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Marketing: An Introduction, 15e **(Armstrong)**
Chapter 1 Marketing: Creating Customer Value and Engagement

1) Marketing, more than any other business function, deals with _____.
A) customers
B) sales
C) advertising
D) new products
E) brands
Answer: A
Diff: 1
LO: 1-1: Define marketing and outline the steps in the marketing process.
AACSB: Application of knowledge

2) According to the five-step model of the marketing process, the first step in marketing is _____.
A) capturing value from customers to create profits and customer equity
B) constructing an integrated marketing program that delivers superior value
C) engaging customers, building profitable relationships, and creating customer delight
D) understanding the marketplace and customer needs and wants
E) designing a customer-driven marketing strategy
Answer: D
Diff: 2
LO: 1-1: Define marketing and outline the steps in the marketing process.
AACSB: Analytical thinking

3) According to the five-step model of the marketing process, the final step in marketing is _____.
A) capturing value from customers to create profits and customer equity
B) constructing an integrated marketing program that delivers superior value
C) engaging customers, building profitable relationships, and creating customer delight
D) understanding the marketplace and customer needs and wants
E) designing a customer-driven marketing strategy
Answer: A
Diff: 2
LO: 1-1: Define marketing and outline the steps in the marketing process.
AACSB: Analytical thinking

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4) For marketing to be effective, it must _____.
A) create a buying experience
B) help people connect with the people in their lives
C) create customer value
D) develop a culture of warmth and belonging
E) deliver high quality products
Answer: C
Diff: 3
LO: 1-1: Define marketing and outline the steps in the marketing process.
AACSB: Analytical thinking

5) A good definition of marketing is "telling and selling."
Answer: FALSE
Diff: 1
LO: 1-1: Define marketing and outline the steps in the marketing process.
AACSB: Analytical thinking

6) Marketing is primarily concerned with engaging customers and secondarily with managing profitable customer relationships.
Answer: FALSE
Diff: 2
LO: 1-1: Define marketing and outline the steps in the marketing process.
AACSB: Analytical thinking

7) The final step in the marketing process is capturing customer value in the form of profits and customer equity.
Answer: TRUE
Diff: 1
LO: 1-1: Define marketing and outline the steps in the marketing process.
AACSB: Application of knowledge

8) What is marketing? Briefly describe the marketing process.
Answer: Marketing can be defined as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. The marketing process consists of five steps. In the first four steps, companies work to understand consumers, create customer value, and build strong customer relationships. In the final step, companies reap the rewards of creating superior customer value. By creating value for consumers, they in turn capture value from consumers in the form of sales, profits, and long-term customer equity.
Diff: 2
LO: 1-1: Define marketing and outline the steps in the marketing process.
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9) Explain why marketing is not simply "making a sale."
Answer: Marketing is essentially satisfying customer needs. If marketers engage consumers effectively, understands their needs, develops products that provide superior customer value, and price, distribute, and promote them well, these products will sell easily. In fact, according to management guru Peter Drucker, "The aim of marketing is to make selling unnecessary."
Diff: 3
LO: 1-1: Define marketing and outline the steps in the marketing process.
AACSB: Analytical thinking

10) _____ are defined as states of felt deprivation.
A) Needs
B) Ideas
C) Demands
D) Values
E) Exchanges
Answer: A
Diff: 1
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Analytical thinking

11) _____ are the form human needs take as they are shaped by culture and individual personality.
A) Wants
B) Necessities
C) Services
D) Benefits
E) Risks
Answer: A
Diff: 1
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Analytical thinking

12) Abel now has the buying power to purchase the computer that he wanted to buy six months ago. Abel's want has most likely become a _____.
A) need
B) value
C) demand
D) market offering
E) desire
Answer: C
Diff: 3
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13) To market the cause of suicide prevention, rapper Logic worked with the National Suicide Prevent Lifeline (NSPL) to create a video embedded with his song "1-800-273-8255," the NSPL phone number. This is an example of a marketing offering for a(n) _____.
A) product
B) person
C) idea
D) place
E) exchange
Answer: C
Diff: 2
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Analytical thinking

14) The Walt Disney World Resort doesn't just offer amusement park rides, it uses its famed Disney magic to create carefully orchestrated _____.
A) service offerings
B) benefits
C) wants
D) values
E) experiences
Answer: E
Diff: 2
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Analytical thinking

15) _____ is the act of obtaining a desired object from someone by offering something in return.
A) Targeting
B) Segmentation
C) Differentiation
D) Exchange
E) Positioning
Answer: D
Diff: 1
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Use the information below to answer the following questions.

Amazon founder Jeff Bezos vaulted to the position of wealthiest person in the world in a relatively short period of time by building his small online book selling platform into an online retail giant that was listed as the most valuable brand in the world in 2021. One of the things Bezos does is to frequently read customer emails. When something catches his eye he forwards the email to the appropriate person to take care of the issue. Jeff Bezos views Amazon's role as that of "creating genuine value for customers." Bezos is motivated by the fact that Amazon customers will be loyal until another firm offers better products and/or service. Amazon has also been extremely innovative in the order and delivery process which makes the shopping experience a breeze for consumers. In the past three years Amazon's revenues have more than doubled to $386 billion dollars and the firm accounts for 45% of all online sales.

16) Much of Amazon's success can be attributed to _____.
A) rapid delivery
B) selling only the highest quality products
C) identifying customer needs
D) creating value for customers
E) a vast product selection
Answer: D
Diff: 3
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Analytical thinking

17) One simple method used by Jeff Bezos to identify customer concerns is to _____.
A) visit various retail stores
B) send out digital surveys
C) read customer emails
D) periodically call Amazon customers
E) analyze big data from the website
Answer: C
Diff: 2
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
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18) If Jeff Bezos and Amazon originally focused solely on his online product offerings, he would be guilty of _____.
A) marketing myopia
B) focusing on needs over wants
C) paying too much attention to the customer
D) competitive analysis
E) niche marketing
Answer: A
Diff: 2
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Analytical thinking

19) Amazon's primary focus is on its product offerings.
Answer: FALSE
Diff: 2
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Analytical thinking

20) Jeff Bezos attributes Amazon's success to the focus on creating value for customers.
Answer: TRUE
Diff: 2
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Analytical thinking

21) When backed by buying power, wants become needs.
Answer: FALSE
Diff: 2
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Analytical thinking

22) Market offerings are limited to physical products.
Answer: FALSE
Diff: 1
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Application of knowledge

23) Market offerings include entities such as people, places, information, and ideas.
Answer: TRUE
Diff: 2
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
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24) A greater focus on underlying customer needs than on existing customer wants leads to marketing myopia.
Answer: FALSE
Diff: 2
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Application of knowledge

25) A market is a segment of potential consumers who share a common need or want.
Answer: TRUE
Diff: 1
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Analytical thinking

26) A market is a physical space where exchange occurs.
Answer: FALSE
Diff: 2
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Analytical thinking

27) Using suitable examples, briefly compare and contrast the concepts of needs, wants, and demands. Discuss how these concepts relate to marketing practices.
Answer: Human needs are states of felt deprivation. Needs are part of the human make-up; they are not created by external forces. Humans have a basic physical need for food, clothing, warmth, and safety, a basic social need for belonging and affection, and a basic individual need for knowledge and self-expression. Unlike needs, wants are not innate. Instead, wants are needs shaped by culture, society, and individual personality. For example, an American needs food, wants a Big Mac and soft drink, and demands lunch at McDonald's. Wants become demands when they are backed by consumers' buying power. Marketers conduct extensive research to understand customers' needs, wants, and demands. They then attempt to fulfill customers' needs, wants, and demands through their market offerings.
Diff: 3
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
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28) Explain market offerings and marketing myopia.
Answer: Consumers' needs and wants are fulfilled through market offerings — some combination of products, services, information, or experiences offered to a market to satisfy a need or a want. Market offerings are not limited to physical products. They also include services—activities or benefits offered for sale that are essentially intangible and do not result in the ownership of anything. Examples include banking, airline, hotel, retailing, and home repair services. More broadly, market offerings also include other entities, such as persons, places, organizations, information, and ideas. Many sellers make the mistake of paying more attention to the specific products they offer than to the benefits and experiences produced by these products. These sellers suffer from marketing myopia. They are so taken with their products that they focus only on existing wants and lose sight of underlying customer needs. They forget that a product is only a tool to solve a consumer problem. A manufacturer of quarter-inch drill bits may think that the customer needs a drill bit but what the customer really needs is a quarter-inch hole. These sellers will have trouble if a new product comes along that serves the customer's need better or less expensively. The customer will have the same need but will want the new product.
Diff: 2
LO: 1-2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.
AACSB: Application of knowledge

29) Which of these questions must be answered to develop a winning marketing strategy?
A) How do we deliver products to customers?
B) What products should we focus on selling?
C) What is our value proposition?
D) Which online platform should we use to market our products?
E) How many marketing representatives will we need to hire?
Answer: C
Diff: 2
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

30) Savvy marketing managers know _____.
A) the best strategy is to try to serve as many customers as possible
B) that market segmentation involves positioning the product for maximum exposure
C) it is better to have more products available for sale
D) that it is impossible to serve all potential customers in every way
E) hiring more sales reps always leads to higher sales volume
Answer: D
Diff: 3
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
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31) Which of these questions is answered by a firm's value proposition?
A) What products should I deliver?
B) Which markets do I serve?
C) Why should I buy your brand rather than a competitor's?
D) How will I inform my target audience about my products?
E) Should I use more digital marketing tools or traditional tools?
Answer: C
Diff: 2
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

32) _____ is the art and science of choosing target markets and building profitable relationships with those markets.
A) Differentiation
B) Marketing management
C) Positioning
D) Segmentation
E) Customer-perceived value
Answer: B
Diff: 1
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

33) Dividing a market into several sections of customers is known as _____.
A) mass customization
B) market positioning
C) market segmentation
D) value engineering
E) undifferentiated marketing
Answer: C
Diff: 1
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
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34) Dollar General profitably appeals to families with more modest means. The retailer's approach is most likely referred to as _____.
A) mass distribution
B) cost leadership
C) consumer-generated marketing
D) target marketing
E) undifferentiated marketing
Answer: D
Diff: 3
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

35) A brand's _____ is the set of benefits that it promises to deliver to consumers to satisfy their needs.
A) dominant effect
B) fringe benefit
C) perquisite
D) value proposition
E) dividend yield
Answer: D
Diff: 1
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

36) JetBlue's promise that "Just Alright Doesn't Fly Here" and their commitment to deliver "award-winning service from award-winningly nice humans" is their _____.
A) value proposition
B) segmentation strategy
C) market offering
D) selling concept
E) production concept
Answer: A
Diff: 2
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
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37) PC manufacturer, Lenovo, focuses on low labor costs and mass distribution to ensure the continuous availability of its products at reasonable prices. Lenovo most likely follows the _____.
A) customer-driving marketing concept
B) marketing concept
C) societal marketing concept
D) production concept
E) selling concept
Answer: D
Diff: 3
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

38) The selling concept holds that _____.
A) consumers will not buy enough of a firm's products unless the firm undertakes large-scale persuasion and promotion efforts
B) a company's marketing decisions should consider consumers' wants, the company's requirements, consumers' long-run interests, and society's long-run interests
C) consumers will only favor products that are available and highly affordable
D) achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do
E) consumers will favor products that offer the most in quality, performance, and innovative features
Answer: A
Diff: 2
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

39) Which of the following is a difference between the marketing concept and the selling concept?
A) The marketing concept focuses on customer needs, whereas the selling concept focuses on existing products.
B) The marketing concept focuses on customer conquest, whereas the selling concept focuses on targeting the right customers.
C) The marketing concept takes an inside-out perspective, whereas the selling concept takes an outside-in perspective.
D) The marketing concept is product-centered, whereas the selling concept is production-centered.
E) The marketing concept focuses on short-term sales, whereas the selling concept strives to build long-term customer relationships.
Answer: A
Diff: 2
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
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40) The _____ concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do.
A) marketing
B) product
C) production
D) selling
E) societal marketing
Answer: A
Diff: 1
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

41) Customer-driven marketing is most effective when _____.
A) a clear need exists among customers, but the need is difficult to identify
B) customers do not know what they want but are easily persuaded
C) customers seek new products and technological innovations
D) clear needs exist and customers know what they want
E) customers have wants but cannot afford them
Answer: D
Diff: 2
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Reflective thinking

42) _____ companies research customers deeply to learn about their desires, gather new product ideas, and test product improvements.
A) Production-oriented
B) Customer-driving
C) Customer-driven
D) Functional
E) Societal
Answer: C
Diff: 1
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

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43) The ABC, a leading provider of personal computer systems, began manufacturing tablet devices after predicting a future consumer need for portability. Which of the following was most likely implemented by the ABC company?
A) the selling concept
B) customer-driving marketing
C) the product concept
D) sustainable marketing
E) the production concept
Answer: B
Diff: 3
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

44) The societal marketing concept holds that _____.
A) consumers will not buy enough of a firm's products unless the firm undertakes a large-scale selling and promotion effort
B) a company's marketing decisions should focus on creating economic value in a way that also creates value for the surrounding environment
C) the society will only favor products that are available and highly affordable
D) achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do
E) consumers will favor products that offer the most in quality, performance, and innovative features
Answer: B
Diff: 2
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

45) Many leading business and marketing thinkers are now preaching the concept of "shared value" which recognizes that _____ needs, not just economic needs, define markets.
A) functional
B) marketing
C) individual
D) societal
E) physical
Answer: D
Diff: 2
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking; Ethical understanding and reasoning

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46) Which of the following concepts calls for sustainable marketing?
A) the societal marketing concept
B) the marketing concept
C) the selling concept
D) the production concept
E) the product concept
Answer: A
Diff: 1
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking; Ethical understanding and reasoning

47) _____ marketing is defined as socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs.
A) Customer-driven
B) Mass
C) Sustainable
D) Customer-driving
E) Ambush
Answer: C
Diff: 2
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking; Ethical understanding and reasoning

48) One of the main considerations underlying societal marketing is the concept of shared value.
Answer: TRUE
Diff: 1
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

49) The 4 Ps of marketing are product, place, people, and promotion.
Answer: FALSE
Diff: 1
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

50) The product concept is a customer-centered, sense-and-respond philosophy.
Answer: FALSE
Diff: 1
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
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51) A brand's value proposition is the set of benefits or values it promises to deliver to consumers to satisfy their needs.
Answer: TRUE
Diff: 1
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Application of knowledge

52) The selling concept holds that consumers will favor products that offer the most in quality, performance, and innovative features.
Answer: FALSE
Diff: 1
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

53) Organizations that follow the production concept most likely practice socially and environmentally responsible marketing.
Answer: FALSE
Diff: 2
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

54) Product, price, place, and promotion make up the elements of a firm's marketing mix.
Answer: TRUE
Diff: 1
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

55) Why do companies generally divide a market into segments of customers?
Answer: A company decides whom it will serve by dividing the market into segments of customers and selecting which segments it will go after. Some people think of marketing management as finding as many customers as possible and increasing demand. But marketing managers know that they cannot serve all customers in every way. By trying to serve all customers, they may not serve any customer well. Hence, companies usually want to select only customers that they can serve well and profitably. Ultimately, marketing managers must decide which customers they want to target and on the level, timing, and nature of their demand.
Diff: 2
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Application of knowledge

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56) Compare and contrast the product and production concepts.
Answer: The production concept holds that consumers will favor products that are available and highly affordable. Therefore, it dictates that management should focus on improving production and distribution efficiency. This concept is one of the oldest orientations that guides sellers. The production concept is still a useful philosophy in some situations. For example, both personal computer maker Lenovo and home appliance maker Haier dominate the highly competitive, price-sensitive Chinese market through low labor costs, high production efficiency, and mass distribution. However, although useful in some situations, the production concept can lead to marketing myopia. Companies adopting this orientation run a major risk of focusing too narrowly on their own operations and losing sight of the real objective—satisfying customer needs and building customer relationships. The product concept holds that consumers will favor products that offer the most in quality, performance, and innovative features. Under this concept, marketing strategy focuses on making continuous product improvements. Product quality and improvement are important parts of most marketing strategies. However, focusing only on products can also lead to marketing myopia. For example, manufacturers of mousetraps might believe that if they can build a better mousetrap, their profits will soar but they are often rudely shocked. Buyers may be looking for a better solution to a mouse problem but not necessarily for a better mousetrap. The better solution might be a chemical spray, an exterminating service, a house cat, or something else that suits their needs even better than a mousetrap. Furthermore, a better mousetrap will not sell unless the manufacturer designs, packages, and prices it attractively, places it in convenient distribution channels, brings it to the attention of people who need it, and convinces buyers that it is a better product.
Diff: 3
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Analytical thinking

57) Compare the selling and marketing concepts, and list the key components of each concept.
Answer: The selling concept reflects an inside-out perspective, while the marketing concept takes an outside-in perspective. The selling concept is typically practiced when an organization markets products or services that buyers do not normally think of purchasing, such as insurance or blood donation. Aggressive selling focuses on creating sales transaction rather than on building long-term relationships with customers, with the aim of selling what a company makes rather than making what the customer wants. The marketing concept, on the other hand, is based on identifying the needs and wants of target markets and then satisfying those needs and wants better than competitors do. Under the marketing concept, customer focus and value are the paths to sales and profits. Instead of a product-centered make-and-sell philosophy, the marketing concept is a customer-centered sense-and-respond philosophy. The job is not to find the right customers for a product but to find the right products for customers.
Diff: 3
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
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58) Briefly explain the societal marketing concept.
Answer: The societal marketing concept questions whether the pure marketing concept overlooks possible conflicts between consumer short-run wants and consumer long-run welfare. Is a firm that satisfies the immediate needs and wants of target markets always doing what's best for its consumers in the long run? The societal marketing concept holds that marketing strategy should deliver value to customers in a way that maintains or improves both the consumer's and society's well-being. It calls for sustainable marketing, socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs. Companies like GE, Dow, Google, IBM, and Nestle are concerned not just with short-term economic gains, but with the well-being of their customers, the depletion of natural resources vital to their businesses, the viability of key suppliers, and the economic well-being of the communities in which they produce and sell.
Diff: 2
LO: 1-3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.
AACSB: Ethical understanding and reasoning

59) Jared Compton is a marketing manager for an existing product line that generates $23 million in sales volume. He has been charged with increasing sales by 15% next year. What is the minimum sales amount he will need to generate to hit his target?
A) $45.15 million
B) $30.00 million
C) $26.45 million
D) $32.24 million
E) $23.55 million
Answer: C
Diff: 1
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

60) Stew Leonard believes every sulking customer in his store costs him $50,000. What is his total loss if he loses 5% of 15,600 customers this year?
A) $2,052,500
B) $875,000
C) $39,000,000
D) $101,000,000
E) $555,000
Answer: C
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

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61) What is the value of a firm's customer equity if they have 122,000 customers that will be loyal customers for the next 35 years and they spend an average of $555 per year?
A) $4,112,650,000
B) $45,000,500
C) $19,425
D) $2,369,850,000
E) $67,710,000
Answer: D
Diff: 3
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

62) What is the customer lifetime value of a person who buys $1,235 in product every year and is expected to be a loyal customer for at least 20 years?
A) $24,700
B) $33,400
C) $101,340
D) $5,500
E) $112,000
Answer: A
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

63) The overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction is referred to as _____.
A) perceived-value management
B) societal marketing
C) customer relationship management
D) partner relationship management
E) enterprise resource planning
Answer: C
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

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64) Which of the following terms refers to a customer's evaluation of the difference between all the benefits and all the costs of a market offering relative to those of competing offers?
A) customer-perceived value
B) customer equity
C) share of customer
D) customer profitability
E) customer lifetime value
Answer: A
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

65) In which of the following circumstances is an organization likely to engage in full partnerships with key consumers?
A) when the market has few customers and high margins
B) when the market has a huge number of customers
C) when the firm has a frequency marketing program
D) when the firm has a large number of low-margin customers
E) when the firm has few marketing resources at its disposal
Answer: A
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Reflective thinking

66) Procter & Gamble's Tide detergent does not attempt to get to know customers personally. Instead, Tide creates engagement and relationships through brand-building advertising, websites, and social media presence. Which of the following types of associations would be most profitable for the firm to develop with these customers?
A) full partnerships
B) basic relationships
C) joint ventures
D) strategic alliances
E) business partnering
Answer: B
Diff: 3
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

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67) Which of the following is an example of consumer-generated marketing?
A) Cristal, a jewelry store, uses its page on Facebook to provide information about its upcoming products to its customers.
B) Figa, a leading provider of athletic shoes, helps its customers customize their shoes on its website and choose personalized settings.
C) Fun & Run, a local amusement park, promotes its services by allowing consumers to upload videos and write reviews about the park.
D) Barton's, a local pet supply store, rewards frequent buyers with vouchers and exclusive offers.
E) Energix, a manufacturer of soft drinks, attracts customers through televised advertisements.
Answer: C
Diff: 3
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

68) For the past nine years, PepsiCo's Doritos brand has held a "Crash the Super Bowl" contest in which it invites 30-second ads from consumers and runs the best ones during the game. This is an example of _____.
A) consumer-generated marketing
B) frequency marketing
C) customer-club marketing
D) sustainable marketing
E) multi-level marketing
Answer: A
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

69) _____ refers to working closely with people inside and outside the company to jointly bring more value to customers.
A) Demand management
B) Customer-generated marketing
C) Integrated communication
D) Partner relationship management
E) Channel value proposition
Answer: D
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

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70) Stew Leonard's has created what has been called the "Disneyland of Dairy Stores," complete with costumed characters, scheduled entertainment, and a petting zoo. It's built 30 additions onto the original store, which now serves more than 300,000 customers each week. This legion of loyal shoppers is largely a result of the store's passionate approach to customer service. Instead of focusing on individual transactions, Stew and his staff are putting a priority on _____.
A) decreasing customer-perceived value
B) managing partner relationships
C) attracting "butterflies"
D) converting "strangers" into "butterflies"
E) capturing customer lifetime value
Answer: E
Diff: 3
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

71) _____ refers to the portion of the customer's purchase that a company gets in its product categories.
A) Value proposition
B) Share of customer
C) Brand equity
D) Customer lifetime value
E) Customer equity
Answer: B
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

72) _____ is the total combined customer lifetime values of all the company's current and potential customers.
A) Share of customer
B) Value proposition
C) Customer equity
D) Market share
E) Customer-perceived value
Answer: C
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

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73) The ultimate aim of customer relationship management is to _____.
A) produce high customer equity
B) divide markets into distinct segments
C) evaluate customer lifetime value
D) turn "strangers" into "butterflies"
E) evaluate current sales share
Answer: A
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Application of knowledge

74) In which of the following customer relationship groups do organizations generally avoid investing?
A) barnacles
B) strangers
C) butterflies
D) true believers
E) true friends
Answer: B
Diff: 1
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Application of knowledge

75) A consumer who is potentially profitable but not loyal to a firm's offerings is referred to as a _____.
A) true friend
B) butterfly
C) stranger
D) barnacle
E) true believer
Answer: B
Diff: 1
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
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76) _____ are customers who show low potential profitability and little projected loyalty.
A) True friends
B) Barnacles
C) Strangers
D) True believers
E) Butterflies
Answer: C
Diff: 1
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

77) A customer who is both loyal and profitable is referred to as a _____.
A) barnacle
B) stranger
C) true believer
D) laggard
E) butterfly
Answer: C
Diff: 1
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

78) Amazon Prime strives to convert casual shoppers into loyal customers. An Amazon Prime customer can be classified as a _____.
A) barnacle
B) true believer
C) stranger
D) laggard
E) butterfly
Answer: B
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
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79) Carla, a team leader in charge of customer relationship management, is planning strategies to improve the profitability of her firm's least profitable but loyal customers. She is also examining methods for "firing" customers in this group who cannot be made profitable. To which of the following customer relationship groups do these customers belong?
A) butterflies
B) true friends
C) strangers
D) barnacles
E) innovators
Answer: D
Diff: 3
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

80) Which of the following transforms marketing strategies into real values for consumers?
A) share of customer
B) customer equity
C) the four Ps of marketing
D) a firm's value proposition
E) customer satisfaction surveys
Answer: C
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Application of knowledge

81) One way to increase "share of customer" is to offer greater variety.
Answer: TRUE
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Application of knowledge

82) Customer delight creates an emotional relationship with a brand.
Answer: TRUE
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Application of knowledge

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83) Customer relationship management focuses on retaining existing customers but not on acquiring new customers.
Answer: FALSE
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Application of knowledge

84) Social media companies like Facebook deliver customer satisfaction by connecting individuals through shared experiences.
Answer: TRUE
Diff: 1
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Application of knowledge

85) In markets with few customers and high margins, sellers should try to develop basic relationships rather than full partnerships.
Answer: FALSE
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Application of knowledge

86) The Internet of Things (IoT) is a global environment where everything and everyone is digitally connected to everything and everyone else.
Answer: TRUE
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

87) Through consumer-generated marketing, consumers themselves are playing a bigger role in shaping their own brand experiences and those of others.
Answer: TRUE
Diff: 1
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Application of knowledge

88) In the final step of a marketing process, a company reaps the rewards of its strong customer relationships by capturing value from customers.
Answer: TRUE
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

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89) Define customer-perceived value.
Answer: Customer-perceived value is defined as 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. Importantly, customers often do not judge values and costs accurately or objectively. They act on perceived value. A customer buys from the firm that offers the highest customer-perceived value.
Diff: 1
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

90) The aim of customer relationship management is to create not just customer satisfaction, but customer delight as well. Explain.
Answer: Customer satisfaction cannot be taken for granted. Since brand loyalty is dependent upon strong customer satisfaction, companies strive to retain, satisfy, and even delight current customers. Firms create customer delight by promising only what they can deliver and then delivering more than what they promise. They also create emotional relationships with key customers. Delighted customers make repeated purchases and become customers for life. More importantly, they also essentially become an unpaid sales force for the firm as "customer evangelists" who tell other potential customers about their positive experiences with a product.
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

91) Explain, with examples, the different types of relationships that a company can build with its customers.
Answer: At one extreme, a company with many low-margin customers may seek to develop basic relationships with them. For example, Proctor & Gamble's Tide does not phone or call on all of its consumers to get to know them personally. Instead, it creates relationships through brand-building advertising, public relations, and social media presence. At the other extreme, in markets with few customers and high margins, sellers want to create full partnerships with key customers. For example, P&G sales representatives work closely with Walmart, Kroger, and other large retailers that sell Tide. In between these two extremes, other levels of customer relationships are appropriate. Beyond offering consistently high value and satisfaction, marketers can use specific marketing tools to develop stronger bonds with customers. For example, many companies offer frequency marketing programs that reward customers who buy frequently or in large amounts. Airlines offer frequent-flyer programs, hotels give room upgrades to their frequent guests, and supermarkets give patronage discounts to "very important customers." Other companies sponsor club marketing programs that offer members special benefits and create member communities.
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

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92) Compare and contrast customer-managed relationships and consumer-generated marketing.
Answer: Today's consumers have more information about brands than ever before, and they have a wealth of platforms for airing and sharing their brand views with other consumers. Thus, the marketing world is now embracing not only customer relationship management, but also customer-managed relationships. Greater consumer control means that companies can no longer rely on marketing by intrusion. Instead, marketers must practice marketing by attraction—creating market offerings and messages that involve consumers rather than interrupt them. Hence, most marketers now augment their mass-media marketing efforts with a rich mix of direct marketing approaches that promote brand-consumer interaction. For example, many brands are creating dialogues with consumers via their own or existing online social networks. A growing part of the new customer dialogue is consumer-generated marketing, by which consumers themselves are playing a bigger role in shaping their own brand experiences and those of others. This might happen through uninvited consumer-to-consumer exchanges in blogs, video-sharing sites, and other digital forums. Increasingly, companies are also inviting consumers to play a more active role in shaping products and brand messages. One drawback of this process is that harnessing consumer-generated content can be time-consuming and expensive.
Diff: 2
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

93) Define customer equity, and explain why it is important to a company.
Answer: Customer equity is the sum of the lifetime values of all the current and potential customers of a company. Customer equity is dependent upon customer loyalty from a firm's profitable customers. Because customer equity is a reflection of a company's future, companies must manage it carefully, viewing customers as assets that need to be maximized. It is important that companies not only acquire customers but also keep and grow them. When companies create profitable customers, they earn a greater share of their purchases, and capture their customer lifetime value.
Diff: 1
LO: 1-4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.
AACSB: Analytical thinking

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

95) The use of social media, mobile ads and apps, online video, blogs and other digital platforms to connect with and engage consumers via their digital devices is known as
A) real-time marketing.
B) online engagement.
C) digital and social media marketing.
D) sustainability marketing.
E) the Internet of Things.
Answer: C
Diff: 2
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Analytical thinking

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96) Which of these is an example of real-time marketing?
A) Procter & Gamble using coupons in the Sunday paper
B) Elon Musk tweeting about cryptocurrency
C) Best Buy making it easy to return unwanted items
D) Taco Bell using navigation apps with directions to nearby stores
E) Starbucks collecting customer data on their website
Answer: D
Diff: 3
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Analytical thinking

97) Mobile marketing accounts for about _____ of all digital ad spending.
A) 67%
B) 33%
C) 50%
D) 25%
E) 80%
Answer: A
Diff: 1
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Analytical thinking

98) Some firms, such as Ben & Jerry's and Unilever, focus on setting themselves apart by being civic minded and socially responsible. These firms are practicing _____.
A) caring capitalism
B) socialism
C) digital marketing
D) financial sustainability
E) global marketing
Answer: A
Diff: 2
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Analytical thinking

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99) What is the potential number of consumers that can be reached via real-time marketing if 80% of 330 million Americans own smartphones and 66% of these consumers keep their phone with them at all times?
A) 174,240,000
B) 264,000,000
C) 217,800,000
D) 330,000,000
E) 287,330,000
Answer: A
Diff: 1
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Analytical thinking

100) _____ marketing is perhaps the fastest-growing marketing platform.
A) Online
B) Social media
C) Mobile
D) Website
E) Blog
Answer: C
Diff: 1
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Analytical thinking

101) Not-for-profit organizations are still reluctant to use marketing strategies to raise funds and awareness.
Answer: FALSE
Diff: 2
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Application of knowledge

102) More than 75% of all online purchases are now made using mobile devices.
Answer: FALSE
Diff: 1
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Application of knowledge

103) Social media provides an ideal platform for online marketing.
Answer: TRUE
Diff: 1
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Application of knowledge

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104) Social media gives marketers immediate access to billions of potential customers.
Answer: TRUE
Diff: 1
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Application of knowledge

105) Marketing in the age of disruptions, such as the COVID-19 pandemic, uses the same tactics and strategies as traditional marketing.
Answer: FALSE
Diff: 1
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Application of knowledge

106) Digital and social media marketing involves using digital marketing tools such as websites, social media, mobile ads and apps, online video, email, blogs, and other digital platforms to engage consumers.
Answer: TRUE
Diff: 2
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Analytical thinking

107) Today, almost every company, large or small, is touched in some way by global competition.
Answer: TRUE
Diff: 1
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Application of knowledge

108) List and discuss the most important step in the marketing process.
Answer: The most important step in the marketing process involves engaging target customers and building value-laden, profitable relationships with them. Throughout the process, marketers practice customer relationship management to create customer satisfaction and delight. They engage customers in the process of creating brand conversations, experiences, and community. In creating customer value and relationships, however, the company cannot go it alone. It must work closely with marketing partners both inside the company and throughout its marketing system. Thus, beyond practicing good customer relationship management and customer-engagement marketing, firms must also practice good partner relationship management.
Diff: 2
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Application of knowledge

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109) How did the COVID -19 pandemic impact marketing?
Answer: The COVID -19 pandemic greatly hastened the shift to digital in almost every area of human activity, including marketing-related activities. For example, the pandemic accelerated the shift to online shopping by an estimated 5 to 10 years. Before the pandemic, e-commerce sales were expected to account of 15 percent of all U.S. sales in 2020. But only three months into the pandemic, 25 percent of all sales were moving through online channels. Similarly, to reach consumers who were often sheltering at home, marketers quickened their shift from in-store and in-person connections to digital-first consumer engagement strategies, boosting their use of online, mobile, social media, and other digital platforms to connect their brands with consumers.
Diff: 2
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Written and oral communication

110) Discuss some of the benefits of real-time marketing.
Answer: Real-time marketing, if done correctly, can solidify a brand's positioning and create brand personality. It can connect a brand with what's happening and important in consumers' lives and keep the conversation going. "Real-time marketing used to be just the content," says the strategist. "But now the content is the spark for conversation and helps brands build a relationship with followers."
Diff: 2
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Written and oral communication

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111) Explain how the Internet has transformed the way in which we do business today.
Answer: The Internet links individuals and businesses of all types to each other. The Internet allows firms access to exciting new market spaces. The consumer love affair with digital and mobile technology makes it fertile ground for marketers trying to engage customers. Digital and social media marketing involves using digital marketing tools such as websites, social media, mobile ads and apps, online video, e-mail, blogs, and other digital platforms that engage consumers anywhere, anytime via their computers, smartphones, tablets, Internet-ready TVs, and other digital devices. At the most basic level, marketers set up company and brand websites that provide information and promote the company's products. Many of these sites also serve as online brand communities, where customers can congregate and exchange brand-related interests and information. The social media provide exciting opportunities to extend customer engagement and get people talking about a brand. Most U.S. companies now use social media as part of their marketing mixes. Mobile marketing is perhaps the fastest-growing digital marketing platform. Smartphones are ever-present, always on, finely targeted, and highly personal. This makes them ideal for engaging customers anytime, anywhere as they move through the buying process. For example, Starbucks customers can use their mobile devices for everything from finding the nearest Starbucks and learning about new products to placing and paying for orders.
Diff: 3
LO: 1-5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.
AACSB: Analytical thinking

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