing so they contribute to a national obesity epidemic and environmental problems. These fast-food restaurants overlook the _____ philosophy.
A) marketing concept
B) product concept
C) production concept
D) societal marketing concept
E) selling concept
Answer: D
AACSB: Ethical understanding and reasoning
Skill: Application
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Challenging

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55) The set of marketing tools a firm uses to implement its marketing strategy is called the _____.
A) promotion mix
B) product mix
C) marketing mix
D) market offering
E) marketing effort
Answer: C
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

56) Which of the following is the most likely result of a marketing strategy that attempts to serve all potential customers?
A) All customers will be delighted.
B) Customer-perceived value will increase.
C) All customers will directly turn into customer evangelists.
D) Not all customers will be satisfied.
E) Customers will not show interest in any other company's products.
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

57) Which of these is NOT one of the four Ps of marketing?
A) price
B) place
C) product
D) profit
E) promotion
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

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58) To deliver on its value proposition, the firm must first create a need-satisfying marketing offering, which equates to which of the four Ps of marketing?
A) price
B) place
C) product
D) profit
E) promotion
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

59) Market segmentation is the process of seeking fewer customers and reduced demand for profit maximization only.
Answer: FALSE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

60) The selling concept holds that consumers will favor high-quality products with the most features.
Answer: FALSE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

61) The production concept and the product concept are marketing orientations that are more likely to lead to marketing myopia.
Answer: TRUE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

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62) Healthy Veggies, LLC, believes that marketing is a tool to use in finding customers and keeping them by providing vegetables that are grown using chemical-free farming techniques and selling through small family-owned stores. Healthy Veggies, LLC, practices societal marketing.
Answer: TRUE
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Challenging

63) What is a firm's marketing mix?
Answer: The marketing mix refers to the set of marketing tools the firm uses to implement its marketing strategy. The marketing mix tools are typically classified as the four Ps of marketing: product, price, place, and promotion.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Easy

64) Company X, a manufacturer of office supplies, follows the selling concept. Explain how the firm may lose sight of customer relationships with this marketing orientation.
Answer: The selling concept of Company X focuses on selling its office supplies rather than making what the market wants; such a strategy creates sales transactions but not long-term customer relationships. The company would most likely have a faulty assumption that customers who are persuaded to buy the product will like it or that they will buy the product again later even if they were not really initially satisfied. Company X will not foster customer loyalty with this approach.
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Challenging

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65) Compare the selling and marketing concepts, listing the key components of each philosophy.
Answer: The selling concept reflects an inside-out perspective, while the marketing concept takes an outside-in perspective. The selling concept is typically practiced when an organization is marketing products or services that buyers do not normally think of purchasing, such as insurance or blood donation. Aggressive selling focuses on creating sales transactions rather than building long-term relationships with customers, with the aim of selling what the company makes rather than making what the customer wants. The marketing concept, on the other hand, is based upon identifying the needs and wants of target markets and then satisfying those needs and wants better than competitors do. In contrast to the selling concept, marketing focuses on the customer, not the product, as the path to profits.
AACSB: Written and oral communication
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

66) Briefly explain the societal marketing concept. Give an example of an organization that has effectively used the societal marketing concept.
Answer: According to this concept, firms will succeed if they take underlying consumer needs and society's well-being into account over the long term. A pure marketing concept can damage consumers' long-run welfare by focusing exclusively on satisfying consumers' short-run wants. Over an extended period of time, this too-narrow focus can be damaging to the company. In setting their marketing strategies, marketers today need to balance company profits, consumer wants, and society's interests. The societal marketing concept holds that marketing strategy should deliver value to customers in a way that maintains or improves both the consumer's and society's well-being. It calls for sustainable marketing, socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs. The Eco Laundry company is built on sustainability, with a mission to care for people's clothes and the planet. It uses clean energy and nontoxic cleaning products. Beyond its laundry operations, Eco Laundry works with local public schools and sustainability programs and with assistance programs such as The Laundry Truck, which provides laundry access to those experiencing homelessness or poverty.
AACSB: Ethical understanding and reasoning
Skill: Concept
Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
Difficulty: Moderate

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67) Which of these statements best describes customer lifetime value?
A) the value of the entire stream of purchases that the customer would make over a lifetime of patronage
B) the value associated with creating a brand preference
C) the component of customer relationship management that focuses solely on customer delight
D) the overall value of the firm's customer base
E) the value created when customer satisfaction generates additional sales
Answer: A
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

68) Customer satisfaction is a goal that companies strive to achieve. Companies can accomplish this goal by _____.
A) regularly putting products on sale
B) promising only what they can deliver and then delivering more than they promise
C) offering promotional deals such as "buy one and get one free"
D) creating contests with exciting prizes
E) using celebrities to advertise their products
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

69) _____ is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.
A) Customer divestment
B) Customer-perceived value
C) The societal marketing concept
D) Partner relationship management
E) Customer relationship management
Answer: E
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

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70) _____ is determined by a customer's evaluation of the benefits and costs of a market offering relative to those of competing offers.
A) Customer-perceived value
B) Customer lifetime value
C) Share of customer
D) Customer-managed relationship
E) Brand value proposition
Answer: A
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

71) Anu is trying to understand the cost-benefit analysis that customers make prior to buying his firm's products. Specifically, he wants to know why a customer would pick his firm's product over the products of his competitors. Anu is evaluating _____.
A) customer satisfaction
B) customer relationship management
C) customer-perceived value
D) customer engagement
E) product satisfaction
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Challenging

72) When customers purchase products, they typically act on _____ as they judge values and costs.
A) objective value
B) perceived value
C) customer lifetime value
D) company image
E) society's interests
Answer: B
AACSB: Reflective thinking
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

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73) The primary key to delivering customer satisfaction is to match product performance with _____.
A) the performance of competitive products
B) competitive prices
C) aggressive advertising
D) limited customer services
E) customer expectations
Answer: E
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

74) Gerald bought a new drill from the hardware store and was very pleased with his purchase. He voluntarily left a glowing product review on the manufacturer's website. Which of these terms describes Gerald's behavior?
A) customer-generated marketing
B) partner relationship management
C) customer lifetime value
D) surrogate customers
E) share of customer
Answer: A
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

75) Roberto bought a new cologne that he believes has a more pleasing fragrance than the one he has been using. When he compares the new cologne with his expectations about the brand, he is assessing his level of _____.
A) customer delight
B) customer satisfaction
C) customer equity
D) customer-perceived value
E) customer lifetime value
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Challenging

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76) Which of the following strategies would a company most likely use to delight customers?
A) decrease the variety of offered services
B) underpromise and overdeliver
C) raise prices to establish a "luxury good" reputation
D) "fire" unprofitable customers
E) limit customer experiences with the brand
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

77) Anil wants to make his firm's brand a part of their customers' everyday conversations and lives. Every decision he makes is with that focus in mind. What is Anil practicing?
A) customer-perceived values
B) customer satisficing
C) customer relationship leveling
D) customer-engagement marketing
E) customer brand advocacy
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

78) Greater customer empowerment means that companies can no longer rely on _____.
A) promoting brand-consumer interaction
B) generic market offerings
C) marketing by intrusion
D) concepts with an outside-in perspective
E) marketing by attraction
Answer: C
AACSB: Reflective thinking
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

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79) Kao Corp., a deodorant manufacturer, invited teenage girls to make an ad that would encourage other girls to buy the product. This program is an example of _____.
A) societal marketing
B) the production concept
C) the selling concept
D) partner relationship management
E) customer-generated marketing
Answer: E
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Challenging

80) Elisandra, a marketing manager at a regional chain restaurant, has decided to organize a contest calling for customers to create commercials for the restaurant. Winning entries will be posted on the organization's home page. Elisandra's plan is an example of _____.
A) customer-generated marketing
B) partner relationship management
C) customer lifetime value
D) community development
E) customer divestment
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Challenging

81) The fourth step in the marketing process is _____.
A) capturing value from customers
B) building profitable relationships and creating customer delight
C) creating customer lifetime value
D) understanding the marketplace
E) designing a customer-driven marketing strategy to reap profits
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

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82) "Losing a customer once means losing the entire stream of possible purchases that the customer would make over an extended period of patronage." This statement specifically indicates loss in terms of _____.
A) customer-perceived value
B) marketing offerings
C) partner relationship management
D) customer lifetime value
E) value proposition
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

83) One danger of too much customer interaction is _____.
A) too much control related to managing partner relationships
B) selling new products on multiple platforms is confusing
C) consumers can be overwhelmed with too many contacts
D) converting "barnacles" to "strangers" is much harder
E) capturing customer lifetime value is more difficult
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Challenging

84) The value of a customer's purchases over a lifetime of patronage for a single firm is known as _____.
A) customer-perceived value
B) share of customer
C) customer insight
D) customer lifetime value
E) induced consumption
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

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85) Apart from retaining good customers, most marketers want to constantly increase their "share of customer." What does this mean in marketing terms?
A) Marketers want to increase their market share.
B) Marketers want to increase the share they get of the customer's purchasing in their product categories.
C) Marketers want to diversify their operations and customize their products to cater to the entire market.
D) Marketers want to continuously increase their customers' levels of satisfaction.
E) Marketers want to turn satisfied customers into delighted customers.
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

86) _____ occurs when a firm works with others inside and outside of the firm to bring more value to their customers.
A) Targeting new customers
B) Partner relationship management
C) Customer brand advocacy
D) Customer-engagement marketing
E) Partnership marketing
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

87) Leticia is a licensed cosmetician and she helps her clients pick out the appropriate cosmetics based on their skin tones and personal preferences. Recently, she has added jewelry to her line. What is Leticia attempting to do by adding the jewelry?
A) increase shared value
B) increase her share of customer
C) become more socially responsible
D) engage in customer-generated marketing
E) encourage brand loyalty
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Challenging

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88) Which of the following refers to the total combined customer lifetime value of all of the company's current and potential customers?
A) share of customer
B) marketing mix
C) customer equity
D) target market
E) customer-perceived value
Answer: C
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

89) In the context of customer relationship groups, a _____ is both profitable and loyal.
A) true friend
B) butterfly
C) stranger
D) barnacle
E) market maven
Answer: A
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

90) Customers can be classified into four relationship groups based on their profitability and projected loyalty. Which customer type is associated with low profitability and very little long-term loyalty?
A) barnacles
B) strangers
C) butterflies
D) true friends
E) cash cows
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

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91) Seasonal shoppers and event-based customers are associated with which of the four customer relationship groups?
A) butterflies
B) shooting stars
C) barnacles
D) true friends
E) strangers
Answer: A
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

92) To propel the launch of *Barbie: The Movie*, Mattel launched an AI-powered Barbie Selfie Generator page. Using a smartphone, a fan could take a self-portrait, position it next to Barbie (or Ken) in either a Corvette or a Poster setting, and share the image with their social networks. This best exemplifies which of the following?
A) in-store sales
B) marketing myopia
C) artificial intelligence usage
D) customer-generated content
E) partner relationship management
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

93) A marketer wants to increase its "share of customer." How can they accomplish this goal?
A) decrease prices
B) cross-sell and up-sell to existing customers
C) send samples directly to customers
D) introduce customers to "brand evangelists"
E) raise prices to appear more exclusive
Answer: B
AACSB: Reflective thinking
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

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

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a cliff overlooking the Maine coast, Seagull Terrace had attracted thousands of visitors during summer, but then faced a tremendous downturn in business during winter. "But, given the established industries in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!"

So, Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travelers year-round. Carol's plan also involved a seasonal promotional gimmick–to be implemented from early winter to late spring–that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travelers–both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals.

"We still have a long way to go," Carol admitted. "Our delicatessen offers entrees that are a part of the local cuisine, but we'd like to expand that. We provide health club privileges off-site, but we would like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities. With an indoor pool area, I will eventually offer weekend getaways throughout winter."

94) Carol Veldt's plan also involves a seasonal promotional gimmick that she wants to promote aggressively. This is an example of the _____ concept.
A) selling
B) marketing
C) product
D) production
E) societal marketing
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Challenging

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95) Renovations of the guest rooms at the Seagull Terrace and plans to add an indoor pool area are examples of the _____ concept.
A) selling
B) marketing
C) product
D) production
E) societal marketing
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Challenging

96) Carol Veldt has decided to ask selected guests to participate in an extensive survey about their experience at Seagull Terrace and about their requirements in terms of amenities and cuisines. By implementing the suggestions she receives from guests, Carol would be following the _____ concept.
A) production
B) product
C) selling
D) marketing
E) societal marketing
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Challenging

97) How can Carol capitalize on the concept of "customer-perceived value"?
Answer: Carol has done well but still does not appear to truly know her customers. She needs to spend some time learning about what features attract them to the Seagull Terrace and what features she could add to enhance the overall experience. Then she can focus on learning how to attract new customers who fit the same profile. For example, she could offer discounts to repeat customers who bring a friend along or refer a friend.
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Challenging

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98) Coronada believes in cultivating her customer base and doing whatever is necessary to make her customers happy. She believes it is much easier to retain a customer than it is to attract a new one. What is Coronada attempting to accomplish?
A) build customer lifetime value
B) grow her share of customer
C) harvest short-term profits
D) develop a sustainable marketing plan
E) devise a marketing strategy
Answer: A
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Challenging

99) When satisfied customers talk favorably about a brand with their friends and colleagues, it is known as _____.
A) customer relationship leveling
B) customer brand advocacy
C) customer-perceived value
D) satisficing
E) customer relationship management
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

100) Which of these digital media is NOT a social media platform that marketers can use to engage customers?
A) TikTok
B) Facebook
C) Google
D) Instagram
E) Twitter
Answer: C
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

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101) In today's digital age, firms need to rely more on _____ instead of marketing by intrusion.
A) artificial intelligence
B) traditional selling techniques
C) pushing consumers to act
D) marketing by attraction
E) marketing by extrusion
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

102) Barnacles are highly loyal and highly profitable customers.
Answer: FALSE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

103) Customer lifetime value is essentially the combined future value of all the firm's expected sales.
Answer: FALSE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

104) The total lifetime combined value of a firm's customers is known as customer equity.
Answer: TRUE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

105) In customer-generated marketing, consumers play a bigger role in shaping brand experiences.
Answer: TRUE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

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106) Customer-generated marketing occurs when customers play a role in shaping their own brand experiences and those of other customers.
Answer: TRUE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

107) How can a firm use customer-generated marketing to increase brand awareness? List an example of a firm using this tactic.
Answer: Customer-generated marketing often involves uninvited customer-to-customer exchanges and emerges organically. However, some firms have been able to generate this activity by hosting contests for new products or ideas. For example, as part of its "Get Crackin'" campaign, Wonderful Pistachios ran ads inviting fans and TikTok influencers to post videos showing creative ways to open pistachios–the winner received $10,000 and a 1-year supply of pistachios.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

108) Explain the concept of "share of customer."
Answer: Share of customer refers to the fraction of a consumer's spending that a firm is able to capture. For example, a clothing retailer might add ties and cuff links to its product mix to capture additional sales from the same customers.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

109) Explain what marketers can expect from individuals in the customer relationship group classified as "butterflies."
Answer: "Butterflies" are potentially profitable but not loyal. Marketers should enjoy this type of customer "for the moment" because they soon flutter off. Marketers should create profitable and satisfying transactions with "butterflies," then cease investing in them until the next time around. Marketers can expect transactions with butterflies when conditions are optimal, but they should not expect butterflies to become loyal customers.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

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110) Describe and compare the four types of customers classified by their potential profitability to an organization. Explain how an organization should manage each type of customer.
Answer: The four types of customers are strangers, butterflies, true friends, and barnacles. "Strangers" have low potential profitability and loyalty. A company's offerings do not fit well with a stranger's wants and demands. Companies should not invest in building a relationship with this type of customer. Another type of customer in which a company should not invest is the "barnacle." Barnacles are highly loyal but not very profitable because there is a limited fit between their needs and the company's offerings. The company might be able to improve barnacles' profitability by selling them more, raising their fees, or reducing service to them. However, if they cannot be made profitable, they should be "fired." Like strangers, "butterflies" are not loyal. However, they are potentially profitable because there is a good fit between the company's offerings and their needs. Like real butterflies, this type of customer will come and go without becoming a permanent, loyal consumer of a company's products. Companies should use promotional blitzes to attract these customers, create satisfying and profitable transactions with them, and then cease investing in them until the next time around. The final type of customers is "true friends"; they are both profitable and loyal. There is a strong fit between their needs and the company's offerings, so the company should make continuous relationship investments in an effort to go beyond satisfying and to delight these customers. A company should try to convert true friends into customer evangelists who tell others about their good experiences with the company.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Challenging

111) Explain the concept of customer equity.
Answer: Customer equity is the total combined customer lifetime values of all the company's customers. It is a measure of the future value of the firm's customer base.
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

112) How can a marketer increase its "share of customer"?
Answer: The marketer can offer greater variety to customers; in addition, the marketer can train employees to cross-sell and up-sell to market more products and services to existing customers.
AACSB: Reflective thinking
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

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113) Define customer relationship management.
Answer: Customer relationship management is the process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, engaging, and growing customers.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

114) Explain why the aim of customer relationship management is to create not just customer satisfaction, but also customer delight.
Answer: Customer satisfaction cannot be taken for granted. Because brand loyalty is dependent upon strong customer satisfaction, companies strive to retain, satisfy, and even delight current customers. Outstanding marketing companies go out of their way to keep important customers satisfied. Most studies show that higher levels of customer satisfaction lead to greater customer loyalty, which in turn results in better company performance. Firms create customer delight by promising only what they can deliver and then delivering more than what they promised. They also create emotional relationships with key customers. Delighted customers make repeated purchases and become willing marketing partners and "customer evangelists" who tell other potential customers about their positive experiences with the product.
AACSB: Written and oral communication
Skill: Concept
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

115) Mobile marketing is the fastest-growing digital marketing platform, with mobile commerce sales expected to account for _____ percent of all e-commerce sales by 2028.
A) 17
B) 25
C) 48
D) 63
E) 91
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Easy

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116) The technology that can gather and analyze huge volumes of data and learn to perform tasks that have typically required human intelligence but perform them much faster and with greater analytical capacity is called _____.
A) big data
B) analytics
C) artificial intelligence
D) the Internet of Things
E) digital thinking
Answer: C
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Easy

117) Chatbots and digital assistants can interact directly with customers to provide instant responses, personalized recommendations, and seamless customer support are examples of _____.
A) desktop computing
B) data analytics
C) the World Wide Web
D) artificial intelligence
E) digital learning
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Easy

118) Government agencies design _____ to encourage energy conservation and discourage smoking, junk food consumption, and drug use.
A) club marketing programs
B) social marketing campaigns
C) consumer-generated marketing campaigns
D) ambush marketing campaigns
E) frequency marketing programs
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Easy

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119) As part of the rapid globalization of today's economy, companies are selling more domestically produced goods in international markets and _____.
A) taking a local view of their industry
B) purchasing more supplies abroad
C) reducing competition within their industry
D) downplaying concerns for social responsibility
E) competing solely in traditional marketplaces
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Moderate

120) Iceco Inc., an ice cream manufacturing company, encourages all stakeholders, including the top management and all employees, to consider individual and community welfare in their day-to-day decisions. This action undertaken by Iceco reflects _____.
A) environmentalism
B) social responsibility
C) the selling concept
D) partner relationship management
E) marketing myopia
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Challenging

121) Marketing in the nonprofit sector is applied in all EXCEPT which one of these ways?
A) to promote their mission
B) to increase memberships
C) to publicize the organization's supporters
D) to attract support
E) to encourage donor support
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Moderate

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122) A museum targeting different demographic groups to increase attendance is an example of _____ marketing.
A) affinity
B) not-for-profit
C) societal
D) evangelism
E) affiliate
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Moderate

123) Your state's department of education has budgeted a significant amount of money for a radio, print, television, and online advertising campaign emphasizing the long-term benefits, both educationally and professionally, of reading every day. This is an example of a(n) _____ marketing campaign.
A) perspective
B) social
C) inbound
D) consumer-generated
E) affiliate
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Moderate

124) Which statement about artificial intelligence (AI) is correct?
A) Eventually, AI will completely replace human planning and thinking.
B) AI content is more reliable than human generated content and does not need to be checked.
C) Humans with AI will replace humans without AI.
D) AI can execute marketing concepts but it cannot generate new ideas.
E) AI is only being applied in a few select areas of marketing.
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Challenging

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125) When a firm, such as Ben & Jerry's, is civic minded and socially responsible, they are practicing _____.
A) pure capitalism
B) cronyism
C) caring capitalism
D) prosperity marketing
E) mission-centered marketing
Answer: C
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Easy

126) Which of these trends is NOT one of the major trends shaping marketing?
A) rapid globalization
B) explosive growth in digital technology
C) growth of not-for-profit marketing
D) renewed focus on selling
E) sustainable marketing
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Easy

127) Which of these is NOT one of the ways firms use big data in their marketing efforts?
A) to gain deep customer insights
B) to create personalized marketing efforts
C) to increase the speed of marketing analysis
D) to improve customer engagement
E) to provide better customer service
Answer: C
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Moderate

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128) Many company and brand websites also serve as online brand communities, where customers can congregate and exchange brand-related interests and information.
Answer: TRUE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Moderate

129) The Internet of Things is a new product created by multiple companies working together.
Answer: FALSE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Easy

130) Organizations choose to use only a few of the available online and social media. Using multiple social media results in confused fans.
Answer: FALSE
AACSB: Application of knowledge
Skill: Application
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Challenging

131) Social media marketing offers an ideal platform for real-time marketing.
Answer: TRUE
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Moderate

132) McDonald's is an American restaurant with limited global exposure.
Answer: FALSE
AACSB: Application of knowledge
Skill: Application
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Easy

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133) What is "not-for-profit marketing," and why has it expanded in recent years?
Answer: Not-for-profit marketing is used by various nonprofit organizations such as universities, foundations, hospitals, museums, and other organizations to raise funds. This sector has grown significantly as the competition for donor dollars and grant money has increased.
AACSB: Application of knowledge
Skill: Application
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Easy

134) How can digital technologies help companies engage customers with more realistic customer experiences?
Answer: Augmented reality (AR) and virtual reality (VR) are opening the doors for virtual "try before you purchase" experiences. Customers can now use AR to see how a piece of IKEA furniture would look in their office or home or what a pair of Ray-Bans would look like on them before deciding to buy. A customer planning a vacation can strap on an Apple Vision Pro headset and be immediately transported to the glaciers of Alaska or the sunny beaches of Jamaica. The customer can experience a walk through of a suite in a resort, check out the view from the balcony, and even take a stroll around the pool area. These technologies can anchor customer expectations, helping companies manage customer satisfaction and, therefore, customer loyalty and profitability.
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Easy

135) Explain how the growth of digital technology has transformed the way in which companies conduct business today.
Answer: At the most basic level, marketers set up company and brand websites that provide information and promote the company's products. Many of these sites also serve as online brand communities, where customers can congregate and exchange brand-related interests and information. Beyond brand websites, most companies are also integrating social and mobile media into their marketing mixes.
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Moderate

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136) How are local retailers affected by global competition?
Answer: A local retailer might have global suppliers and customers. The retailer's goods may come from abroad, or components of those goods may be produced or assembled abroad. In addition, a local retailer may also sell goods over the Internet to international customers.
AACSB: Diverse and multicultural work environments
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Moderate

137) Discuss the concept of omnichannel marketing.
Answer: Importantly, online, mobile, and social media technologies should not be stand-alone marketing efforts. They must be carefully integrated with each other and with nondigital efforts. Today's consumers routinely navigate across both the physical and digital worlds. They seek omnichannel brand experiences in which their brand engagement and buying span brick-and-mortar, online, mobile, social media, and other channels and platforms. Companies must integrate all of their marketing activities in an omnichannel marketing effort that helps customers to seamlessly navigate across channels at different stages of the customer journey, from initial awareness and engagement through purchase, loyalty, and brand advocacy.
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Moderate

138) Discuss how artificial intelligence is currently used in marketing.
Answer: The use of AI is revolutionizing marketing by helping to automate many analytical and creative tasks that are typically done by humans but doing them faster, often better, and at lower costs. AI is being applied in almost every area of marketing. Here's just a partial list of how marketers are using AI: Data gathering, analysis, and insights; customer engagement and personalization; idea generation; marketing content creation; and customer service.
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Moderate

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139) What caution must be taken when using AI in marketing?
Answer: In many areas, AI will never completely replace human planning and thinking. AI responses are only as good as the queries that human planners make and their ability to turn the responses into effective actions. Also, AI can sometimes get caught up in its own "hallucinations," where its reasoning generates responses that are factually incorrect, misleading, or even entirely fabricated. In the end, marketers must assess and use what AI reveals, making good decisions based on selected insights.
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Moderate

140) How do today's consumers impact the firm's social responsibility efforts?
Answer: Today's consumers are more focused on sustainability and social responsibility than in the past. Experts anticipate this focus will continue to grow. In response, marketers are reexamining their social responsibilities and their relationship with the very earth that sustains us. Some companies resist these pressures, budging only when forced by legislation or organized consumer outcries. But most companies now view sustainable marketing as an opportunity to do well by doing good. They seek ways to profit by serving immediate needs and the best long-run interests of their customers and communities.
AACSB: Analytical thinking
Skill: Concept
Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
Difficulty: Challenging

141) Amazon accounts for 47% of all online sales in the United States. How much were total U.S. online revenues in 2021 if Amazon's revenues for that year were $440 billion?
A) $206.8 billion
B) $936.2 billion
C) $561.7 billion
D) $1,310.7 billion
E) $749 billion
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Moderate

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142) Amazon's revenue averages $823,463 every minute of every day. Approximately how much revenue does Amazon generate every 24-hour period?
A) $600 million
B) $1 billion
C) $1.2 billion
D) $450 million
E) $823 billion
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Moderate

143) Assume Facebook computes the value of a single user to be $1.33 each per month. How much is the value of Facebook's monthly 2.9 billion member user base?
A) $2.724 billion
B) $2.011 billion
C) $3.749 billion
D) $7.820 billion
E) $3.724 billion
Answer: E
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.1: Define marketing and outline the steps in the marketing process.
Difficulty: Easy

144) Ninety-four percent of Americans believe it is dangerous to send a text while driving. How many adults recognize the danger of texting and driving if there are 208.9 million adults living in the United States?
A) 196.4 million
B) 208.9 million
C) 222.2 million
D) 211.5 million
E) 157.1 million
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

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145) Mahali Mzuri luxury tent accommodations during the low season cost $950 per night per person. If they are at capacity of 27 people a night, how much revenue will they generate per week?
A) $6,650
B) $51,300
C) $25,650
D) $179,550
E) $230,850
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Moderate

146) Firm XYZ estimates the size of their target market in dollar value is about $450 million. They believe they can bump their market share to 11% by next year. What is the size of Firm XYZ's market?
A) $2.5 million
B) $12.5 million
C) $49.5 million
D) $58.5 million
E) $499.5 million
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
Difficulty: Easy

147) Jared's annual income is $1,834,000 and he splurged and purchased a Patek Philippe watch for $328,000. What percentage of his income did he spend on the watch?
A) 33.4%
B) 17.9%
C) 9.4%
D) 45.14%
E) 56.9%
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

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148) Firm XYZ spent $6 million on advertisement to reach 15 million people using a high profile time slot on television. How much did the ad cost per viewer?
A) 60 cents per viewer
B) $4 per viewer
C) $40 per viewer
D) 40 cents per viewer
E) $1.50 per viewer
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

149) Firm XYZ created a competition for the best customer-generated marketing idea for their product. The prize was a $900,000 award with the winner receiving the entire amount. However, after judging, it was determined to be a five way tie. How much did each winner receive?
A) $180,000 each
B) $450,000 each
C) $900,000 each
D) $225,000 each
E) $300,000 each
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Easy

150) What is the customer lifetime value of someone who spends an average of $130 week and will be a good customer for 15 years?
A) $88,400
B) $20,280
C) $101,400
D) $6,760
E) $13,000
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
Difficulty: Moderate

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Chapter 1

MARKETING: CREATING CUSTOMER VALUE AND ENGAGEMENT

MARKETING STARTER: CHAPTER 1
AMAZON: Obsessed with Creating Customer Value, Engagement, and Relationships

Synopsis

Amazon, which was founded in 1995 as a book store, has experienced explosive growth by moving beyond online selling to physical stores, video and music streaming, cloud services, and the Internet of Things, which allowed it to grow revenue to $638 billion, an increase of 36% in just 3 years. Its CEO, Jeff Bezos, said that Amazon's success is due to its obsession with customers. It is driven to create genuine value and special experiences for customers. Selection, convenience, and value are the foundation stones of the Amazon experience, and Amazon has introduced innovations that make shopping easier (e.g., 1-Click ordering; Alexa; fast delivery; Dash Cart).

Discussion Objective

An active 10-minute discussion of the Amazon story will help link students to key foundational marketing concepts. Amazon provides an excellent vehicle for introducing the overall marketing framework presented in Chapter 1 and throughout the text: Good marketing is all about creating value for customers and building strong customer relationships in order to capture value from customers in return.

Starting the Discussion

To start the discussion, ask the class to share their experiences with Amazon. What attracts them to Amazon? What is it about the customer experience that is so enticing?

Next, pull up Amazon's Facebook page. Click on articles and links to explore further. Together, note the variety of approaches Amazon takes and the focus on customers. Investigate Amazon's other media, including the company's website, Twitter, Snapchat, and YouTube. In what ways does Amazon's focus on customer service show through?

You should be familiar with these websites in advance so that you can move purposefully to keep the discussion moving. However, let the class discussion interactively guide the sites that you explore, taking you deeper into each page. Start with the first question below, and then ask other questions as the discussion allows. Throughout the discussion, keep your objective firmly in mind: to emphasize that good marketing is all about creating value for customers and managing customer relationships in order to capture value from customers in return. The final question leads the class into Chapter 1 and the discussion for the day. Have fun with this one!

Discussion Questions

1. The first marketing story in the text is about Amazon. Let's go to Amazon's Facebook page. What stands out about Amazon? Go to Amazon's other media channels to find examples of how Amazon connects the company and the customers.
2. How does the Amazon shopping experience affect performance? The company has grown astronomically in market share and strength of customer relationships, due largely to its customer satisfaction and customer experience.
3. Why did the authors choose Amazon as the very first company to highlight in the first chapter of the text? How does this opening story relate to the major points made in the rest of the chapter? (This question should lead naturally into major Chapter 1 concepts: What is marketing and what is the marketing process? What is customer-driven marketing? Why are customer value, customer satisfaction, and customer relationships so important?)

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CHAPTER PREVIEW

In this chapter, we introduce the basic concepts of marketing. It starts with the question, "What is marketing?" Simply put, marketing is managing profitable customer relationships. The aim of marketing is to create value *for* customers and to capture value *from* customers in return. Next, the five steps in the marketing process are discussed—from understanding customer needs, to designing customer-driven marketing strategies and integrated marketing programs, to building customer relationships and capturing value for the firm. Finally, there is a discussion of the major trends and forces affecting marketing in this age of digital, mobile, and social media.

CHAPTER OBJECTIVES

1. Define marketing and outline the steps in the marketing process.
2. Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
3. Identify the key elements of a customer value–driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
4. Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
5. Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

CHAPTER OUTLINE

	INTRODUCTION	
	Opening Vignette Questions 1. The first marketing story in the text is about Amazon. What stands out about Amazon? 2. How does the Amazon shopping experience affect performance? 3. Why did the authors choose Amazon as the very first company to highlight in the first chapter of the text? How does this opening story relate to the major points made in the rest of the chapter?	Photo: Amazon logo

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	Define marketing and outline the steps in the marketing process. **WHAT IS MARKETING?** A simple definition of marketing is *engaging customers and managing profitable customer relationships.* Marketing must both attract new customers and grow current customers. Every organization must perform marketing functions, not only for-profit companies. Nonprofits (colleges, hospitals, churches, etc.) also must perform marketing. **Marketing Defined** Most people think of marketing only as selling and advertising or "telling and selling." Marketing must focus on *satisfying customer needs.* We define **marketing** as the set of strategies and activities by which companies acquire and engage customers, build strong customer relationships, and create superior customer value in order to capture value from customers in return.	Learning Objective 1 Key Term: Marketing p. 5 Photo: Social media marketing on mobile devices
	➢ **Troubleshooting Tip** For most students, this will be their first introduction to marketing and all its ramifications. To most of them, marketing is nothing more than selling and/or advertising, and this gets reinforced daily when they see "marketing" job ads that are really sales positions. It helps to get students talking about what marketing is, and to give examples of what they consider good marketing. Try to bring in contemporary examples that the students can relate to.	
	The Marketing Process Figure 1.1 shows the five-step marketing process. 1. Understand the marketplace and customer needs and wants. 2. Design a customer value–driven marketing strategy. 3. Construct an integrated marketing mix that delivers superior value.	Figure 1.1: The Marketing Process: Creating and Capturing Customer Value

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	4. Engage customers, build profitable relationships, and create customer delight. 5. Capture value from customers to create profits and customer equity. In the first four steps, companies work to understand consumers, create customer value, and build strong customer relationships. In the final step, companies reap the rewards of creating superior customer value. By creating value *for* consumers, they in turn capture value *from* consumers in the form of sales, profits, and long-term customer equity. **Review Learning Objective 1:** Define marketing and outline the steps in the marketing process.	
	Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts. **UNDERSTANDING THE MARKETPLACE AND CUSTOMER NEEDS** Five core customer and marketplace concepts are critical: (1) *needs, wants, and demands*; (2) *market offerings (products, services, and experiences)*; (3) *value and satisfaction*; (4) *exchanges and relationships*; and (5) *markets*. **Customer Needs, Wants, and Demands** As the first step in the marketing process, the company must fully understand consumers and the marketplace in which it operates. The most basic concept underlying marketing is that of human needs. Human **needs** are states of felt deprivation. They include *physical, social,* and *individual* needs. These needs were not created by marketers; they are a basic part of the human makeup. **Wants** are the form human needs take as they are shaped by culture and individual personality. A typical American *needs* food but *wants* a Big Mac. When backed by buying power, wants become **demands**.	Learning Objective 2 Key Terms: Needs, Wants, Demands Photo: DoorDash

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	The best marketing companies go to great lengths to learn and understand their customers' needs, wants, and demands.	
	Market Offerings—Products, Services, Solutions, and Experiences Needs and wants are fulfilled through **market offerings**—some combination of products, services, information, or experiences offered to a market to satisfy a need or want. Market offerings include *products* and *services*—activities or benefits offered for sale that are essentially intangible and do not result in the ownership of anything. **Marketing myopia** occurs when a company becomes so taken with their own products that they lose sight of underlying customer needs.	Key Term: Market offerings Key Term: Marketing myopia Photo: Buzzed Driving is Drunk Driving Real Marketing 1.1
	Customer Value and Satisfaction Customers form expectations about the value and satisfaction that various market offerings will deliver and buy accordingly. Satisfied customers buy again and tell others about their good experiences. Dissatisfied customers switch to competitors and disparage the product to others. Customer value and customer satisfaction are key building blocks for developing and managing customer relationships. **Exchanges and Relationships** **Exchange** is the act of obtaining a desired object from someone by offering something in return. Marketing consists of actions taken to build and maintain desirable exchange *relationships* with target audiences.	Key Term: Exchange

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	Markets A **market** is the set of actual and potential buyers of a product. Marketing means managing markets to bring about profitable customer relationships. Figure 1.2 shows the main elements in a modern marketing system. **Review Learning Objective 2:** Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.	Key Term: Market Figure 1.2: A Modern Marketing System
	Identify the key elements of a customer value–driven marketing strategy and discuss the marketing management orientations that guide marketing strategy. **DESIGNING A CUSTOMER VALUE–DRIVEN MARKETING STRATEGY AND PLAN** Marketing involves choosing target markets and building profitable relationships with them. The marketing manager must answer two important questions: 1. What customers will we serve (what's our target market)? 2. How can we serve these customers best (what's our value proposition)?	Learning Objective 3
	Selecting Customers to Serve A company must first decide *whom* it will serve. It does this by dividing the market into segments of customers (*market segmentation*) and selecting which segments it will go after (*target marketing*). Marketing managers know they cannot serve all customers. By trying to do so, they end up not serving any well. Marketing managers must decide which customers they want to target, and on the level, timing, and nature of their demand.	
	➢ **Troubleshooting Tip** The concept of not serving all customers may be confusing to students. Most of them have not yet	

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	encountered anything like it. However, the light bulb seems to go on with a discussion of crowded national parks and the efforts made to have people visit them during off-peak travel times. Having students come up with their own examples will increase the level of understanding.	
	Marketing management is *customer management* and *demand management.* **Choosing a Value Proposition** A company's *value proposition* is the set of benefits or values it promises to deliver to consumers to satisfy their needs. (JetBlue promises award-winning service from award-winning nice humans) Such value propositions *differentiate* one brand from another. **Marketing Orientations** Marketing management wants to design strategies that will build profitable relationships with target consumers. However, what *philosophy* should guide these marketing strategies? There are five alternative concepts under which organizations design and carry out their marketing strategies. ***The Production Concept*** The **production concept** holds that consumers will favor products that are available and highly affordable. Management should focus on improving production and distribution efficiency. ***The Product Concept*** The **product concept** holds that consumers will favor products that offer the most in quality, performance, and innovative features. Under this concept, marketing strategy focuses on making continuous product improvements.	Image: Hello, everyday yay Key Terms: Production concept, Product concept, Selling concept

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	The Selling Concept The **selling concept** holds that consumers will not buy enough of the firm's products unless the firm undertakes a large-scale selling and promotion effort. The concept is typically practiced with unsought goods—those that buyers do not normally think of buying, such as insurance or blood donations. These industries must be good at tracking down prospects and selling them on product benefits. ***The Marketing Concept*** The **marketing concept** holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors. Under the marketing concept, customer focus and value are the *paths* to sales and profits. Rather than a "make and sell" philosophy, it is a customer-centered "sense and respond" philosophy. The job is not to find the right customers for your product, but to find the right products for your customers. *Customer-driven* companies research current customers deeply to learn about their desires, gather new product and service ideas, and test proposed product improvements. *Customer-driven* marketing requires understanding customer needs even better than customers themselves do and creating products and services that meet existing and latent needs. **Designing a Customer Value–Driven Marketing Strategy** Figure 1.3 contrasts the selling concept and the marketing concept. The selling concept takes an *inside-out* perspective. It starts with the factory, focuses on the company's existing products, and calls for heavy selling and promotion to obtain profitable sales. It focuses primarily on customer conquest—	Key Term: Marketing concept Figure 1.3: Selling and Marketing Concepts Contrasted

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	getting short-term sales with little concern about who buys or why. In contrast, the marketing concept takes an *outside-in* perspective. The marketing concept starts with a well-defined market, focuses on customer needs, and integrates all the marketing activities that affect customers. In turn, it yields profits by creating relationships with the right customers based on customer value and satisfaction. ***The Societal Marketing Concept*** The **societal marketing concept** questions whether the pure marketing concept overlooks possible conflicts between consumer *short-run wants* and consumer *long-run welfare*. The societal marketing concept holds that marketing strategy should deliver value to customers in a way that maintains or improves both the consumer's and *society's* well-being. As Figure 1.4 shows, companies should balance three considerations in setting their marketing strategies: company profits, consumer wants, *and* society's interests.	Key Term: Societal marketing concept Figure 1.4: Three Considerations Underlying the Societal Marketing Concept Photo: The Eco Laundry Company
	➢ **Troubleshooting Tip** Societal marketing is also something that can be a little unclear to students. Why should fast food chains, for instance, be responsible for the nation's obesity (just one very topical discussion point)? Understanding how one should balance the need for profits with what some might consider "soft" issues can be difficult at times. That can be even more difficult among the politically astute students, as they can easily lead the class into a left versus right discussion on individual versus corporate versus governmental responsibility. Try not to let that happen by focusing on how companies can increase revenues and profits by showing that they care about customers and communities. Newman's Own is a potential brand to discuss because the company donates most profits to charities and strives to ensure a sustainable environment.	
	PREPARING AN INTEGRATED MARKETING MIX The company's marketing strategy outlines which customers	

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	the company will serve and how it will create value for these customers. Next, the marketer develops an integrated marketing program that will deliver the intended value to target customers. The marketing program consists of the firm's *marketing mix*, the set of marketing tools that the firm uses to implement its marketing strategy. The marketing mix tools are classified into the *four Ps* of marketing: product, price, place, and promotion. The firm blends these marketing mix tools into a comprehensive *integrated marketing program* that communicates and delivers the intended value to chosen customers. **Review Learning Objective 3:** Identify the key elements of a customer value–driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.	
	Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return. **MANAGING CUSTOMER RELATIONSHIPS AND CAPTURING CUSTOMER VALUE** **Engaging Customers and Managing Customer Relationships** **Customer Relationship Management** *Customer relationship management* is perhaps the most important concept of modern marketing. **Customer relationship management** is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, keeping, and growing customers.	Learning Objective 4 Photo: Patek Philippe Key Terms: Customer relationship management, Customer-perceived value

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	Relationship Building Blocks: Customer Value and Satisfaction The key to building lasting customer relationships is to create superior customer value and satisfaction. **Customer-perceived value** is the customer's evaluation of the difference between all the benefits and all the costs of a market offering relative to those of competing offers. Customers often do not judge values and costs "accurately" or "objectively." Instead, customers act on perceived value. **Customer satisfaction** depends on the product's perceived performance relative to a buyer's expectations. If the product's performance falls short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted. Although the customer-centered firm seeks to deliver high customer satisfaction relative to competitors, it does not attempt to *maximize* customer satisfaction. A company can always increase customer satisfaction by lowering its price or increasing its services. However, this may result in lower profits. The purpose of marketing is to generate customer value profitably. ***Customer Relationship Levels and Tools*** Companies can build customer relationships at many levels. At one extreme, a company with many low-margin customers may seek to develop *basic relationships* with them. At the other extreme, in markets with few customers and high margins, sellers want to create *full partnerships* with customers.	Key Term: Customer satisfaction Photo: Astronomia Solar Zodiac watch Photo: Subaru logo about customer satisfaction

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	Many companies offer *frequency marketing programs* that reward customers who buy often or in large quantities.	
	Customer Engagement and Today's Digital Media Yesterday's big companies focused on mass marketing to all customers at arm's length. Today's companies are building deeper, more direct, and more lasting relationships with carefully selected customers. The new marketing is **customer-engagement marketing**, fostering direct and continuous customer involvement in shaping brand conversations, brand experiences, and brand community. It involves using a rich mix of online, mobile, and social media marketing that promotes engagement and conversation. Customer-engagement marketing goes beyond just selling a brand to consumers. Its goal is to make the brand a meaningful part of consumers' conversations and lives. The burgeoning Internet and social media have given a huge boost to customer-engagement marketing. Today's consumers are better informed, more connected, and more empowered than ever before. Newly empowered consumers have more information about brands, and they have a wealth of digital platforms for airing and sharing their brand views with others. Customer brand advocacy is actions by which satisfied customers initiate favorable interactions with others about a brand. The marketing world is now embracing *customer-managed relationships.* Companies can no longer rely on marketing by *intrusion*. Companies must practice marketing by *attraction*—creating market offerings and messages that *involve* consumers rather than interrupt them.	Key Terms: Customer-engagement marketing, Customer brand advocacy Photo: Fender

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