Marketing Management 17th edition Kotler Test Bank

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Marketing Management, 17e **(Kotler/Keller/Chernev)**
Chapter 1 Defining Marketing for the New Realities

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

2) With regard to the selling function, what did Peter Drucker have to say about the aim of marketing?
A) Selling should replace marketing.
B) Selling should have equal importance in the corporate hierarchy.
C) To know and understand the customer so well that the product or service fits the individual and sells itself.
D) The sales function should set strategy, while the marketing function owns tactics.
E) Selling and marketing are synonymous.
Answer: C
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

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

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4) Which of these entities represent the largest fraction of the U.S. economy?
A) Experiences
B) Services
C) Goods
D) Events
E) Places
Answer: B
Diff: 1
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

5) Which of the following marketing domains is represented by the phrase "What Happens Here, Stays Here"?
A) Organizations
B) Persons
C) Events
D) Places
E) Experiences
Answer: D
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

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

7) Which of these is NOT one of the ten marketing domains?
A) Ideas
B) Places
C) Entities
D) Events
E) People
Answer: C
Diff: 2
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AACSB: Reflective thinking

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

9) Which of the following is the starting point and the ultimate goal of the marketing function?
A) Sales generation
B) Efficiency
C) Resource allocation
D) Value creation
E) Idea generation
Answer: D
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

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

11) Which of these reasons was identified as a success factor for the British firm RB (formerly Reckitt Benckiser)?
A) Strong sales teams
B) Emotional advertising
C) Culture of innovation
D) Government subsidies
E) Undercutting competitors on prices
Answer: C
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AACSB: Reflective thinking

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

13) Which of the following statements about marketing is true?
A) Marketing is of little importance when products are standardized.
B) Selling is only the tip of the marketing iceberg with respect to marketing.
C) Marketing helps to build a loyal customer base but has no impact on a firm's intangible assets.
D) Marketing is more important for bigger organizations than smaller ones.
E) Effective marketing is seldom necessary for nonprofit organizations.
Answer: B
Diff: 1
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

14) _____ management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.
A) Marketing
B) Knowledge
C) Operations
D) Strategic
E) Distribution
Answer: A
Diff: 1
LO: 1.1: Define the scope of marketing.
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15) Which of the following statements about marketing is the most accurate?
A) It is primarily concerned with the systematic gathering, recording, and analysis of data about issues related to marketing products and services.
B) It focuses mostly on monitoring the profitability of a company's products and services.
C) It focuses solely on attaining an organization's sales goals.
D) It is defined as the field that deals with planning and managing a business at the highest level of corporate hierarchy.
E) It permeates all aspects of society.
Answer: E
Diff: 3
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

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

17) Jamal planned his vacation and booked a hotel room. Which marketing domain does this transaction represent?
A) Event
B) Idea
C) Service
D) Person
E) Organization
Answer: C
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18) As economies advance, a growing proportion of the economy's activities focuses on the production of _____.
A) products
B) events
C) experiences
D) luxury goods
E) services
Answer: E
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

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

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

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

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

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

24) Which of the following underrepresented groups should senior management look to for new creative ideas?
A) Employees that have a long tenure in the industry
B) Long-term employees that have a lot of institutional memory
C) Customers that currently use the company's products
D) Employees far removed from company headquarters
E) Long-term suppliers and others in the company's network
Answer: D
Diff: 3
LO: 1.1: Define the scope of marketing.
AACSB: Application of knowledge

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

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

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

28) Imaginative ideas on strategy exist in many places within a company.
Answer: TRUE
Diff: 1
LO: 1.1: Define the scope of marketing.
AACSB: Application of knowledge

29) The concept of sales revenue, which is present in both definitions of marketing, is central to marketing management.
Answer: FALSE
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Application of knowledge

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

31) What are the ten marketing domains where marketers operate?
Answer: The ten marketing domains are goods, services, events, experiences, persons, places, properties, organizations, information, and ideas.
Diff: 2
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

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32) Marketing has been described as being both an "art" and a "science." Discuss the differences and similarities between these two marketing thrusts. Provide your theoretical response and a "real-life" example where you have seen both processes work effectively at creating customer value and loyalty.
Answer: The student should demonstrate his or her understanding that the marketer must use data to understand customer needs and translate this understanding into properly designed products and services. This requires application of state-of-the art tools and techniques. It is also an art as marketers try to find creative solutions to consumer needs.
Diff: 3
LO: 1.1: Define the scope of marketing.
AACSB: Reflective thinking

33) Marketers are involved in marketing 10 types of marketing domains. List each domain and provide an example of marketing the fits into each domain.
Answer: Student answers will vary but the following lists some examples that fit into each domain. The domains and associated products that are marketed are:
- goods — Tide laundry detergent
- services — Hilton hotel rooms
- events — Comic Con
- experiences — Walt Disney's Magic Kingdom
- persons — Taylor Swift
- places — Las Vegas
- properties — Condominium
- organizations — The Met
- information — A mailing list purchased to distribute catalogs
- ideas — A public safety announcement.

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

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

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

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

37) Which of the following technologies has the potential to generate creative assets and enable personalization at scale?
A) The internet
B) More powerful computers
C) Robotics
D) Data analytics
E) Artificial intelligence
Answer: E
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

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

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

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

41) The Marriott chain provides an excellent example of cultivating customer loyalty. Which component of holistic marketing is Marriott using?
A) Internal marketing
B) Relationship marketing
C) Integrated marketing
D) Performance marketing
E) AI marketing
Answer: B
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

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

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

44) Many businesses are increasing their use of the internet as their key communication and distribution channel. Which market outcome does this trend represent?
A) New consumer capabilities
B) Internal marketing
C) New company capabilities
D) Relationship marketing
E) New competitive environment
Answer: C
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Integration of real-world business experiences

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

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

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

48) _____ marketing requires understanding the financial and nonfinancial returns to business and society from marketing activities and programs.
A) Integrated
B) Demand-based
C) Performance
D) Relationship
E) Internal
Answer: C
Diff: 1
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

49) Firm ABC is evaluating the ROI of a recent regional advertising campaign to determine whether to roll it out nationwide. This is an example of _____.
A) Performance marketing
B) Relationship marketing
C) Integrated marketing
D) Internal marketing
E) Artificial intelligence
Answer: A
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

50) Which aspect of holistic marketing is focused on providing a consistent message across all advertising platforms?
A) Relationship marketing
B) Integrated marketing
C) Internal marketing
D) Network marketing
E) Performance marketing
Answer: B
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Analytical thinking

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

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

53) Which of the following is NOT an example of an intangible asset?
A) A brand
B) Customer base
C) Manufacturing facility
D) Supplier relationship
E) Employees
Answer: C
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Diverse and multicultural work environments

54) Which of the following factors is a primary driver of retail transformation?
A) Inflation
B) Online competition
C) Disintermediation
D) Private labels
E) Relationship marketing
Answer: B
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

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55) The ultimate outcome of relationship marketing is _____.
A) a greater level of social responsibility
B) a marketing network
C) increased globalization
D) increased collaboration
E) higher levels of goodwill
Answer: B
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

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

57) A _____ consists of the company and its supporting stakeholders.
A) brand
B) supply chain
C) marketing network
D) value proposition
E) service channel
Answer: C
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

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

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59) Showrooming is associated with which of the following key marketing outcomes?
A) New company capabilities
B) OpenAI
C) New consumer capabilities
D) Social responsibility
E) Technology
Answer: C
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

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

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

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

63) _____ can allow retailers to capture higher profit margins but also to cultivate customer loyalty by offering unique products that cannot be found elsewhere.
A) Private labels
B) Reverse auctioning
C) Reintermediation
D) Disintermediation
E) Diversification
Answer: A
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Integration of real-world business experiences

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

65) The emergence of mega-brands, exemplified by giants like Apple and Samsung, has significantly influenced competitive dynamics across multiple industries.
Answer: TRUE
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

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66) To succeed in the current environment, marketing must be less holistic and more departmentalized.
Answer: FALSE
Diff: 1
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

67) More companies are choosing to own brands rather than physical assets and are subcontracting activities to firms that can do them better and more cheaply while retaining core activities.
Answer: TRUE
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Analytical thinking

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

69) An integrated channel strategy should assess each channel option for its direct effect on product sales and brand equity, as well as its indirect effect on interactions with other channel options.
Answer: TRUE
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

70) The social definition describes marketing as the art and science of identifying, attracting, and retaining customers through creating, delivering, and communicating superior customer value.
Answer: FALSE
Diff: 1
LO: 1.2: Describe the new marketing realities.
AACSB: Reflective thinking

71) What are the four major market forces transforming the marketing landscape?
Answer: The four forces are technology, globalization, the physical environment, and social responsibility. These forces together shape the competitive landscape, compelling businesses to adapt and continually innovate.
Diff: 3
LO: 1.2: Describe the new marketing realities.
AACSB: Application of knowledge

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

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

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

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

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76) List and describe the key ways that marketers can apply artificial intelligence (AI).
Answer: Responses to this question should include:
• Automation - Marketers use AI to automate previously manual processes and drive gains in productivity and performance. For example, media companies use digital algorithms for developing and personalizing content as well as for moderating online user forums and programmatic ad buying.
• Research and analytics - AI has also been instrumental in forecasting demand, setting pricing strategies, and analyzing marketing effectiveness.
• Creation - GenAI plays a crucial role in content creation for ads and social media. Many advertising agencies use digital algorithms to generate, customize, and distribute online content based on the specific profiles of their target audience.
• Connection - With AI, marketers have a multitude of new ways to build connections with consumers. AI can facilitate innovative forms of interaction, compelling personalized experiences, and creative ways for consumers to participate in a brand's story.
• Optimization - AI's capabilities extend to real-time adjustment of advertising strategies, allowing for the optimization of campaigns based on ongoing performance metrics and user engagement data.
Diff: 2
LO: 1.2: Describe the new marketing realities.
AACSB: Analytical thinking

77) Define holistic marketing and list the four key components of holistic marketing.
Answer: Holistic marketing recognizes and reconciles the scope and complexities of marketing activities and offers an integrated approach to managing strategy and tactics. The four broad components characterizing holistic marketing are relationship marketing, integrated marketing, internal marketing, and performance marketing.
Diff: 1
LO: 1.2: Describe the new marketing realities.
AACSB: Analytical thinking

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

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

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

81) Which marketing approach emerged in the mid-1950s as a customer centered, sense-and-respond philosophy?
A) The marketing concept
B) The product concept
C) The production concept
D) The market-value concept
E) The selling concept
Answer: A
Diff: 2
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Reflective thinking

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

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

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

85) Which of the following holds that consumers and businesses, if left alone, won't buy enough of the organization's products?
A) The product concept
B) The production concept
C) The selling concept
D) The performance concept
E) The marketing concept
Answer: C
Diff: 2
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Reflective thinking

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

87) The _____ concept concentrates efforts on achieving high production efficiency, low costs, and mass distribution.
A) product
B) marketing
C) production
D) selling
E) holistic marketing
Answer: C
Diff: 1
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Reflective thinking

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

89) Which of the following characteristics indicates the company has a high customer-centric approach to conducting business?
A) Product driven
B) Outcome oriented
C) Mass market focused
D) Hierarchical organization
E) Price driven
Answer: B
Diff: 2
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Analytical thinking; Application of knowledge

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90) Which of the following characteristics indicates the company has a low customer-centric approach to conducting business?
A) Market driven
B) Outcome oriented
C) Making competitors irrelevant
D) Value driven
E) Price driven
Answer: E
Diff: 2
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Analytical thinking; Application of knowledge

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

92) The _____ concept implies that companies should define their business as a customer-satisfying process rather than in terms of their products or industries.
A) production
B) selling
C) market-value
D) product
E) holistic marketing
Answer: C
Diff: 1
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Reflective thinking

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93) Which of the following concepts can lead managers into the "better-mousetrap" fallacy?
A) The product concept
B) The production concept
C) The selling concept
D) The marketing concept
E) The holistic marketing concept
Answer: A
Diff: 2
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Reflective thinking

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

95) The market-value concept is one of the newest concepts in business.
Answer: TRUE
Diff: 1
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Reflective thinking

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

97) The selling concept is practiced most aggressively with unsought goods-goods buyers don't normally think of buying, such as insurance and cemetery plots.
Answer: TRUE
Diff: 2
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Reflective thinking

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98) A trucking company that defines their business as moving people and goods is defining their business with a product definition.
Answer: FALSE
Diff: 1
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Reflective thinking

99) Marketing contributes to building and maintaining the organization's reputation, and fostering trust and loyalty among the organization's customers.
Answer: TRUE
Diff: 1
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Reflective thinking

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

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

102) Explain the market-value concept.
Answer: The market-value concept is a holistic approach to marketing based on the development, design, and implementation of marketing programs, processes, and activities that recognize their breadth and interdependencies. The value-based view of marketing acknowledges that everything matters in marketing–and that a broad, integrated perspective is often necessary.
Diff: 2
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Analytical thinking

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103) How is a modern customer-oriented company organized?
Answer: Managers who believe the customer is the company's only true "profit center" consider the traditional organization chart–a pyramid with the president at the top, management in the middle, and frontline people and customers at the bottom–to be obsolete. Successful marketing companies transform the traditional organization-hierarchy chart to look like a series of concentric circles with customers as the top priority and represented by the outermost ring of the circle; next in importance are the frontline people who meet, serve, and satisfy these customers; then come service managers, whose job is to support the frontline people so they can serve customers well; and finally, there is the top management in the center of the circle. The job of top management is to hire and support good service managers.
Diff: 2
LO: 1.3: Explain the role of marketing in an organization.
AACSB: Analytical thinking

104) LaQuita is the chief marketing officer (CMO) of a manufacturing company. All of the firm's marketing managers, such as the product manager and sales manager, report directly to her. What type of marketing organization does her firm use?
A) Product organization
B) Matrix organization
C) Functional organization
D) Territory organization
E) Market organization
Answer: C
Diff: 3
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Analytical thinking

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

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

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

108) Jeremiah's firm has several distinct products. What type of marketing orientation would make the most sense for Jeremiah to adopt?
A) Brand organization
B) Geographic organization
C) Functional organization
D) Matrix organization
E) Market organization
Answer: A
Diff: 2
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AACSB: Reflective thinking

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

110) What type of organizational strategy is home construction firm PulteGroup using when regional market managers focus on marketing and selling the company's new homes?
A) Matrix organization
B) Product-geography organization
C) Geographic organization
D) Product organization
E) Customer organization
Answer: C
Diff: 3
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Analytical thinking

111) When Xerox, IBM, and Hewlett-Packard shifted from a geographic model to organizing marketing around specific types of customers, which organization model did they adopt?
A) Product needs
B) Brand/product management
C) Industry category
D) Market
E) Matrix
Answer: D
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

112) To whom does the CMO report in most corporations today?
A) The vice president of marketing
B) The board of directors
C) The president of customer operations
D) The chief executive officer (CEO)
E) The chief operating officer (COO)
Answer: D
Diff: 2
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113) The most common form of marketing organization consists of _____ reporting to a chief marketing officer who coordinates their activities.
A) zonal managers
B) functional specialists
C) product managers
D) area market specialists
E) brand managers
Answer: B
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

114) Which of the following is the main challenge of a functional marketing organization?
A) Coordination of effort
B) Meeting staff requirements
C) Developing smooth working relationships
D) Reducing competition between functional groups
E) Navigating the system complexity
Answer: C
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

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

116) A product-management organization makes sense if _____.
A) the company's products are quite varied
B) there are very few products in the company's portfolio
C) the company is pursuing a low-cost strategy
D) the company's products satisfy similar customer needs
E) the company is vertically integrated
Answer: A
Diff: 2
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117) A product- or brand-management organization is sometimes characterized as a(n) _____ system.
A) hub-and-spoke
B) waterfall
C) internal marketing
D) top-down
E) lateral
Answer: A
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

118) A _____ organization lets the product manager concentrate on developing a cost-effective marketing program and react more quickly to new products in the marketplace.
A) matrix
B) market
C) geographic
D) functional
E) product-management
Answer: E
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

119) A product-management organization _____.
A) replaces the functional organization
B) simplifies the process of developing a national strategy
C) often fails to have a long-term focus
D) reduces an organization's staffing requirements
E) allows product managers to achieve functional expertise
Answer: C
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

120) Procter & Gamble switched to a different marketing organization since its traditional _____ system created intense competition for internal resources and a lack of coordination.
A) market-management
B) product-management
C) brand-management
D) geographic
E) functional
Answer: C
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
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121) Companies that produce many distinct products and services to target distinct markets may adopt a _____ focused marketing organization.
A) market
B) brand
C) product
D) matrix
E) top-down
Answer: A
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

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

123) Which of these groups appears at the top of the traditional organizational pyramid?
A) Service managers
B) Middle managers
C) Customers
D) Frontline employees
E) Top management
Answer: E
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

124) Which of these would be considered the primary job of service managers in a customer-oriented organization?
A) Support frontline employees so they can serve customers well
B) Push management priorities down through the organization
C) Coordinate with fellow middle managers
D) Serve as the intermediary between customers and top management
E) Respond to customer service demands from the board of directors
Answer: A
Diff: 3
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

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125) Which of these would be considered a benefit of category management?
A) Supports frontline employees so they can serve customers well
B) Pushes management priorities down through the organization
C) Skillful category management can have a big impact on sales
D) Firms that do this well can reduce employee headcount
E) Creates better response to customer service demands from the board of directors
Answer: C
Diff: 3
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

126) Rajesh imports and sells multiple products. He just hired a chief marketing officer and wants the system to be as simple as possible. Which type of marketing organization should he utilize?
A) Market-management
B) Production-management
C) Brand-management
D) Geographic
E) Functional
Answer: E
Diff: 3
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

127) Brandi's company makes several products that are very unique and appeal to different target markets. Which type of marketing organization should she utilize?
A) Market-management
B) Production-management
C) Brand-management
D) Geographic
E) Functional
Answer: C
Diff: 3
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

128) The product-management organization lets the product manager concentrate on developing a cost-effective marketing program and react more quickly to new products in the marketplace.
Answer: TRUE
Diff: 2
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AACSB: Reflective thinking

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129) Brand managers may be given too much authority and leeway when carrying out decisions.
Answer: FALSE
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

130) The product-management organization can be structured around the company's products or, alternatively, a company can focus on product categories to manage its brands.
Answer: TRUE
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

131) Brand managers often focus on the success of the overall organization at the expense of their brands.
Answer: FALSE
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

132) Companies that produce many products for many markets may adopt a matrix structure employing both product and market managers.
Answer: TRUE
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

133) Marketing activities should not be relegated to a single department; many enterprises can benefit from having an organizational unit that is in charge of all company marketing activities and manages day-to-day operations.
Answer: TRUE
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

134) To create a true marketing organization, the CEO must convince senior management of the importance of being product focused.
Answer: FALSE
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

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135) Under the marketing concept, all departments need to "think customer" and work together to satisfy customer needs and expectations.
Answer: TRUE
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

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

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

138) In the most common form of marketing organization, functional specialists report to a chief marketing officer who coordinates their activities.
Answer: TRUE
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

139) The marketing vice president or the CMO must usually work through persuasion, rather than through authority.
Answer: TRUE
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

140) Perhaps the most important role for any CMO is to infuse a profit perspective in business decisions affecting any customer touch point.
Answer: FALSE
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

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

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

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

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

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

146) What are some of the advantages to switching from brand management to category management?
Answer: The traditional brand-management system creates strong incentives to excel but also internal competition for resources and a lack of coordination. Category management ensures adequate resources for all product categories. Another rationale for category management is the increasing power of the retail trade, which has thought of profitability in terms of product categories.
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

147) What is the primary benefit of functional marketing organization?
Answer: The main advantage of a functional marketing organization is its administrative simplicity. In the most common form of marketing organization, functional specialists report to a chief marketing officer who coordinates their activities.
Diff: 1
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
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148) When do firms use area market specialists?
Answer: Some companies are adding area market specialists (regional or local marketing managers) to support sales efforts in high-volume markets. To illustrate, consider how one such market might work in Miami—Dade County, Florida, where almost two-thirds of households are Hispanic and Latinx. The Miami specialist would know Miami's customer and trade makeup, help marketing managers at headquarters adjust their marketing mix for Miami, and prepare local annual and long-range plans for selling all the company's products there.
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

149) What are the disadvantages of a matrix structure?
Answer: Matrix structures are costly and often creates conflicts. There's the cost of supporting all the managers and the issue of resolving questions about where authority and responsibility for marketing activities should reside–at headquarters or in the division.
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

150) What steps can a CEO take to prepare the marketing department for the rapidly evolving nature of today's markets?
Answer: The CEO must facilitate the creation of strong in-house marketing training programs to sharpen the company's marketing skills. Many companies, such as McDonald's, Unilever, and Accenture, have centralized training facilities to run such programs. The CEO should also ensure that the company's reward system is aligned with its strategic goal of creating market value by developing a satisfied, loyal customer base. The CEO should personally exemplify strong customer commitment and reward those in the organization who do likewise.
Diff: 2
LO: 1.4: Illustrate how to organize and manage a modern marketing department.
AACSB: Reflective thinking

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