# *Marketing Management 16th edition Kotler Test Bank*

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*Marketing Management, 16e* **(Kotler)**
**Chapter 1 Defining Marketing for the New Realities**

1) Which of these is an accurate characterization of the contemporary view of marketing?
A) Marketing is synonymous with selling.
B) With the rise of social commerce, company-driven marketing is no longer important.
C) Marketing's emphasis within the firm continues to decline.
D) To improve efficiency, most firms now restrict marketing activities within the "official" boundaries of the marketing department.
E) Marketing is about identifying and meeting human and social needs in a way that harmonizes with the goals of the organization.
Answer: E
Diff: 3
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

2) With regard to the selling function, what did Peter Drucker have to say about the aim of marketing?
A) Selling should replace marketing.
B) Selling should have equal importance in the corporate hierarchy.
C) It should make selling superfluous.
D) The sales function should set strategy, while the marketing function owns tactics.
E) Selling and marketing are synonymous.
Answer: C
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

3) Which of these was identified as key reason why Nintendo had a hit with the Wii and Apple with the iPad?
A) Both companies designed the right product based on thoughtful research.
B) Both products were flukes that happened to hit the market at the right time.
C) Neither product led its category, but both were sold aggressively.
D) Both products underpriced their competition.
E) American consumers have enough disposable income to afford luxury gadgets.
Answer: A
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking


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4) Which of these entities represent the bulk of most countries' marketing efforts?
A) Experiences
B) Services
C) Goods
D) Events
E) Places
Answer: C
Diff: 1
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

5) Raw materials, labor, and sources of funding represent which kind of market?
A) Basic
B) Primary
C) Secondary
D) Resource
E) Business to business
Answer: D
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

6) A public service announcement (PSA) encouraging people to wear masks during a pandemic outbreak represents what kind of marketed entity?
A) Ideas
B) Services
C) Experiences
D) Information
E) Social good
Answer: A
Diff: 3
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

7) Which of these is NOT one of the five basic markets?
A) Resource markets
B) Manufacturer markets
C) Educational markets
D) Consumer markets
E) Government markets
Answer: C
Diff: 2
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AACSB: Reflective thinking


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8) How does successful marketing create jobs?
A) By raising the standard of living
B) By encouraging conspicuous consumption
C) By increasing brand equity
D) By promoting capitalism
E) By building demand for products and services
Answer: E
Diff: 3
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

9) In the four flows in a modern exchange economy, what do sellers receive from buyers in addition to money?
A) Legal rights
B) Legal releases
C) Intangible resources
D) Information
E) Confirmation
Answer: D
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

10) The decline of companies such as MySpace and Blockbuster can be attributed at least in part to which of these marketing mistakes?
A) Failing to continually improve value offerings and marketing strategies
B) Failing to articulate a clear customer message
C) Overpricing in a declining economy
D) Confusing markets with unclear corporate branding
E) Failing to use marketing intermediaries effectively
Answer: A
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

11) Which of these reasons was identified as a success factor for the British firm RB (formerly Reckitt Benckiser)?
A) Strong sales teams
B) Emotional advertising
C) Digging deeply into consumer habits
D) Government subsidies
E) Undercutting competitors on prices
Answer: C
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking


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12) Which of these is a reason senior management should encourage fresh ideas from underrepresented groups of employees?
A) To challenge company orthodoxy
B) To lower costs by engaging lower-paid worker in research
C) To avoid charges of discrimination
D) To copy what benchmark competitors are doing
E) To promote employee morale
Answer: A
Diff: 1
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

13) Which of the following statements about marketing is true?
A) It is of little importance when products are standardized.
B) It can help create jobs in the economy by increasing demand for goods and services.
C) It helps to build a loyal customer base but has no impact on a firm's intangible assets.
D) It is more important for bigger organizations than smaller ones.
E) It is seldom used by nonprofit organizations.
Answer: B
Diff: 1
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

14) _____ management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.
A) Marketing
B) Knowledge
C) Operations
D) Strategic
E) Distribution
Answer: A
Diff: 1
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking


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15) Identify the correct statement about marketing management.
A) It is primarily concerned with the systematic gathering, recording, and analysis of data about issues related to marketing products and services.
B) It focuses mostly on monitoring the profitability of a company's products and services.
C) It focuses solely on attaining an organization's sales goals in an efficient manner.
D) It is defined as the field that deals with planning and managing a business at the highest level of corporate hierarchy.
E) It occurs when at least one party to a potential exchange thinks about the means of achieving desired responses from other parties.
Answer: E
Diff: 3
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

16) A social definition of marketing says _____.
A) effective marketing requires companies to remove intermediaries to achieve a closer connection with direct consumers
B) a company should focus exclusively on achieving high production efficiency, low costs, and mass distribution to facilitate the broadest possible access to the company's products
C) marketing is the process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others
D) marketing is the process of extracting the maximum value from consumers to facilitate corporate growth
E) marketing is the process of aggressive selling and promotion to encourage the purchase of products that might otherwise be unsought by the consumer
Answer: C
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

17) _____ goods constitute the bulk of most countries' production and marketing efforts.
A) Durable
B) Impulse
C) Physical
D) Luxury
E) Intangible
Answer: C
Diff: 1
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking


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18) As economies advance, a growing proportion of the economy's activities focuses on the production of _____.
A) products
B) events
C) experiences
D) luxury goods
E) services
Answer: E
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

19) Car rental firms, hair dressers, and management consultants provide _____.
A) goods
B) experiences
C) events
D) services
E) information
Answer: D
Diff: 1
LO: 1.1: Define the scope of marketing.
AACSB: Analytical thinking; Application of knowledge

20) Soccer's World Cup is promoted aggressively to both companies and fans. This is an example of marketing a(n) _____.
A) idea
B) place
C) luxury item
D) event
E) service
Answer: D
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Application of knowledge

21) The "Malaysia, Truly Asia" ad campaign that showcased Malaysia's beautiful landscape and its multicultural society in order to attract tourists is an example of _____ marketing.
A) event
B) property
C) service
D) place
E) idea
Answer: D
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Analytical thinking; Application of knowledge


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22) In Walt Disney's Magic Kingdom, customers can visit a fairy kingdom, a pirate ship, or even a haunted house. Disney is marketing a(n) _____.
A) experience
B) service
C) event
D) organization
E) good
Answer: A
Diff: 1
LO: 1.1: Define the scope of marketing.
AACSB: Analytical thinking; Application of knowledge

23) People in emerging countries today are becoming increasingly health conscious and are seeking healthy food choices. As a result, demand for health foods is rising steadily, creating an opportunity for marketers to exploit this _____ market.
A) demographic
B) business
C) need
D) geographic
E) service
Answer: C
Diff: 3
LO: 1.1: Define the scope of marketing.
AACSB: Analytical thinking

24) Services constitute the bulk of most countries' production and marketing efforts.
Answer: FALSE
Diff: 3
LO: 1.1: Define the scope of marketing.
AACSB: Analytical thinking

25) Place marketers include economic development specialists, real estate agents, commercial banks, local business associations, and advertising and public relations agencies.
Answer: TRUE
Diff: 1
LO: 1.1: Define the scope of marketing.

26) Properties are tangible rights of ownership to either real property (real estate) or financial property (stocks and bonds).
Answer: FALSE
Diff: 1
LO: 1.1: Define the scope of marketing.


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27) How does the social definition of marketing differ from the managerial definition?
Answer: The managerial definition focus on the challenges and responsibilities of managing marketing functions and processes within the organization. The social definition is more of an "outside looking in" definition, as a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others.
Diff: 3
LO: 1.1: Define the scope of marketing.
AACSB: Analytical thinking

28) What are the five basic markets in the modern economy?
Answer: The five basic markets are resource markets, manufacturer markets, consumer markets, intermediary markets, and government markets.
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

29) Marketing has been described as being both an "art" and a "science." Discuss the differences and similarities between these two marketing thrusts. Provide your theoretical response and a "real-life" example where you have seen both processes work effectively at creating customer value and loyalty.
Answer: The student should demonstrate his or her understanding that the marketer must use data to understand customer needs and translate this understanding into properly designed products and services. This requires application of state-of-the art tools and techniques. It is also an art as marketers try to find creative solutions to consumer needs.
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

30) Marketers are involved in marketing 10 types of entities. List and briefly characterize these entities.
Answer: The types of entities that are marketed are:
- goods – physical goods
- services – hotels and car rental services
- events – time-based events such as trade shows
- experiences – Walt Disney's Magic Kingdom
- persons – celebrity marketing
- places – cities, states, regions, and even whole nations
- properties – intangible rights of ownership of either real property or financial property
- organizations – corporate identity
- information – information produced and marketed as a product
- ideas – marketing the basic idea of a market offering.

Diff: 3
LO: 1.1: Define the scope of marketing.
AACSB: Analytical thinking; Application of knowledge


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31) Selling is not the most important part of marketing. Explain why not.
Answer: According to Peter Drucker, "There will always, one can assume, be need for some selling. But the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. Ideally, marketing should result in a customer who is ready to buy. All that should be needed then is to make the product or service available."
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

32) Relationship marketing, integrated marketing, internal marketing, and performance marketing are the four pillars of what concept?
A) Business to business marketing
B) Technology-driven marketing
C) Strategic marketing
D) Holistic marketing
E) Tactical marketing
Answer: D
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

33) Which of these is true regarding the growth of data analytics and artificial intelligence platforms?
A) Their complexity is beyond the capability of all but the largest firms.
B) Their spiraling costs put them out of reach of all but the largest firms.
C) Everyone can use them now, so their competitive advantages have disappeared.
D) Growth has democratized these technologies, making them available to smaller firms.
E) Despite initial promise, they haven't had much impact on contemporary marketing.
Answer: D
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

34) What effect have advanced telecommunication technologies and workflow platforms had on global business?
A) They have diluted global marketing efforts.
B) They have increased nationalistic tendencies in marketing communication.
C) They have encouraged a backlash against multiculturalism.
D) They have had no measurable impact.
E) They have lowered geographic and political barriers.
Answer: E
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge


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35) Which of these is an identified health risk associated with increased globalization?
A) Localized diseases can become worldwide pandemics more easily.
B) Governments are less likely to assist with global health crises.
C) Misinformation creates anxiety around critical health issues.
D) Globalization encourages hoarding of scarce medical resources.
E) Globalization interferes with international medical research.
Answer: A
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

36) Why are a company's own employees considered vital participants in holistic marketing?
A) Employees who feel ignored will lash out on social media.
B) Companies can spread out the costs of marketing by involving more people.
C) Marketing succeeds only when all departments work together to achieve customer goals.
D) A democratic approach to marketing invites everyone in the company to participate.
E) Few companies still have traditional marketing departments.
Answer: C
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

37) Which of these characterizes the need for internal coordination of the marketing effort?
A) A tops-down approach that pushes the marketing concept through the organization
B) Concentric alignment with marketing at the center
C) Vertical alignment with senior management
D) Vertical alignment with senior management and horizontal alignment with other departments
E) Horizontal alignment with other departments and vertical alignment with the sales channel
Answer: D
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

38) Which of these components of holistic marketing should take priority over the others?
A) Internal marketing
B) Relationship marketing
C) Integrated marketing
D) Performance marketing
E) None of them take priority over the others
Answer: E
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge


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39) What is the ultimate outcome of relationship marketing?
A) Higher profits
B) Sustainable profits
C) A marketing network with mutually profitable relationships
D) Lower barriers to entry in new markets
E) Lower marketing costs through cost-sharing with network partners
Answer: C
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

40) Who are the four key constituencies in relationship marketing?
A) Investors, news media, customers, and employees
B) Suppliers, customers, retailers, and wholesalers
C) Customers, retailers, financial analysts, and investors
D) Customers, employees, marketing partners, and the financial community
E) Manufacturers, customers, service providers, and investors
Answer: D
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

41) Why have firms such as Bank of America suspended their blogging efforts in favor of Twitter and Facebook?
A) To focus on where their customers are communicating
B) To reduce regulatory burdens
C) To improve cost efficiencies in corporate communications
D) To reduce staff time required to connect with customers
E) To reduce their digital footprints
Answer: A
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Integration of real-world business experiences

42) If a company rolling out a new marketing communications campaign conducted an employee preview party and training session to help workers understand the significance of the new campaign, the company would be engaging in _____.
A) integrated marketing
B) internal marketing
C) performance marketing
D) relationship marketing
E) multichannel marketing
Answer: B
Diff: 1
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking


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43) _____ marketing recognizes and reconciles the scope and complexities of marketing activities and offers an integrated approach to managing strategy and tactics.
A) Niche
B) Holistic
C) Relationship
D) Supply chain
E) Demand-centered
Answer: B
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

44) What are the four broad components of holistic marketing?
A) Relationship, internal, position, and performance marketing
B) Integrated, internal, position, and performance marketing
C) Relationship, integrated, internal, and performance marketing
D) Integrated, relationship, social responsibility, and position marketing
E) Relationship, social responsibility, internal, and performance marketing
Answer: C
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

45) _____ marketing aims to build mutually satisfying long-term collaboration with key constituents, such as customers, employees, suppliers, distributors, and other marketing partners, in order to earn and retain their business.
A) Integrated
B) Demand-based
C) Direct
D) Relationship
E) Internal
Answer: D
Diff: 1
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking


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46) Which of the following is most consistent with the integrated marketing approach?
A) A good product will sell itself.
B) If left alone, consumers are inclined to purchase only inexpensive products.
C) All communication to consumers must deliver a consistent message irrespective of the medium.
D) In order to succeed, the main focus should be on having an efficient production process in place.
E) Online marketing is less important than traditional marketing efforts.
Answer: C
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

47) Which aspect of holistic marketing motivates employees and ensures that everyone in the organization embraces appropriate marketing principles, especially senior management?
A) Relationship marketing
B) Integrated marketing
C) Internal marketing
D) Network marketing
E) Performance marketing
Answer: C
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Analytical thinking

48) Financial accountability and social responsibility marketing are elements of _____ marketing.
A) performance
B) relationship
C) internal
D) social
E) mass
Answer: A
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Analytical thinking


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49) Companies are recognizing that much of their market value comes from _____, particularly their brands, customer base, employees, distributor and supplier relations, and intellectual capital.
A) variable assets
B) value propositions
C) intangible assets
D) market offerings
E) industry convergence
Answer: C
Diff: 1
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

50) In an attempt to create greater competition and growth opportunities, countries often _____.
A) increase trade barriers
B) protect industries
C) deregulate industries
D) encourage intermediation
E) reduce privatization
Answer: C
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Diverse and multicultural work environments

51) Which of the four transformational market forces mentioned in the chapter is associated with the number of mobile phones in India recently exceeding 500 million and Boston Consulting Group believing brand marketers must enhance their "digital balance sheets"?
A) Demographics
B) Accountability
C) Social responsibility
D) Globalization
E) Technology
Answer: E
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking


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52) The Body Shop, Timberland, and Patagonia incorporate _____ as a way to differentiate themselves from competitors, build consumer preference, and achieve notable sales and profit gains.
A) social responsibility
B) technology
C) globalization
D) collaboration
E) goodwill
Answer: A
Diff: 1
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

53) Tracy's is a chain of hair dressing salons for women. They use television, magazines, radio, and newspapers to advertise their services. The owners ensure that all communication channels deliver a common message to prospective customers. Tracy's believes in _____ marketing.
A) internal
B) integrated
C) socially responsible
D) global
E) relationship
Answer: B
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Analytical thinking; Application of knowledge

54) The ultimate outcome of relationship marketing is a unique company asset called the _____, consisting of the company and its supporting stakeholders.
A) brand
B) supply chain
C) marketing network
D) value proposition
E) service channel
Answer: C
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking


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55) Which of the following reflects the "people" component of the marketing mix?
A) The creativity, discipline, and structure brought to marketing management
B) The development of new products by the marketers
C) The firm's consumer-directed activities
D) The right set of processes to guide activities and programs within the firm
E) The internal marketing of the firm
Answer: E
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

56) Showrooming is associated with which of the following new consumer capabilities?
A) Consumers can tap into social media to share opinions and express loyalty.
B) Consumers can actively interact with companies.
C) Consumers can use the internet as a powerful information and purchasing aid.
D) Consumers can reject marketing they find inappropriate.
E) Consumers can communicate on the move.
Answer: C
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

57) The drugstore chain CVS uses loyalty-card data to better understand what consumers purchase, the frequency of store visits, and other buying preferences, which is associated with which technology-enhanced company capability?
A) Companies can reach consumers quickly and efficiently via social media and mobile marketing, sending targeted ads, coupons, and information.
B) Companies can improve purchasing, recruiting, and internal and external communications.
C) Companies can improve cost efficiency.
D) Companies can collect fuller and richer information about markets, customers, prospects, and competitors.
E) Companies can use the internet as a powerful sales channel.
Answer: D
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge


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58) The success of online purchasing resulted in _____ in the delivery of products and services by intervening in the traditional flow of goods through distribution channels.
A) disintermediation
B) diversification
C) reduced competition
D) deregulation
E) privatization
Answer: A
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

59) In response to threats from such companies as Amazon.com, E*TRADE, and dozens of others, established manufacturers and retailers became "brick-and-click" oriented by adding online services to their existing offerings. This is known as _____.
A) reintermediation
B) disintermediation
C) retail transformation
D) e-collaboration
E) new-market synchronization
Answer: A
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

60) When eBay and Amazon.com cut out the majority of middlemen that normally would participate in the exchange process, it is an example of _____.
A) deregulation
B) reverse auctioning
C) reintermediation
D) disintermediation
E) diversification
Answer: D
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Integration of real-world business experiences


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61) Each of the following is true about the internet's impact on the way business is conducted today, EXCEPT one. Identify the exception.
A) It has facilitated high-speed communication among employees.
B) It has empowered consumers with easy access to information.
C) It can be used as a powerful sales channel.
D) It has facilitated mass marketing but not the sale of customized products.
E) It enables marketers to use social media to advertise their products.
Answer: D
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

62) Industry boundaries are blurring at an incredible rate as companies are recognizing that new opportunities lie at the intersection of two or more industries.
Answer: TRUE
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

63) The overabundance of information available on the internet has made it more difficult for consumers to compare product features and prices.
Answer: FALSE
Diff: 1
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

64) The selling concept holds that consumers will favor those products that offer the most quality, performance, or innovative features.
Answer: FALSE
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Analytical thinking

65) Integrated marketing is the task of hiring, training, and motivating able employees who want to serve customers well.
Answer: FALSE
Diff: 1
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

66) Performance marketing requires understanding the financial and nonfinancial returns to business and society from marketing activities and programs.
Answer: TRUE
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking


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67) What parameters does a company typically monitor within the concept of performance marketing?
Answer: Performance marketing involves reviewing metrics assessing market share, customer loss rate, customer satisfaction, and product quality in the evaluation of the effectiveness of marketing activities.
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

68) Characterize how proponents of holistic marketing view the importance of internal marketing.
Answer: Proponents of holistic marketing consider internal marketing to be as important as marketing to consumers.
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

69) Characterize the ultimate goal of relationship marketing.
Answer: The ultimate outcome of relationship marketing is a unique company asset called a marketing network**,** consisting of the company and its supporting stakeholders – customers, employees, suppliers, distributors, retailers, and others.
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

70) Identify three specific ways globalization has affected the marketing environment.
Answer: New transportation, shipping, and communication technologies have made it easier for us to know the rest of the world, to travel, to buy and sell anywhere. Globalization has made countries increasingly multicultural. U.S. minorities have much economic clout, and their buying power is growing faster than that of the general population. Globalization changes innovation and product development as companies take ideas and lessons from one country and apply them to another.
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

71) Discuss the concept of disintermediation and provide an example.
Answer: Disintermediation grew out of the rush to embrace the dot-coms and e-commerce. Essentially, the dot-coms removed many of the traditional intermediaries by encouraging consumers to deal directly with the company via the internet. "Brick-and-click" businesses eventually brought some of the intermediaries back through a process called *reintermediation.*
Diff: 1
LO: 1.2: Describe the new marketing realities.
AACSB: Integration of real-world business experiences


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72) The digital revolution has placed a whole new set of capabilities in the hands of consumers and businesses. Describe the advantages that you as a consumer have today that your parents or grandparents didn't have.
Answer: Responses to this question should include:
- a substantial increase in buying power
- a greater variety of available goods and services
- a great amount of information about practically anything
- greater ease in interacting and placing and receiving orders
- an increased ability to compare products and services.

Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Analytical thinking

73) The internet has given today's companies a new set of capabilities. Among those capabilities is the ability to operate a new information channel. Describe how information can be used by the marketer in this new channel.
Answer: Companies can operate a powerful new information and sales channel, the internet, with augmented geographical reach to inform and promote their businesses and products worldwide. By establishing one or more websites, a company can list its products and services, its history, its business philosophy, its job opportunities, and other information of interest to visitors. This provides consumers with a direct access to the company. Almost all websites include a "contact us" section that enables consumers to put forth their queries and interact with the company directly. This in turn allows marketers to be aware of people's opinions and preferences.
Diff: 1
LO: 1.2: Describe the new marketing realities.
AACSB: Analytical thinking

74) Define internal marketing and its role in the company. Outline how various departments within the company can demonstrate a customer focus.
Answer: Internal marketing is the task of hiring, training, and motivating able employees who want to serve customers well. Internal marketing must take place on two levels. At one level, the various marketing functions must work together. At the second level, other departments must embrace marketing and a "think customer" attitude.
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking


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75) Increasingly, a key goal of marketing is to develop deep, enduring relationships with all entities that directly or indirectly affect the success of the firm. Discuss the merits of relationship marketing. From your experience as a consumer, describe the relationship marketing efforts undertaken by a company of your choice.
Answer: Students should understand that the relationship between any supplier and customer is not just in the mechanics of the transaction, but more importantly how the customer is treated during the transaction. The better the relationship, the more the likelihood of the customer remaining loyal. They should pick a company that has served them well and made them feel special each and every time.
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Analytical thinking

76) What would be the marketing network elements for a motorcycle company such as Harley-Davidson?
Answer: A marketing network consists of the company and its supporting stakeholders. These stakeholders for Harley-Davidson are its customers, employees, suppliers, distributors, retailers, repair services, ad agencies, lobby groups, and motorcycle support clubs. The operating principle is simple: Build an effective network of relationships with key stakeholders, and profits will follow.
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Analytical thinking

77) Which marketing approach is based on recognizing the breadth and interdependencies of marketing programs, processes, and activities?
A) The marketing concept
B) The product concept
C) The production concept
D) The market-value concept
E) The selling concept
Answer: D
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Reflective thinking

78) Which of these perspectives best reflects the market-value concept?
A) Products establish a permanent impression of a company's value.
B) Basic needs and customer groups change constantly.
C) Products are transient; basic needs and customer groups endure forever.
D) Products must be constantly redesigned to reflect unstable basic needs.
E) Basic needs really don't change, so fundamental product designs don't need to, either.
Answer: C
Diff: 3
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Reflective thinking


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79) If a computer manufacturer such as Lenovo changed its strategic viewpoint from "making laptops and desktops" to "helping customers solve digital challenges," it would be adopting which mindset?
A) The marketing concept
B) The product concept
C) The production concept
D) The customer concept
E) The market-value concept
Answer: E
Diff: 3
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Analytical thinking

80) If a new CEO announced that from now on the marketing function would be dispersed throughout the organization, with every department expected to contribute to customer success, this would reflect which orientation?
A) The market-value concept
B) The product concept
C) The production concept
D) The customer concept
E) The marketing concept
Answer: A
Diff: 3
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Analytical thinking

81) Which of the following holds that consumers prefer products that are widely available and inexpensive?
A) The product concept
B) The production concept
C) The selling concept
D) The performance concept
E) The marketing concept
Answer: B
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Reflective thinking


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82) Managers of _____ businesses concentrate on achieving high manufacturing efficiency, low costs, and mass distribution.
A) selling-oriented
B) product-oriented
C) production-oriented
D) marketing-oriented
E) consumer-oriented
Answer: C
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Reflective thinking

83) The _____ concept holds that consumers will favor offerings with the best quality, performance, or innovative features.
A) product
B) marketing
C) production
D) selling
E) holistic marketing
Answer: A
Diff: 1
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Reflective thinking

84) Which of the following categories of goods and services is most likely to require an aggressive use of the selling concept?
A) Shopping goods
B) Unsought goods
C) Necessary goods
D) Luxury goods
E) Complementary goods
Answer: B
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Analytical thinking


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85) As a major steel manufacturer, SteelMakers Inc. focuses on having the most efficient manufacturing processes in place. The company believes that its competitive edge lies in its ability to offer the best prices. They also maintain an excellent distribution network that ensures wide availability of their products. SteelMakers has a _____ orientation.
A) selling
B) production
C) product
D) marketing
E) social
Answer: B
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Analytical thinking; Application of knowledge

86) Webmax Inc. produced and marketed cameras. After considerable research and development, they developed a new digital camera that had an array of new features. Webmax was so sure about the new offering that they even reduced their marketing budget. What sort of orientation does Webmax have toward the marketplace?
A) production orientation
B) product orientation
C) selling orientation
D) marketing orientation
E) holistic marketing orientation
Answer: B
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Analytical thinking; Application of knowledge

87) Marketers at Johnny Inc. believe in putting their customers ahead of everything else. Their products are carefully designed to meet customer requirements and the entire focus is on achieving customer satisfaction. Johnny Inc. follows the _____ concept in doing business.
A) production
B) product
C) selling
D) marketing
E) social responsibility
Answer: D
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Analytical thinking; Application of knowledge


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88) The _____ concept holds that consumers and businesses, if left alone, will ordinarily not buy enough of the organization's products.
A) production
B) selling
C) marketing
D) product
E) holistic marketing
Answer: B
Diff: 1
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Reflective thinking

89) Identify the concept that emerged in the mid-1950s as a customer-centered, sense-and-respond philosophy.
A) The product concept
B) The production concept
C) The selling concept
D) The marketing concept
E) The holistic marketing concept
Answer: D
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Reflective thinking

90) The marketing concept holds that _____.
A) a firm should find the right products for its customers, and not the right customers for its products
B) customers who are coaxed into buying a product will most likely buy it again
C) a new product will not be successful unless it is priced, distributed, and sold properly
D) consumers and businesses, if left alone, won't buy enough of the organization's products
E) a better product will by itself lead people to buy it without much effort from the sellers
Answer: A
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Reflective thinking

91) The production concept is one of the newest concepts in business.
Answer: FALSE
Diff: 1
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Reflective thinking

92) The marketing concept stresses finding the right customers for the company's products.
Answer: FALSE
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Reflective thinking


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93) The selling concept is based on the development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies.
Answer: FALSE
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Reflective thinking

94) The product concept is based on the development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependence.
Answer: FALSE
Diff: 1
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Reflective thinking

95) Why is it important for every business to define the role that marketing will play in the organization?
Answer: Defining marketing's role is important because whatever philosophy the firm adopts will guide its marketing efforts, determine how to organize and manage the marketing department, and, ultimately, find the best means to build a customer-centric organization that can deliver value to company stakeholders.
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Analytical thinking

96) How does the marketing concept differ from the selling concept in terms of whose needs have priority?
Answer: With the selling concept, the company's primary concerns are its own needs. With the marketing concept, the priority shifts to the customer's needs.
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Analytical thinking

97) How might adopting the market-value view of its activities can redefine the market(s) in which a company competes?
Answer: By shifting its perspective from "what can we make or sell?" to the broader question of "what do customers want or need in order to be satisfied?" a company might discover new market opportunities. These new opportunities would naturally create new competitive concerns as well, as the company could find itself going up against firms it had never before encountered.
Diff: 3
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Analytical thinking


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98) Arthur Jones has decided to start a business. He wants to manufacture lawn mowers and believes in the production concept. If this approach is taken, what will be Mr. Jones' primary areas of concentration as he builds his business?
Answer: This orientation holds that consumers will prefer products that are widely available and inexpensive. Managers of production-oriented businesses concentrate on high production efficiency, low costs, and mass distribution. Jones will also want an efficient production process in place. This approach is also used when a company wants to expand the market. Students may use these facts as they design their answer.
Diff: 2
LO: 1.3: Explain the role of marketing in the organization.
AACSB: Analytical thinking

99) If the equipment maker John Deere reorganized its marketing department into four groups—homeowners, commercial landscaping, agriculture, and construction—it would be adopting which organizational model?
A) Product organization
B) Matrix organization
C) Functional organization
D) Territory organization
E) Market organization
Answer: E
Diff: 3
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Analytical thinking

100) Which of these is a potential advantage of shifting from product-managing at the individual brand level to a higher-level approach managing groups of brands in broader categories?
A) A company will need fewer distinct brand names.
B) Brands can be combined into fewer visual presentations such as logos and color palettes.
C) Companies need to be less concerned with trademark protection at the individual brand level.
D) With higher-level coordination at the category level, internal competition for resources can be reduced.
E) Brand management can become a more tactical concern that doesn't occupy senior management attention.
Answer: D
Diff: 3
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking


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101) Which of these would be a key strategic goal for a CEO who wants her company to adopt a more customer-centric approach to marketing?
A) Fostering "creative friction" with healthy interdepartmental competition for resources.
B) Aligning reward systems with the goal of creating market value by developing a satisfied, loyal customer base.
C) Changing the compensation model for marketing staff to be more like the commission-based scheme used to reward sales staff.
D) Periodically rotating responsibility for marketing strategy among the various department heads in production, research and development, finance, and so on.
E) Disbanding the traditional marketing department and assigning its tasks to departments that are closer to the problem, so to speak.
Answer: B
Diff: 3
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Analytical thinking

102) Which of these factors do a majority of CMOs believe will be the primary measure of their effectiveness over the next decade?
A) Adoption of digital and smart technologies
B) Leadership turnover within marketing departments
C) Gross margin linked to marketing activities
D) Return on marketing investment
E) Return on sales investment
Answer: D
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

103) Why do many companies now focus on key marketing processes rather than on departmental divisions and responsibilities?
A) Departmental boundaries can be barriers to smooth performance.
B) With the rapid shift to virtual offices, few companies still have traditional departments.
C) Maintaining a marketing department is too expensive.
D) The sales function has eclipsed the marketing function.
E) Managing processes is easier than managing departments.
Answer: A
Diff: 2
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AACSB: Reflective thinking


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104) What is a customer touch point?
A) Direct interaction with tangible products; does not apply to intangible services
B) The "high touch" aspect of personal services, including personal selling
C) Any real or virtual point where customers directly or indirectly interact with the company
D) Any stage of the marketing process where it's up to the customer to choose whether to interact with the company
E) Interaction points that are between a company and its customers, without the involvement of third parties such as channel intermediaries
Answer: C
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

105) If the home construction firm PulteGroup adopted a marketing organization that combined regional geographic market managers with product category managers who focus on specific types of houses, this would reflect which organizational model?
A) Matrix organization
B) Product-geography organization
C) Geographic organization with product subsets
D) Product organization
E) Customer organization
Answer: A
Diff: 3
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Analytical thinking

106) When Xerox, IBM, and Hewlett-Packard shifted from a geographic model to organizing marketing around specific types of customers, which organization model did they adopt?
A) Product needs
B) Brand/product management
C) Industry category
D) Market
E) Matrix
Answer: D
Diff: 2
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AACSB: Reflective thinking


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107) To whom does the CMO report in most corporations today?
A) The vice president of marketing
B) The board of directors
C) The president of customer operations
D) The chief executive officer (CEO)
E) The chief operating officer (COO)
Answer: D
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

108) The most common form of marketing organization consists of _____ reporting to a chief marketing officer who coordinates their activities.
A) zonal managers
B) functional specialists
C) product managers
D) area market specialists
E) brand managers
Answer: B
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

109) Which of the following is the main advantage of a functional marketing organization?
A) Easy coordination
B) Lower staff requirements
C) Administrative simplicity
D) Reduced competition between functional groups
E) Smooth working relationships
Answer: C
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

110) A company selling in a national market often organizes its sales force along _____.
A) functional groups
B) geographic lines
C) product teams
D) brand groups
E) product categories
Answer: B
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking


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111) A product-management organization makes sense if _____.
A) the company's products are quite varied
B) there are very few products in the company's portfolio
C) the company is pursuing a low cost strategy
D) the company's products satisfy similar customer needs
E) the company is vertically integrated
Answer: A
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

112) A product- or brand-management organization is sometimes characterized as a(n) _____ system.
A) hub-and-spoke
B) waterfall
C) internal marketing
D) top-down
E) lateral
Answer: A
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

113) A disadvantage of the product-management organization is that _____.
A) it marginalizes a company's smaller brands
B) it reduces organizational responsiveness to new products in the marketplace
C) product managers generally exercise authority outside their areas of responsibility
D) it prevents product managers from gaining sufficient expertise in their product areas
E) it fails to build long-term strengths as brand managers normally manage brands for only short periods
Answer: E
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

114) A product-management organization _____.
A) replaces the functional organization
B) simplifies the process of developing a national strategy
C) often focuses on building market share rather than customer relationships
D) reduces an organization's staffing requirements
E) allows product managers to achieve functional expertise
Answer: C
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking


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115) When customers fall into different user groups with distinct buying preferences and practices, a _____ organization is desirable.
A) market-management
B) product-management
C) brand-management
D) geographic
E) functional
Answer: A
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

116) Companies that produce many products for many markets may adopt a _____ marketing organization.
A) flat
B) brand
C) product
D) matrix
E) top-down
Answer: D
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

117) Which of the following is true regarding a matrix-management organization?
A) It proves to be cost-effective in the long run.
B) It often creates conflicts regarding authority and responsibility for marketing activities.
C) It hampers the flow of information among marketing personnel.
D) It fosters a strong sense of accountability for performance among product and market managers.
E) It is best suited to companies that offer a small range of products to niche markets.
Answer: B
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

118) A functional organization allows for adequate planning as the number of products and markets of a firm increases.
Answer: FALSE
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking


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119) The product-management organization replaces the functional organization in the firm.
Answer: FALSE
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

120) An advantage of the product- and brand-management system is that product and brand managers focus the company on building market share rather than customer relationships.
Answer: FALSE
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

121) Because the retail trade tends to think of profitability in terms of product categories, some companies are switching to a category management organizational model.
Answer: TRUE
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

122) When customers fall into different user groups with distinct buying preferences and practices, a product team structure is desirable.
Answer: FALSE
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

123) Many companies now focus on departments as opposed to processes, because processes can be a barrier to smooth performance.
Answer: FALSE
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

124) What steps can a CEO take to create a market- and customer-focused company?
Answer: To create a true marketing organization, the CEO must convince senior management of the importance of being customer focused. It is also important that the CEO be able to hire strong marketing talent, including a skilled chief marketing officer who not only manages the marketing department but also has the respect of, and influence with, the other C-level executives. the CEO must also facilitate the creation of strong in-house marketing training programs to sharpen the company's marketing and demonstrate a strong commitment to customers.
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking


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125) What three forces do marketing experts George Day and Robert Malcolm believe will change the role of the CMO in the coming years?
Answer: Day and Malcolm believe that three driving forces will change the role of the CMO in the coming years: (1) predictable marketplace trends, (2) the changing role of the C-suite, and (3) uncertainty about the economy and organizational design. They identify five priorities for any successful CMO: act as the visionary for the future of the company, build adaptive marketing capabilities, win the war for marketing talent, tighten the alignment with sales, and take accountability for returns on marketing spending.
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

126) Describe the functional organization of a marketing department in terms of its structure, advantages, and disadvantages.
Answer: The most common form of marketing organization consists of functional specialists reporting to a chief marketing officer (CMO). The main advantage of a functional marketing organization is its administrative simplicity. It can be quite a challenge for the department to develop smooth working relationships, however. This form also can result in inadequate planning as the number of products and markets increases and each functional group vies for budget and status. The CMO constantly weighs competing claims and faces a difficult coordination problem.
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

127) Explain the product- or brand-management organization and list its advantages and disadvantages.
Answer: Companies producing a variety of products and brands often establish a product- (or brand-) management organization. The product- or brand-management organization does not replace the functional organization, but serves as another layer of management. A product-management organization makes sense if the company's products are quite different, or if the sheer number of products is beyond the ability of a functional organization to handle. Product and brand management is sometimes characterized as a hub-and-spoke system.
The product-management organization has several advantages. The product manager can concentrate on developing a cost-effective marketing mix for the product and can react more quickly to new products in the marketplace; the company's smaller brands have a product advocate. The disadvantages are that product managers are not given enough authority, they become experts in their product area but rarely achieve functional expertise. The product-management system is costly and brand managers normally manage a brand only for a short time. The fragmentation of markets makes it harder to develop a national strategy. In addition to this, product and brand managers focus on market share and not in building customer relationships.
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking


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128) What is a market-management organization?
Answer: Many companies sell their products to differing markets. When customers fall into different user groups with distinct buying preferences and practices, a market-management organization is desirable. Market managers supervise several market-development managers, market specialists, or industry specialists and draw on functional services as needed. Market managers of important markets might even have functional specialists reporting to them. Market managers are staff (not line) people, with duties like those of product managers. They develop long-range and annual plans for their markets and are judged by their markets' growth and profitability. Because this system organizes marketing activity to meet the needs of distinct customer groups, it shares many advantages and disadvantages of product-management systems.
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

129) Define a category-management organization.
Answer: A category-management organization is where a company focuses on product categories to manage its brands.
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

130) What is a customer-management organization? When should a customer-management organization be adopted?
Answer: A customer-management organization deals with individual customers rather than the mass market or even market segments. It is suitable when a close customer relationship is advantageous, such as when customers have diverse and complex requirements and buy an integrated bundle of products and services.
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

131) Which of these is NOT identified as a reason that creating a superior customer experience is now a priority for companies in nearly every industry?
A) The number of brands in the marketplace continues to grow.
B) Terms of service (TOS) contracts are now enforceable via federal mandate.
C) Consumers have more products and services to choose from.
D) Consumers are more knowledgeable about market offerings.
E) Consumers have greater ability to influence public opinion about companies and their brands.
Answer: B
Diff: 2
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking


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132) Most companies now realize that the path to creating stakeholder value begins with which of these strategic changes?
A) Simplifying organizational structures in order to lower time-to-market
B) Simplifying product portfolios in order to put more customer-satisfaction energy behind each product.
C) Expanding into as many product and market spaces as possible to capture customers before they lock into competitors' ecosystems
D) Re-envisioning the organization as focused on creating long-term customer value
E) Lowering fixed and variable costs by automating the customer experience
Answer: D
Diff: 3
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking

133) Which of these groups appears at the top of the traditional organizational pyramid?
A) Service managers
B) Middle managers
C) Customers
D) Frontline employees
E) Top management
Answer: E
Diff: 2
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking

134) Which of these would be considered the primary job of service managers in a customer-oriented organization?
A) Support frontline employees so they can serve customers well
B) Push management priorities down through the organization
C) Coordinate with fellow middle managers
D) Serve as the intermediary between customers and top management
E) Respond to customer service demands from the board of directors
Answer: A
Diff: 3
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking


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135) Which of these is a key reason why differentiation is difficult to maintain in today's markets?
A) In most product categories, see little functional differences.
B) Most advanced economies are "brand saturated," leaving consumers overwhelmed with choices.
C) Companies can copy one another's advantages and strategies with increasing speed.
D) Recent changes in trademark and patents laws make it virtually impossible to protect product innovations.
E) With cost containment a priority, most firms focus on copycat design.
Answer: C
Diff: 2
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking

136) Which of these is the best response the challenge of achieving meaningful differentiation in today's markets?
A) Focus on low prices above every other component in the market mix
B) Focus on great customer service regardless of the cost
C) Outsource customer service to maintain focus on product innovation
D) Build capability in strategic innovation and imagination
E) Copy the practices of so-called benchmark firms in any given industry
Answer: D
Diff: 3
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking

137) Which of these did Amazon's Jeff Bezos identify as a key advantage of the company's customer-driven focus?
A) The ability to shed unprofitable customers quickly
B) The ability to react to competitors quickly
C) The ability to be proactive, such as increasing customer value before being forced to by competitive pressures
D) The freedom to ignore competitive tactics
E) The ability to shift investment away from areas where the company is already a leader
Answer: C
Diff: 3
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking


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138) Why were coffeehouse chains such as Starbucks able to take market share away from Nestlé?
A) Nestlé was late in seeing the consumer-preference trend toward coffeehouses.
B) Nestlé had so much invested in retail-store sales that it couldn't afford to shift strategically.
C) Nestlé was locked into exclusive distribution agreements that prohibited expansion into coffeehouses.
D) Starbucks operated in stealth mode until it was already an industry powerhouse.
E) Nestlé figured premium coffee was a fad that wouldn't last.
Answer: A
Diff: 2
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking

139) Why would an aircraft manufacturer such as Boeing care about trends in consumer spending patterns, given that it doesn't sell to consumers?
A) Monitoring consumer spending tells the company how well it is doing in financial markets.
B) Travelers could switch to Airbus planes if Boeing doesn't stay on top of consumer trends.
C) Consumer preferences have a lot to do with the interior design of aircraft.
D) Ignoring consumer demands leave the company vulnerable to class-action lawsuits.
E) Monitoring how consumers are spending their leisure time can help the company predict travel patterns and thus future demand for aircraft.
Answer: E
Diff: 3
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Analytical thinking

140) Which of these is NOT a characteristic of a company with a low degree of customer-centricity?
A) Mass market focused
B) Product driven
C) Process oriented
D) Market driven
E) Price driven
Answer: D
Diff: 2
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking


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141) Which of these is NOT a characteristic of a company with a high degree of customer-centricity?
A) Hierarchical organization
B) Market driven
C) Outcome oriented
D) Value driven
E) Teamwork
Answer: A
Diff: 2
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking

142) What effect could an obsession about protecting market share have on a company's long-term prospects?
A) Consumers would tire of its "me focus."
B) It would invite stronger attacks from competitors intent on stealing customers.
C) It could blind itself to major trends in the market.
D) It would more or less automatically position itself for sustained profitability.
E) It would enjoy increased sales as less-determined competitors eventually give up.
Answer: C
Diff: 3
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking

143) One of the requirements for transforming into a true market-driven company is organizing around _____.
A) sales
B) customer segments
C) products
D) functions
E) brands
Answer: B
Diff: 1
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking

144) Which of the following is true of building a creative marketing organization?
A) It is enough if firms are customer-oriented.
B) Companies must be alert to trends and be ready to capitalize on them.
C) Firms should focus more on efficiency rather than innovation.
D) Companies should attempt to minimize risks as much as possible.
E) Firms should focus on protecting their existing markets and physical resources.
Answer: B
Diff: 2
LO: 1.5: Explain how to build a customer-centric organization.
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145) Marketing has sole ownership of customer interaction.
Answer: FALSE
Diff: 1
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking

146) Transforming into a true market-driven company involves organizing around products.
Answer: FALSE
Diff: 1
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking

147) Identify three significant factors that underscore the importance of building a customer-centric organization in today's business environment.
Answer: Three significant factors that underscore the importance of building a customer-centric organization are the proliferation of products, services, and brands; increased consumer knowledge about market offerings; and consumers' ability to influence public opinion about companies and their offerings.
Diff: 1
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking

148) How do managers who believe the customer is the company's only true "profit center" consider the traditional organization chart?
Answer: Such mangers view the traditional pyramid organization charter, with the president at the top, management in the middle, and frontline people and customers at the bottom, to be obsolete. Instead, many favor a circular visualization in which customers are the highest priority.
Diff: 3
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking

149) How has the rise of digital technologies shaped customer expectations regarding a company's responsiveness?
Answer: With the rise of digital technologies, increasingly informed consumers expect companies to do more than connect with, satisfy, and even delight them. They expect companies to listen and respond to them.
Diff: 2
LO: 1.5: Explain how to build a customer-centric organization.
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150) Many companies are beginning to realize that they are not really market and customer driven but rather are product and sales driven. In the attempt to transform themselves into true market-driven companies, many firms must change. Describe and explain what changes are necessary.
Answer: To be truly market-driven, companies need to develop a company-wide passion for customers, organize around customer segments instead of around products, and develop a deep understanding of customers through qualitative and quantitative research. Additionally, the organization must be creative; the firm must build capability in strategic innovation and imagination. This capability comes from assembling tools, processes, skills, and measures that let the firm generate more and better new ideas than its competitors.
Diff: 1
LO: 1.5: Explain how to build a customer-centric organization.
AACSB: Reflective thinking


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