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***Principles of Marketing, 19e* (Kotler)**
Chapter 2 Company and Marketing Strategy: Partnering to Build Customer Engagement, Value, and Relationships

1) _____ is a description of the organization's purpose—what it wants to accomplish in the larger environment.

A) Benchmarking
B) A SWOT analysis
C) Market segmentation
D) A mission statement
E) A strategic plan
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

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

3) CVS Health's overall aim is to be a "pharmacy health care innovation company," one that is "helping people on their way to better health." Its marketing strategies and programs must support this aim. This is an example of a

A) vision statement
B) mission statement
C) marketing mix
D) value proposition
E) strategic planning statement
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

4) Mission statements should _____ and be defined in terms of _____.
A) be technology oriented; meeting the self-actualization needs of customers

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B) be product oriented; satisfying the esteem needs of customers
C) embody the company's short-term plans; current opportunities
D) be market oriented; satisfying basic customer needs
E) address sales and profits; the net return on investments
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

5) More than 70 years ago, IKEA founder Ingvar Kamprad developed the "IKEA concept." He was a native of Småland, Sweden, where the soil was poor and the people had a reputation for working hard, living frugally, and making the most of limited resources. IKEA reflects those characteristics—"offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them." This _____ forms the foundation for IKEA's entire operating model, and it provides the guiding light for IKEA's culture and values.
A) mission statement
B) profit statement
C) sustainability plan
D) market segmentation strategy
E) employee reward plan
Answer: A
AACSB: Application of knowledge TBEXAM.COM
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

6) In its quest to improve people's lives, IKEA obsesses over _____.

A) its technology
B) the customer experience
C) the training of its employees
D) return on investments
E) new products
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

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7) A company's mission should ____be stated as making more sales or profits.

A) not
B) sometimes
C) always
D) occasionally
E) frequently
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

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

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

10) "We sell lifestyle and self-expression by helping customers to unlock their beauty potential." This is Sephora's _____.
A) product-oriented definition
B) SWOT analysis
C) market-oriented definition
D) market-segmentation plan
E) strategic planning statement
Answer: C
AACSB: Analytical thinking
Skill: Concept

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Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

11) Strategic planning is the process of developing and maintaining a profitable strategic fit between an organization's goals and capabilities and its changing marketing opportunities.

Answer: TRUE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

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

13) Mission statements should be product oriented.
Answer: FALSE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

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

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

16) Should mission statements be product or technology oriented?
Answer: Mission statements should be *market oriented* and defined in terms of satisfying customer and societal needs. Products and technologies eventually become outdated, but market and societal needs may last much longer, even forever

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Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

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

18) The collection of businesses and products that make up a company is called a _____.

A) cash cow
B) marketing mix
C) market segment
D) business portfolio
E) product line
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

19) You probably know Johnson & Johnson for its many iconic consumer health brands, maybe BAND-AID brand adhesive bandages, Johnson's baby shampoo, or Tylenol pain reliever. But did you know that the substantial bulk of J&J's revenue comes from its pharmaceuticals and medical devices businesses?
This is an example of (a) _____.
A) business portfolio
B) market segmentation
C) SWOT analysis
D) mass marketing
E) strategic planning
Answer: A
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

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20) _____refers to the process by which management evaluates and plans for the future of the products and businesses that make up the company.
A) Strategic business unit (SBU)
B) SWOT analysis
C) Strategic planning
D) Portfolio analysis
E) Growth-share matrix
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

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

22) A portfolio-planning method that evaluates a company's strategic business units (SBUs) in terms of market growth rate and relative market share.is called (a) _____
A) portfolio analysis
B) strategic plan
C) growth-share matrix
D) profit statement
E) SWOT analysis
Answer: A
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

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Refer to the scenario below to answer questions 23-25.

Carolina crafted a new kind of dog food that was very healthy. She used only high-quality organic ingredients. She sourced her ingredients from non-GMO providers and made sure that none of her suppliers used child labor. Carolina carefully selected packaging materials that were environmentally friendly and completely compostable. She made sure that the packages of dog food were easy to open without having to use a scissors or knife. Carolina researched the prices on competing dog food brands and offered an introductory offer at a lower price. Carolina advertised her products in health-food stores and in upscale retailers such as Whole Foods.

At first sales were robust. Dog owners were willing to give the product a try. They responded favorably to Carolina's effort to offer a product that was healthy for dogs and "healthy" for the planet. However, after the initial sales period, Carolina saw that sales of her product declined. She increased her advertising, but sales continued to fall. When Carolina conducted an online survey about her dog food, she learned to her surprise that the dogs didn't like the taste and wouldn't eat the dog food.

23) According to the Boston Consulting Group approach, Carolina's product was a _____.
A) dog
B) star
C) question mark
D) cash cow
E) domino
Answer: A
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AACSB: Application of Knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

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24) Carolina's mission should focus on customer benefits. In this scenario, who is the target customer?

A) the health-food store
B) the dogs
C) the suppliers of organic ingredients
D) the packaging company
E) the pet owner
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

25) What action should Carolina take?
Answer: Carolina needs to adjust the flavor and texture of her product to appeal the end-user of the product---the dogs. If the dogs won't eat the dog food, then the product will fail even though it is healthy, priced competitively, well-promoted, and environmentally friendly. Carolina needs to test market different flavors to see what appeals to the dogs.

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AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

26) In the BCG matrix approach, high-growth, high-share businesses or products are called _____.
A) market segments.
B) question marks
C) stars
D) dogs
E) cash cows
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

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

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28) _____can represent significant opportunity costs by absorbing managerial energy and attention that could be used more profitably elsewhere.
A) Cash cows
B) Dogs
C) Stars
D) Question marks
E) Advertising
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

29) Company growth by increasing sales of current products to current market segments without changing the product is called:

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A) market skimming
B) market penetration
C) market development
D) product line development
E) portfolio analysis
Answer: B
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

30) Sunshine, a well-known coffee shop chain in South America, recently opened 500 stores to cater to its rapidly increasing number of patrons. This exemplifies _____.
A) product diversification
B) market skimming
C) market share
D) market penetration
E) product development
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

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31) _____require a lot of cash to hold their share, let alone increase it. Management has to decide if it should try to build phased or out these products.
A) Cash cows
B) Question marks
C) Stars
D) SBUs
E) Dogs
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

32) IKEA is a "global home furnishing brand that brings affordability all over the world. IKEA's expansion into China shows that the company is most likely following a _____ strategy.
A) local marketing
B) market development
C) diversification
D) product adaptation
E) product development
Answer: B
AACSB: Analytical thinking
Skill: Application

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Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

33) Starbucks developed Via instant coffee, and it sells its coffees and Tazo teas in K-Cup packs that fit Keurig at-home brewers. This is an example of _____.

A) market penetration
B) product development
C) mass marketing
D) market development
E) product adaptation
Answer: B
AACSB: Application of Knowledge
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

Refer to the scenario below to answer questions 34-36.

The managers of Alfredo's Pizza, a popular pizzeria in New York City, have been increasingly encouraging senior citizens to visit the pizzeria's numerous outlets spread across the city. Anticipating a rise in the population of senior citizens in the area, the management of Alfredo's Pizza is seeking to tap into this promising segment that consists of retired, affluent consumers.

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Alfredo's serves the same types of pizza that family members created decades ago. Customers come to Alfredo's to eat the well-known, delicious pizza with a special crust. There is no need for Alfredo's to offer new kinds of pizza because customers come from all over Manhattan for Alfredo's classic pizza.

34) In this instance, the managers of Alfredo's Pizza are anticipating company growth through _____.

A) market development
B) product development
C) mass customization
D) niche marketing
E) product differentiation
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

35) The one outstanding ingredient in Alfredo's Pizza is its special pepperoni. Alfredo's is most likely following a _____ strategy.

A) market penetration
B) product differentiation
C) downsizing
D) diversification

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E) marketing development
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

36) If Alfredo's decides to sell frozen pizzas to its New York City customers, this would be an example of _____.

Answer: product development.

Explanation: Alfredo's is experiencing company growth by offering modified or new products to current market segments. This is product development. Alfredo is still appealing to his current customers in Manhattan, and is not diversifying into markets.

AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

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

38) Starbucks continues to expand it lines of ready-to-drink beverages sold in grocery stores, such as Starbucks Coffee with Essential Vitamins, Starbucks Cold Brew Concentrate, and Starbucks Coffee with 2x the Caffeine.

This is an example of _____.
A) mass marketing
B) strategic planning
C) market segmentation
D) product development
E) partner relationship management
Answer: D
AACSB: Analytical thinking
Skill: Application
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Difficulty: Moderate

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39) Starbucks Reserve brand, with Starbucks Reserve Roasteries and Starbucks Reserve Bars features high-end immersive experiences. Within its Starbucks Reserve locations, the company is opening Princi Bakery and Café shops, offering artisan Italian food— from fresh-baked bread and pastries to flaky cornetti to focaccia sandwiches—based on the recipes of famed Italian baker Rocco Princi. Starbucks is also experimenting with stand-alone boutique Princi bakery stores, taking the company beyond coffee and snack shops. This is an example of _____.

A) portfolio analysis
B) market segmentation
C) value chain development
D) diversification
E) product differentiation
Answer: D
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

40) The _____is a set of internal departments that carry out value-creating activities to design, produce, market, deliver, and support a firm's products

A) growth-share matrix
B) product line
C) value chain
D) supply chain
E) product/market expansion grid
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

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Refer to the scenario below to answer questions 41-44.

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

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

Today, thousands of visitors flock to Fun-Spot: families, children of all ages, and even senior citizens who enjoy strolling through the gardens and the arbors. "There's something here for everyone," Gail Hart said with a smile. "Dozens of companies hold annual company picnics here. We have welcomed class field trips. And we even had one wedding here at the park!"

"Here's the funny thing," Ron chimed in. "We really don't know why we've been so successful.

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There is nothing else like Fun-Spot Fun Park in the area. We were just lucky." "I think it's the ambience of the park that has brought so many visitors," Gail added. "We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time for variety."

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

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

42) Fun-Spot Fun Park represents a high-growth, high-share business. According to the BCG matrix, it can be classified as a _____.
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Answer: Star.
Explanation: The growth-share matrix places SBUs into four quadrants. Since Fun-Spot Park is a high-growth, high-share business, it would be classified as a star according to the BCG matrix. Stars often need heavy investments to finance their rapid growth. Eventually their growth will slow down, and they will turn into cash cows.
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

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

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

45) Companies must carefully prune, harvest, or divest brands or businesses that no longer fit their overall strategy

Answer: TRUE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

46) Many companies have dropped formal matrix-based methods in favor of customized approaches that better suit their specific situations.
Answer: TRUE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

47) Market development refers to identifying and developing new markets for its current products.

Answer: TRUE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

48) Starbucks' stores in China have grown from 800 to 6,000 in the past eight years, with one new store opening every 15 hours. This is an example of product development.

Answer: FALSE
AACSB: Analytical thinking
Skill: Application
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Difficulty: Moderate

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49) Company growth through downsizing involves harvesting unprofitable products.
Answer: FALSE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

50) What are the limitations of the SBU approach?
Answer: Centralized approaches have limitations. They can be difficult to undertake, time-consuming, and costly to implement. And they may not apply well or easily to certain types of markets facing structural changes or disruptions.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

51) What is a dog and what strategy should a company take?
Answer: Dogs are low-growth, low-share businesses and products. They may generate enough cash to just maintain themselves but do not promise to be large sources of cash. Even if they break even financially, dogs can represent significant opportunity costs by absorbing managerial energy and attention that could be used more profitably elsewhere. The company should take decisive action concerning its dogs.
AACSB: Application of knowledge
Skill: Concept
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Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

52) Define diversification.
Answer: Diversification refers to company growth through starting up or acquiring businesses outside the company's current products and markets.
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Easy

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

54) What is a growth-share matrix? Discuss the BCG growth-share matrix.

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

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

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

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57) Subway's finely tuned_____ consistently delivers fresh, fast, and tasty made-to-order sandwiches at affordable prices. Subway is effective only to the extent that it successfully partners with its franchisees, suppliers, and others to jointly carry out its "Make It What You Want" positioning promise.

A) channel of intermediaries
B) external value stream
C) demand chain
D) value delivery network
E) supplier chain
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Easy

Refer to the scenario below to answer questions 58-60.

Phil bought his first new Prius. He could afford a Tesla, but he chose the Prius. He took delivery of his brand-new car and started to drive it home enjoying the new-car smell of the interior. On the interstate he noticed the lights on the dashboard, the nicely designed cup holder, that popped out of the center console, he tried all of these with pleasure. On a whim he turned on the radio. His favorite classical music station came on with splendid sound that filled the entire interior of the car. Phil pushed the second button. It was his favorite news outlet. The third button brought his favorite talk station. The fourth button was set to his daughter's favorite rock station. In fact, every button was set to his specific tastes.

Phil knew the car was smart, but did it have a crystal ball? The mechanic at Prius had noted the radio settings on his trade-in and programmed them into the new Prius. Phil was delighted. This was his car now. No one told the mechanic to do this, but it was simply part of the Prius philosophy. Delight a customer and continue to delight a customer, and you will have a customer for life. What the mechanic did cost the company nothing. Yet it solidified the relationship, and Phil recommended buying a Prius to his neighbor.

58) Phil benefitted from the_____.
A) company's value chain
B) supply chain
C) independent subsidiary of the company
D) the company's product development
E) portfolio analysis
Answer: A
AACSB: Application of Knowledge
Skill: Application
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Moderate

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59) Phil's enjoyment of his new Prius results from the company's _____.
A) market penetration
B) product development
C) product orientation
D) marketing orientation
E) business portfolio
Answer: D
AACSB: Application of Knowledge
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Moderate

60) What does Phil's experience demonstrate?
Answer: Phil's experience shows that creating a positive experience for the customer can build a profitable relationship with key customer segments and lead to future sales.
AACSB: Application of Knowledge
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Moderate

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61) The marketing concept focuses on creating customer value and building profitable relationships with key customer segments

Answer: TRUE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Easy

62) Customer engagement and value are the key ingredients in the marketer's formula for success.

Answer: TRUE
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Easy

63) Which department is responsible for creating customer value?
Answer: Engaging customers today requires a whole-company commitment. Marketers can play a key role in getting all departments to "think consumer" and developing a smoothly functioning value chain. Success depends on how well each department performs its work of adding customer value.

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AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Moderate

64) Why is partner relationship management an important as part of the value chain?

Answer: Marketers alone cannot produce superior value for customers. Marketers must practice partner relationship management, working closely with partners in other departments to form an effective value chain that serves the customer. And they must also partner effectively with other companies in the marketing system to form a competitively superior *value delivery network*.

AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Moderate

65) What is a value chain?
Answer: A Value chain is the set of internal departments that carry out value-creating activities to design, produce, market, deliver, and support a firm’s products.
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Easy

66) A group of consumers who are expected to respond in a similar way to a given set of marketing efforts is a _____

A) marketing strategy
B) growth matrix
C) marketing mix
D) market segment
E) value chain
Answer: D
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Easy

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67) Which of the following is NOT an element of the marketing mix?

A) place
B) price
C) promotion
D) product
E) penetration
Answer: E
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Easy

68) Which of the following defines the company's overall mission and objectives?
A) portfolio analysis
B) market segmentation
C) strategic plan
D) marketing mix
E) value chain
Answer: C
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
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Difficulty: Easy

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69) To find the best marketing strategy and mix, the company engages in all of the following EXCEPT _____.

A) marketing analysis
B) planning
C) implementation
D) control
E) innovation
Answer: E
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

70) The Texas T-Shirt Company sells t-shirts with the logos of the high schools in Odessa, Texas. This is a way to group consumers based on _____factors.
A) demographic
B) geographic
C) psychographic

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D) behavioral
E) biographic
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

71) Each company must divide up the total market, choose the best segments, and design strategies for profitably serving chosen segments. This process involves all of the following EXCEPT _____.

A) market segmentation
B) market targeting
C) differentiation
D) price discrimination
E) positioning
Answer: C
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them. TBEXAM.COM
Difficulty: Easy

72) Consumers who care mainly about price and operating economy make up a _____.
A) marketing mix
B) market segment
C) value chain
D) product group
E) portfolio
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Easy

73) It would be difficult to make one car model that was the first choice of all consumers. Companies should focus their efforts on meeting the distinct needs of _____.

A) suppliers
B) new customers
C) marketing intermediaries
D) individual market segments
E) SBUs
Answer: D

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AACSB: Application of knowledge
Skill: Application
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Moderate

74) A company should _____segments in which it can profitably generate the greatest customer value and sustain it over time.

A) downsize
B) diversify
C) target
D) deliver
E) avoid
Answer: C
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Easy

75) In the car market, there are consumers who want the biggest, most comfortable car regardless of price. This shared response based on shared needs of customers constitutes a(n) _____.

A) market segment
B) value delivery network
C) product group
D) SBU
E) interest group
Answer: A
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Easy

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76) Stitches of Love in Atlanta specializes in serving needlepoint enthusiasts, not quilters or knitters, who like to stitch with threads that are of exceptional quality even though they cost more than those offered by local craft stores. Which of the following best describes Stitches of Love?
A) market follower
B) market challenger
C) early adopter
D) market nicher
E) laggard
Answer: D
AACSB: Application of knowledge
Skill: Application
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.

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Difficulty: Moderate

77) When Emily hears the word “Subaru,” she thinks of a safe car for driving her young children to school and soccer practice. This is an example of a firm's _____ as a safe car.
A) portfolio
B) marketing segment
C) positioning
D) marketing mix
E) mission statement
Answer: C
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Moderate

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

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

80) The marketer must determine which segments offer the best opportunities.
Answer: TRUE
AACSB: Analytical thinking

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Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Easy

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

82) Every market has segments, but not all ways of segmenting a market are equally useful.

Answer: TRUE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Easy

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83) The four Ps concept adopts the seller's view of the market.
Answer: TRUE
AACSB: Application of knowledge
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Easy

84) Define the marketing mix.

Answer: Guided by marketing strategy, the company designs an integrated *marketing mix* made up of factors under its control—product, price, place, and promotion (the four Ps). The mix itself must be long-term oriented, profitable, and sustainable.

AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Easy

85) Describe a marketing strategy.
Answer: Marketing strategy is the marketing logic by which the company hopes to create this customer value and achieve these profitable relationships.
AACSB: Analytical thinking
Skill: Concept

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Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Moderate

86) What is market segmentation?
Answer: Market segmentation refers to dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors and who might require separate marketing strategies or mixes.
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Moderate

87) Define the four As.

Answer: Under the more customer-centered framework, *acceptability* is the extent to which the product exceeds customer expectations; *affordability* the extent to which customers are willing and able to pay the product's price; *accessibility* the extent to which customers can readily acquire the product; and *awareness* the extent to which customers are informed about the product's features, persuaded to try it, and reminded to repurchase. The four As relate closely to the traditional four Ps. Product design influences acceptability, price affects affordability, place affects accessibility, and promotion influences awareness. Marketers would do well to think through the four As first and then build the four Ps on that platform.

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AACSB: Application of knowledge; Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Moderate

88) Distinguish between market segmentation and market targeting.
Answer: The process of dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate products or marketing programs, is called market segmentation. On the other hand, market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain it over time.
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Moderate

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

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

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

92) _____ are current and emerging external factors that may challenge the company's performance
A) Weaknesses
B) Question marks
C) Opportunities
D) Threats
E) Strengths
Answer: D
AACSB: Analytical thinking
Skill: Concept
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Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

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93) _____include internal limitations and negative situational factors that may interfere with the company's performance.
A) Strengths
B) Weaknesses
C) Threats
D) Opportunities
E) Capabilities
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

94) Harris Brown, the marketing manager at a small retail chain, wants to assess his firm's strengths, opportunities, weaknesses, and threats. Which of the following would be best suited for his purpose?

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A) SWOT analysis
B) cluster analysis
C) portfolio analysis
D) regression analysis
E) Porter's five forces analysis
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

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

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

97) Marketing _____ addresses the what and why of marketing activities, while marketing _____ addresses the who, where, when, and how.
A) analysis; planning
B) planning; implementation
C) implementation; planning
D) organization; implementation

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E) control; planning
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

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

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99) The _____ presents a brief summary of the main goals and recommendations of the plan for management review, helping top management find the plan’s major points quickly.
A) budget
B) execution plans
C) marketing strategy
D) executive summary
E) objectives and issues
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

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100) A _____consists of specific strategies related to target markets, positioning, the marketing mix, and marketing expenditure levels. It outlines how the company intends to engage target customers and create value in order to capture value in return.

A) marketing budget
B) portfolio analysis
C) positioning statement
D) SWOT analysis
E) marketing strategy
Answer: E
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

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

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

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

104) To head up such large marketing organizations, many companies have now created a _____ position. This person represents marketing on the company's top management team

A) chief marketing officer (CMO)
B) chief financial officer (CFO)
C) chief executive officer (CEO)
D) director of human resources
E) director of global marketing
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Answer: A
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

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

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106) A company that sells nationally or internationally often uses a _____, assigning sales and marketing people to specific countries, regions, and districts.

A) geographic organization
B) product organization
C) functional organization
D) niche marketer
E) mass marketer
Answer: A
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Easy

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

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

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109) Companies with many different products or brands often create a _____organization
A) technology management
B) product management
C) customer management
D) functional management
E) geographic management
Answer: B
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

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

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

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

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

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

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

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

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

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

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119) The key businesses of Kimberley and Price consist of a division that produces and sells breakfast cereals and another that manufactures gardening tools. Each of these businesses is called a _____.

A) market segment
B) strategic business unit
C) question mark
D) prospect
E) product portfolio
Answer: B
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

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

121) What is marketing control?

Answer: Marketing control refers to evaluating results and taking corrective action to ensure that the objectives are attained. Marketing control involves four steps. Management first sets specific marketing goals. It then measures its performance in the marketplace and evaluates the causes of any differences between expected and actual performance. Finally, management takes corrective action to close the gaps be- tween goals and performance. This may require changing the action programs or even changing the goals

AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

122) What is the main purpose of the executive summary in a marketing plan?
Answer: The executive summary presents a brief summary of the main goals and recommendations of the plan for management review, helping top management find the plan's major points quickly.
AACSB: Written and oral communication
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a

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marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

123) What is the purpose of the marketing plan?

Answer: To find the best strategy and supporting marketing mix and to put them into action, the company engages in marketing analysis, planning, implementation, and control. The marketing plan serves as a blueprint that helps articulate and implement the marketing strategy.

.AACSB: Written and oral communication
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

124) Define marketing return on investment (ROI)
Answer: Marketing ROI is the net return from a marketing investment divided by the costs of the marketing investment. It measures the profits generated by investments in marketing activities.
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

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

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Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

126) What is the top marketing concern?

Answer: Marketing accountability is the top marketing concern. Marketing managers must ensure that their marketing dollars are being well spent. In a tighter economy, today's marketers face growing pressures to show that they are adding value in line with their costs. In response, marketers are developing better measures of *marketing return on investment*. Increasingly, they are using customer-centered measures of marketing pact as a key input into their strategic decision making.

AACSB: Application of Knowledge
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate

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

128) Which of the following is the first step in strategic planning?
A) setting short-term goals
B) developing the business portfolio
C) defining the company mission
D) formulating the key marketing strategies
E) identifying the organization's weaknesses and the threats it faces
Answer: C
AACSB: Analytical thinking

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Skill: Concept
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

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

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

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

132) Which of the following is NOT something a company must determine when analyzing its current business portfolio?
A) which businesses should receive more investment
B) which businesses should receive less investment
C) which businesses should receive no investment

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D) which businesses should be sold or closed
E) which businesses shape the future portfolio
Answer: D
AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

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

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

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

136) What is market targeting?

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Answer: Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain it over time. A company with limited resources might decide to serve only one or a few special segments.

AACSB: Analytical thinking
Skill: Concept
Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence them.
Difficulty: Easy

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

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138) What is the difference between operating control and strategic control

Answer: *Operating control* involves checking ongoing performance against the annual plan and taking corrective action when necessary. Its purpose is to ensure that the company achieves the sales, profits, and other goals set out in its annual plan. It also involves determining the profitability of different products, territories, markets, and channels. *Strategic control* involves looking at whether the company's basic strategies are well matched to its opportunities. Marketing strategies and programs can quickly become outdated, and each company should periodically reassess its overall approach to the marketplace.

Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate.

139) How are marketing departments typically organized?

Answer: Marketing departments can be organized in one way or a combination of ways: functional marketing organization, geographic organization, product management organization, or market management organization. In this age of customer relationships, many companies are now changing their organizational focus from product or territory management to customer relationship management.

Skill: Concept

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Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate.

140) The marketing dashboard gives marketers the detailed measures they need to assess and adjust their marketing strategies.
Answer: TRUE
Skill: Concept
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Moderate.

Quantitative Questions

1) In 2019 Starbucks generated $16.65 billion in revenue in the U.S. alone. However, COVID-19 pushed sales revenues down by 11% in 2020. How much revenue did Starbucks generate in 2020?
A) $18.48 billion
B) $14.82 billion
C) $1.83 billion
D) $12.32 billion
E) $15.55 billion
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Answer: B; You can compute 2020 revenue by multiplying 2019 revenue by (1 - .11). So, $16.65 x .89 = $14.82 billion.
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Easy

2) Assume Ikea generated $58 billion in total revenue from 458 stores located in 59 countries. How much revenue per store is Ikea generating?
A) $.126638 million
B) $145.57 million
C) $126.64 million
D) $7.896 million
E) $18.325 million
Answer: C; You compute this answer by dividing the $58 billion in revenue by 458. So, $58 billion/458 = .126638 billion per store, or $126.64 million per store.
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.1: Explain company-wide strategic planning and its four steps.
Difficulty: Moderate

3) Company ABC is adopting a growth strategy that management believes will grow the firm's revenues by 5% a year for the next three years. What will sales by in three years if the most

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recent annual sales revenue was $45.8 million?
A) $43.21 million
B) $50.49 million
C) $48.09 million
D) $53.02 million
E) $55.87 million
Answer: D; You can compute this answer by FV =PV(1 + growth rate)^n, where n = number of years. So, $\$45.8(1.05)^3 = \$53.02$ million.
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Challenging

4) Company ABC has a cash cow strategic business unit (SBU) that generated 14% of the firm's $76 million in revenues last year. How much revenue did the cash cow generate?
A) $8.17 million
B) $11.41 million
C) $10.64 million
D) $12.21 million
E) $5.43 million
Answer: C; You compute this answer by multiplying $76 million x .14 = $10.64 million.
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

5) Company ABC has a cash cow strategic business unit (SBU) that generated 14% of the firm's $76 million in revenues last year. How much in average revenue is generated by each of the other eight SBUs?
A) $8.17 million
B) $11.41 million
C) $10.64 million
D) $12.21 million
E) $5.43 million
Answer: A; You compute this answer by determining the revenue generated by the 8 SBUs and then dividing by 8. So, [$76 million (1 - .14)]/8 = $8.17 million.
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Challenging

6) What is the growth rate in stores for a firm that has 3,400 stores but plans to have 4,000 by the end of next year?
A) 8.21%
B) 11.10%
C) 12.54%
D) 15.00%

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E) 17.65%
Answer: E; You compute this answer by the following formula → % growth rate = ($Value_1$ – $Value_0$)/$Value_0$. So, (4,000 – 3,400)/3,400 = .1765, or 17.65%.
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.
Difficulty: Moderate

7) Firm XYZ's management believes that it can save 4% in operating costs by changing some of its suppliers. How much will it save if last year's operating costs were $22 million?
A) $88,000
B) $650,000
C) $1,231,00
D) $880,000
E) $21,120,000
Answer: D; You compute this by multiplying the costs by the % savings. So, $22 million x .04 = $880,000.
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.
Difficulty: Moderate

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8) Firm XYY believes it can increase its market share to 13% by the end of the year through focused marketing efforts. What is the expected growth rate if the firm's current market share is 11.3%?
A) 11.1%
B) 5.6%
C) 15.0%
D) 13.4%
E) 3.1%
Answer: C; You compute this answer by the following formula → % growth rate = ($Value_1$ – $Value_0$)/$Value_0$. So, (13 – 11.3)/11.3 = .1504, or 15.04%.
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.4: Describe the elements of a customer value–driven marketing strategy and mix and the forces that influence them.
Difficulty: Moderate

Use the following data from Firm XYZ to answer the next two questions.

Sales	$45,003
Gross profit	$18,211
Marketing expenses	$4,113
Net income	$6,566

9) What was Firm XYZ's percentage profit?
A) 33.51%

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B) 14.59%
C) 11.22%
D) 9.14%
E) 5.32%
Answer: B; You compute this answer by dividing net income by sales. So, $6,566/$45,003 = .1459, or 14.59%.
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Challenging

10) How much revenue did Firm XYZ generate per dollar of marketing budget?
A) $10.94
B) $11.98
C) $17.23
D) $14.59
E) $109.41
Answer: A; You compute this by dividing total sales by the marketing expenses. So, 45,003/4,113 = $10.94.
AACSB: Analytical thinking
Skill: Application
Objective: LO 2.5: Explore the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.
Difficulty: Challenging

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