Marketing 6th edition Baines Test Bank

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Chapter 02 - The marketing environment

Test Bank

Type: multiple choice question
Title: Chapter 02 Question 01
01) In order to make sense of the external environment we use a framework known as PESTLE. PESTLE stands for the:
a. Production, Economic, Social, Technological, Legal, and Ecological environments.
Feedback: Incorrect. To make sense of the external environment, we use the well-known acronym, PESTLE. This is by far the easiest and one of the most popular frameworks with which to examine the external environment. **PESTLE** stands for the Political, Economic, Social, Technological, Legal, and Ecological environments.
A-head reference: Understanding the External Environment
*b. Political, Economic, Social, Technological, Legal, and Ecological environments.
Feedback: Correct. To make sense of the external environment, we use the well-known acronym, PESTLE. This is by far the easiest and one of the most popular frameworks with which to examine the external environment. **PESTLE** stands for the Political, Economic, Social, Technological, Legal, and Ecological environments.
A-head reference: Understanding the External Environment
c. Political, Economic, Systematic, Territorial, Legal, and Ecological environments.
Feedback: Incorrect. To make sense of the external environment, we use the well-known acronym, PESTLE. This is by far the easiest and one of the most popular frameworks with which to examine the external environment. **PESTLE** stands for the Political, Economic, Social, Technological, Legal, and Ecological environments.
A-head reference: Understanding the External Environment
d. Psychological, Economic, Sociological, Technological, Lifestyle, and Ecological environments.
Feedback: Incorrect. To make sense of the external environment, we use the well-known acronym, PESTLE. This is by far the easiest and one of the most popular frameworks with which to examine the external environment. **PESTLE** stands for the Political, Economic, Social, Technological, Legal, and Ecological environments.
A-head reference: Understanding the External Environment

Type: multiple choice question
Title: Chapter 02 Question 02
02) Sometimes organizations hire special industry lobbyists that have a good understanding and specialist knowledge of political and legal affairs. These specialists are often hired for which of the following reasons?
a. Trueo represent the organization to government decision-makers.
Feedback: Incorrect. Because legislation is such a technical area, and often written in technical legal language, few firms have the capability to understand and influence legislation without employing specialists. In such circumstances, special industry lobbyists are hired for the following reasons:

- To represent the organization to government decision-makers;
- To provide strategic advice to clients on how to design their campaigns;

A-head reference: Understanding the External Environment
b. To provide strategic advice to the organization on how to design their campaigns.
Feedback: Incorrect. Because legislation is such a technical area, and often written in technical legal language, few firms have the capability to understand and influence legislation without employing specialists. In such circumstances, special industry lobbyists are hired for the following reasons:

- To represent the organization to government decision-makers;
- To provide strategic advice to clients on how to design their campaigns;

A-head reference: Understanding the External Environment
c. To provide administrative support for the organizations on the changing political and legal environment.

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Feedback: Incorrect. Because legislation is such a technical area, and often written in technical legal language, few firms have the capability to understand and influence legislation without employing specialists. In such circumstances, special industry lobbyists are hired for the following reasons:

- To represent the organization to government decision-makers;
- To provide strategic advice to clients on how to design their campaigns;

A-head reference: Understanding the External Environment
*d. All of the above options are correct.
Feedback: Correct. Because legislation is such a technical area, and often written in technical legal language, few firms have the capability to understand and influence legislation without employing specialists. In such circumstances, special industry lobbyists are hired for the following reasons:

- To represent the organization to government decision-makers;
- To provide strategic advice to clients on how to design their campaigns;

A-head reference: Understanding the External Environment

Type: multiple choice question
Title: Chapter 02 Question 03
03) Analysis of the performance environment has concentrated on the nature and characteristics of a firm's _____.
a. competitive resources
Feedback: Incorrect. Analysis of the performance environment has concentrated on the nature and characteristics of a firm's competitive behaviour.
A-head reference: Understanding the Performance Environment
b. competitive environment
Feedback: Incorrect. Analysis of the performance environment has concentrated on the nature and characteristics of a firm's competitive behaviour.
A-head reference: Understanding the Performance Environment
*c. competitive behaviour
Feedback: Correct. Analysis of the performance environment has concentrated on the nature and characteristics of a firm's competitive behaviour.
A-head reference: Understanding the Performance Environment
d. competitive position
Feedback: Incorrect. Analysis of the performance environment has concentrated on the nature and characteristics of a firm's competitive behaviour.
A-head reference: Understanding the Performance Environment

Type: multiple choice question
Title: Chapter 02 Question 04
04) The external environment:_____
a. does not change over time.
Feedback: Incorrect. To understand how the external environment is changing, organizations need to put in place methods and processes to inform them of developments. The process of doing this is known as environmental scanning. Environmental scanning is the process of gathering information about a company's external events and relationships, to assist top management in its decision making, and so develop its future course of action (Aguilar, 1967).
A-head reference: Understanding the External Environment
*b. must be continually monitored by marketing managers.
Feedback: Correct. To understand how the external environment is changing, organizations need to put in place methods and processes to inform them of developments. The process of doing this is known as environmental scanning. Environmental scanning is the process of gathering information about a company's external events and relationships, to assist top management in its decision making, and so develop its future course of action (Aguilar, 1967).
A-head reference: Understanding the External Environment
c. can be controlled in much the same manner as the internal marketing mix.
Feedback: Incorrect. To understand how the external environment is changing, organizations need to put in place methods and processes to inform them of developments.

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The process of doing this is known as environmental scanning. Environmental scanning is the process of gathering information about a company's external events and relationships, to assist top management in its decision making, and so develop its future course of action (Aguilar, 1967).
A-head reference: Understanding the External Environment
d. does not have an impact on Fortune 500 companies.
Feedback: Incorrect. To understand how the external environment is changing, organizations need to put in place methods and processes to inform them of developments. The process of doing this is known as environmental scanning. Environmental scanning is the process of gathering information about a company's external events and relationships, to assist top management in its decision making, and so develop its future course of action (Aguilar, 1967).
A-head reference: Understanding the External Environment

Type: multiple choice question
Title: Chapter 02 Question 05
05) By understanding who the main competitors are, it becomes possible to make judgements about the nature and intensity of the competition. This also provides a view about how a firm's _____ should evolve.
a. environment scanning
Feedback: Incorrect. By understanding who the main competitors are, it becomes possible to make judgements about the nature and intensity of the competition. This also provides a view about how a firm's marketing strategy should evolve.
A-head reference: Understanding the Performance Environment.
b. vision and mission
Feedback: Incorrect. By understanding who the main competitors are, it becomes possible to make judgements about the nature and intensity of the competition. This also provides a view about how a firm's marketing strategy should evolve.
A-head reference: Understanding the Performance Environment.
*c. marketing strategy
Feedback: Correct. By understanding who the main competitors are, it becomes possible to make judgements about the nature and intensity of the competition. This also provides a view about how a firm's marketing strategy should evolve.
A-head reference: Understanding the Performance Environment.
d. brand positioning
Feedback: Incorrect. By understanding who the main competitors are, it becomes possible to make judgements about the nature and intensity of the competition. This also provides a view about how a firm's marketing strategy should evolve.
A-head reference: Understanding the Performance Environment.

Type: multiple choice question
Title: Chapter 02 Question 06
06) The fast developments in digital technologies and the popularity of social media have led to the generation of large amounts of consumer data that are mined by marketers to improve their offerings. **Internet of Things** (IoT)This trend will further expand with the development of wearable technology and the _____
a. reverse engineering
Feedback: Incorrect. The fast developments in digital technologies and the popularity of social media have led to the generation of large amounts of consumer data that are mined by marketers to improve their offerings. This trend will further expand with the development of wearable technology and the **Internet of Things** (IoT).
A-head reference: Understanding the External Environment
b. me-too marketing strategy
Feedback: Incorrect. The fast developments in digital technologies and the popularity of social media have led to the generation of large amounts of consumer data that are mined by marketers to improve their offerings. This trend will further expand with the development of wearable technology and the **Internet of Things** (IoT).

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A-head reference: Understanding the External Environment
A-head reference: 139
c. web-based marketing
Feedback: Incorrect. The fast developments in digital technologies and the popularity of social media have led to the generation of large amounts of consumer data that are mined by marketers to improve their offerings. This trend will further expand with the development of wearable technology and the **Internet of Things** (IoT).
A-head reference: Understanding the External Environment
*d. **Internet of Things** (IoT)
Feedback: Correct. The fast developments in digital technologies and the popularity of social media have led to the generation of large amounts of consumer data that are mined by marketers to improve their offerings. This trend will further expand with the development of wearable technology and the **Internet of Things** (IoT).
A-head reference: Understanding the External Environment

Type: multiple choice question
Title: Chapter 02 Question 07
07) New technology results in new goods and services, and it can also:_____
a. lower the available level of customer service.
Feedback: Incorrect. The emergence of new technologies substantially affects not only high-technology businesses but other businesses as well. Examples include technologies that impact on productivity and business efficiency (e.g. changes in energy, transportation, information, and communication technologies). New technology also changes the way that companies go to market. For example, companies now have to make their offerings available through various channels, including through mobile phone applications as well as via their traditional websites and physical stores.
A-head reference: Understanding the External Environment
b. lower the quality of existing products.
Feedback: Incorrect. The emergence of new technologies substantially affects not only high-technology businesses but other businesses as well. Examples include technologies that impact on productivity and business efficiency (e.g. changes in energy, transportation, information, and communication technologies). New technology also changes the way that companies go to market. For example, companies now have to make their offerings available through various channels, including through mobile phone applications as well as via their traditional websites and physical stores.
A-head reference: Understanding the External Environment
c. bring back products that were considered obsolete.
Feedback: Incorrect. The emergence of new technologies substantially affects not only high-technology businesses but other businesses as well. Examples include technologies that impact on productivity and business efficiency (e.g. changes in energy, transportation, information, and communication technologies). New technology also changes the way that companies go to market. For example, companies now have to make their offerings available through various channels, including through mobile phone applications as well as via their traditional websites and physical stores.
A-head reference: Understanding the External Environment
*d. reduce prices through new production and distribution methods.
Feedback: Correct. The emergence of new technologies substantially affects not only high-technology businesses but other businesses as well. Examples include technologies that impact on productivity and business efficiency (e.g. changes in energy, transportation, information, and communication technologies). New technology also changes the way that companies go to market. For example, companies now have to make their offerings available through various channels, including through mobile phone applications as well as via their traditional websites and physical stores.
A-head reference: Understanding the External Environment

Type: multiple choice question
Title: Chapter 02 Question 08
08) The differentiation of a firm's products or services to promote environmental responsibility is referred to as:_____

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a. brand personality
Feedback: Incorrect. This is eco-branding. This is the differentiation of a firm's products or services to promote environmental responsibility. Examples include Duchy Originals, the British Prince of Wales' food brand, the Thai King Bhumibol's Golden Place brand, or the Toyota Prius labelled as 'mean but green'.
A-head reference: Understanding the External Environment
*b. eco-branding
Feedback: Correct. This is eco-branding. This is the differentiation of a firm's products or services to promote environmental responsibility. Examples include Duchy Originals, the British Prince of Wales' food brand, the Thai King Bhumibol's Golden Place brand, or the Toyota Prius labelled as 'mean but green'.
A-head reference: Understanding the External Environment
c. social branding
Feedback: Incorrect. This is eco-branding. This is the differentiation of a firm's products or services to promote environmental responsibility. Examples include Duchy Originals, the British Prince of Wales' food brand, the Thai King Bhumibol's Golden Place brand, or the Toyota Prius labelled as 'mean but green'.
A-head reference: Understanding the External Environment
d. me-too branding
Feedback: Incorrect. This is eco-branding. This is the differentiation of a firm's products or services to promote environmental responsibility. Examples include Duchy Originals, the British Prince of Wales' food brand, the Thai King Bhumibol's Golden Place brand, or the Toyota Prius labelled as 'mean but green'.
A-head reference: Understanding the External Environment

Type: multiple choice question
Title: Chapter 02 Question 09
09) _____ is an important analytical tool as it draws attention to the cash flow and investment characteristics of each of a firm's offerings and indicates how financial resources can be maneuvered to attain optimal strategic performance over the long term.
a. Political analysis
Feedback: Incorrect. Portfolio analysis is an important analytical tool as it draws attention to the cash flow and investment characteristics of each of a firm's offerings and indicates how financial resources can be maneuvered to attain optimal strategic performance over the long term.
A-head reference: Understanding the Internal Environment
b. Competitive analysis
Feedback: Incorrect. Portfolio analysis is an important analytical tool as it draws attention to the cash flow and investment characteristics of each of a firm's offerings and indicates how financial resources can be maneuvered to attain optimal strategic performance over the long term.
A-head reference: Understanding the Internal Environment
*c. Portfolio analysis
Feedback: Correct. Portfolio analysis is an important analytical tool as it draws attention to the cash flow and investment characteristics of each of a firm's offerings and indicates how financial resources can be maneuvered to attain optimal strategic performance over the long term.
A-head reference: Understanding the Internal Environment
d. SWOT analysis
Feedback: Incorrect. Portfolio analysis is an important analytical tool as it draws attention to the cash flow and investment characteristics of each of a firm's offerings and indicates how financial resources can be maneuvered to attain optimal strategic performance over the long term.
A-head reference: Understanding the Internal Environment

Type: multiple choice question
Title: Chapter 02 Question 10
10) Whitla (2009) suggests that the role and process of ---------- is to identify a task or group of tasks currently conducted in-house and then to release the task(s) to a 'crowd' of

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outsiders, who are invited to perform the task(s) on behalf of the company (for a fee or prize) or prize). or prize).
a. Pro-consuming
Feedback: Incorrect. Whitla (2009) suggests that the role and process of crowdsourcing is to identify a task or group of tasks currently conducted in-house and then to release the task(s) to a 'crowd' of outsiders, who are invited to perform the task(s) on behalf of the company (for a fee or prize) **A-head reference:** Understanding the External Environment
*b. Crowdsourcing
Feedback: Correct. Whitla (2009) suggests that the role and process of crowdsourcing is to identify a task or group of tasks currently conducted in-house and then to release the task(s) to a 'crowd' of outsiders, who are invited to perform the task(s) on behalf of the company (for a fee or prize).
A-head reference: Understanding the External Environment
c. Co-consuming
Feedback: Incorrect. Whitla (2009) suggests that the role and process of crowdsourcing is to identify a task or group of tasks currently conducted in-house and then to release the task(s) to a 'crowd' of outsiders, who are invited to perform the task(s) on behalf of the company (for a fee or prize).
A-head reference: Understanding the External Environment
d. Pro-suming
Feedback: Incorrect. Whitla (2009) suggests that the role and process of crowdsourcing is to identify a task or group of tasks currently conducted in-house and then to release the task(s) to a 'crowd' of outsiders, who are invited to perform the task(s) on behalf of the company (for a fee or prize).
A-head reference: Understanding the External Environment

Type: multiple choice question
Title: Chapter 02 Question 11
11) Difficulties arise when comparing factor prices across different countries. Rather than compare costs for individual products by means of the prevailing exchange rate, economists prefer to calculate prices for a particular basket of goods—a fixed list of common items—and compare the cost of that basket in one country with its cost in another. This is known as the……..
a. Wage inflation.
Feedback: Incorrect. Difficulties arise when comparing factor prices across different countries. Rather than compare costs for individual products by means of the prevailing exchange rate, economists prefer to calculate prices for a particular basket of goods—a fixed list of common items—and compare the cost of that basket in one country with its cost in another. This is known as the **purchasing power parity (PPP) exchange rate** and it allows us to compare the relative costs between two countries.
A-head reference: Understanding the External Environment
*b. **purchasing power parity (PPP) exchange rate** .
Feedback: Correct. Difficulties arise when comparing factor prices across different countries. Rather than compare costs for individual products by means of the prevailing exchange rate, economists prefer to calculate prices for a particular basket of goods—a fixed list of common items—and compare the cost of that basket in one country with its cost in another. This is known as the **purchasing power parity (PPP) exchange rate** and it allows us to compare the relative costs between two countries.
A-head reference: Understanding the External Environment
c. Price inflation.
Feedback: Incorrect. Difficulties arise when comparing factor prices across different countries. Rather than compare costs for individual products by means of the prevailing exchange rate, economists prefer to calculate prices for a particular basket of goods—a fixed list of common items—and compare the cost of that basket in one country with its cost in another. This is known as the **purchasing power parity (PPP) exchange rate** and it allows us to compare the relative costs between two countries.
A-head reference: Understanding the External Environment

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d. Gross domestic product (GDP) per capita .
Feedback: Incorrect. Difficulties arise when comparing factor prices across different countries. Rather than compare costs for individual products by means of the prevailing exchange rate, economists prefer to calculate prices for a particular basket of goods—a fixed list of common items—and compare the cost of that basket in one country with its cost in another. This is known as the **purchasing power parity (PPP) exchange rate** and it allows us to compare the relative costs between two countries.
A-head reference: Understanding the External Environment

Type: true-false
Title: Chapter 02 Question 12
12) Online gamers or motorcycle enthusiasts that can develop very elaborate beliefs that influence the life and consumption patterns of group members are a good examples of subcultures.
*a. True
Feedback: Correct. online gamers or motorcycle enthusiasts that can develop very elaborate beliefs that influence the life and consumption patterns of group members are a good examples of subcultures.
A-head reference: Understanding the External Environment
b. False
Feedback: incorrect. online gamers or motorcycle enthusiasts that can develop very elaborate beliefs that influence the life and consumption patterns of group members are a good examples of subcultures.
A-head reference: Understanding the External Environment

Type: true-false
Title: Chapter 02 Question 13
13) In the European Union (EU), general directives
and the monitoring of the European Commission do not enforce general safety standards. Specific industries, which are more sensitive because of the products they sell (e.g., cosmetics, toys, technology) do not have dedicated regulations to respect both in terms of product testing and manufacturing but also in terms of labelling and waste management.
a. True
Feedback: Incorrect. In the European Union (EU), general directives (which member states are forced to translate into law) and the monitoring of the European Commission enforce general safety standards. Specific industries, which are more sensitive because of the products they sell (e.g., cosmetics, toys, technology) have dedicated regulations to respect both in terms of product testing and manufacturing but also in terms of labelling and waste management.
A-head reference: Understanding the External Environment
*b. False
Feedback: Correct. In the European Union (EU), general directives (which member states are forced to translate into law) and the monitoring of the European Commission enforce general safety standards. Specific industries, which are more sensitive because of the products they sell (e.g., cosmetics, toys, technology) have dedicated regulations to respect both in terms of product testing and manufacturing but also in terms of labelling and waste management.
A-head reference: Understanding the External Environment

Type: true-false
Title: Chapter 02 Question 14
14) Some companies have developed a proactive environmental scanning approach by considering potential **switching costs** facing their company.
a. True
Feedback: Incorrect. Some companies have developed a proactive environmental scanning approach by considering potential future **scenarios** facing their company. For example, Shell, the multinational energy company, in its analysis of the world energy market to 2050,

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identifies two possible future energy scenarios based on how governments and companies respond to the energy production and sustainability challenge.
A-head reference: Environmental Scanning.
*b. False
Feedback: Correct. Some companies have developed a proactive environmental scanning approach by considering potential future **scenarios** facing their company. For example, Shell, the multinational energy company, in its analysis of the world energy market to 2050, identifies two possible future energy scenarios based on how governments and companies respond to the energy production and sustainability challenge.
A-head reference: Environmental Scanning.

Type: true-false
Title: Chapter 02 Question 15
15) Organizations can out-perform other organizations over time if they can manage their relationships with government and regulatory bodies better than their competitors.
*a. True
Feedback: Correct. There are circumstances when an organization, or an industry coalition, can affect legislation in its own favour, or at the very least respond more flexibly to changes in legislation than its competitors. There is increasingly an understanding that business-government relations, properly undertaken, can be a source of sustainable competitive advantage.
A-head reference: Understanding the External Environment
b. False
Feedback: Incorrect. There are circumstances when an organization, or an industry coalition, can affect legislation in its own favour, or at the very least respond more flexibly to changes in legislation than its competitors. There is increasingly an understanding that business-government relations, properly undertaken, can be a source of sustainable competitive advantage.
A-head reference: Understanding the External Environment

Type: true-false
Title: Chapter 02 Question 16
16) With price inflation, where there is a scarcity of supply, there is usually an increase in the price of that consumer good or service.
*a. True
Feedback: Correct. The external environment of a firm is affected by price inflation. How much consumers pay for goods and services is dependent on the rate of supply of those goods and services. Where there is a scarcity of supply, there is usually an increase in the price of that consumer good or service.
A-head reference: Understanding the External Environment
b. False
Feedback: Incorrect. The external environment of a firm is affected by price inflation. How much consumers pay for goods and services is dependent on the rate of supply of those goods and services. Where there is a scarcity of supply, there is usually an increase in the price of that consumer good or service.
A-head reference: Understanding the External Environment

Type: true-false
Title: Chapter 02 Question 17
17) Buyers may also decide to increase their bargaining power through **backward integration**, when a company moves into manufacturing the products or services it previously bought from its suppliers.
*a. True
Feedback: Correct. Buyers may also decide to increase their bargaining power through **backward integration**. For instance, a company is said to have backward integrated when it moves into manufacturing the products or services it previously bought from its suppliers. Tesco, the British multiple retail grocer operating in fourteen markets outside the UK in 2009, also sells financial services including debt and credit services to its customers, which it previously would have purchased from Visa and MasterCard merchant operators. Since

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customers have tended to pay for many years now using credit/debit cards rather than cash, Tesco has lowered its transaction costs by setting up its own credit/debit services.
A-head reference: Understanding the Performance Environment
b. False
Feedback: Incorrect. Buyers may also decide to increase their bargaining power through **backward integration**. For instance, a company is said to have backward integrated when it moves into manufacturing the products or services it previously bought from its suppliers. Tesco, the British multiple retail grocer operating in fourteen markets outside the UK in 2009, also sells financial services including debt and credit services to its customers, which it previously would have purchased from Visa and MasterCard merchant operators. Since customers have tended to pay for many years now using credit/debit cards rather than cash, Tesco has lowered its transaction costs by setting up its own credit/debit services.
A-head reference: Understanding the Performance Environment

Type: true-false
Title: Chapter 02 Question 18
18) Codes of practice exist for both radio and TV typically with specific regulations for alcohol advertising, specifying that claims can only be made in relation to sexual prowess, fitness or health, courage or strength benefits of alcohol consumption.
a. True
Feedback: Incorrect. Codes of practice exist for both radio and TV typically with specific regulations for alcohol advertising, specifying that claims **cannot** be made in relation to sexual prowess, fitness or health, courage or strength.
A-head reference: Understanding the External Environment
*b. False
Feedback: Correct. Codes of practice exist for both radio and TV typically with specific regulations for alcohol advertising, specifying that claims **cannot** be made in relation to sexual prowess, fitness or health, courage or strength.
A-head reference: Understanding the External Environment

Type: true-false
Title: Chapter 02 Question 19
19) An important ecological trend is the rise in consumer concern for the environment and the demand for more ‘organic’ food.
*a. True
Feedback: Correct. Increasingly, consumers are worried about the impact of companies on their ecological environments. They are demanding more ‘organic’ food, which incorporates the principles of better welfare for the animals which they consume as food products and less interference with the natural processes of growing fruit and vegetables (e.g. the use of pesticides and chemical fertilizers).
A-head reference: 141
b. False
Feedback: Incorrect. Increasingly, consumers are worried about the impact of companies on their ecological environments. They are demanding more ‘organic’ food, which incorporates the principles of better welfare for the animals which they consume as food products and less interference with the natural processes of growing fruit and vegetables (e.g. the use of pesticides and chemical fertilizers).
A-head reference: 141

Type: true-false
Title: Chapter 02 Question 20
20) Porter’s Five Forces is the most common technique used to conduct a product portfolio analysis.
a. True
Feedback: Incorrect. Porter’s Five Forces is the most common technique used to analyse the performance environment. Porter suggests that competition in an industry is a composite of five main competitive forces. These are the level of threat that **new competitors** will enter the market, the threat posed by **substitute products**, and the bargaining power of both **buyers**

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and **suppliers**. These in turn affect the fifth force, the intensity of rivalry between the **current competitors**. Porter called these variables the Five Forces of Competitive Industry Analysis.
A-head reference: Understanding the Performance Environment
*b. False
Feedback: Correct. Porter's Five Forces is the most common technique used to analyse the performance environment. Porter suggests that competition in an industry is a composite of five main competitive forces. These are the level of threat that **new competitors** will enter the market, the threat posed by **substitute products**, and the bargaining power of both **buyers** and **suppliers**. These in turn affect the fifth force, the intensity of rivalry between the **current competitors**. Porter called these variables the Five Forces of Competitive Industry Analysis
A-head reference: Understanding the Performance Environment

Type: true-false
Title: Chapter 02 Question 21
21) One of the popular methods for assessing the variety of businesses/products that an organization has involves the creation of a two-dimensional graphical picture of the comparative strategic positions. This technique is referred to as the Boston Consulting Group (BCG) matrix.
*a. True
Feedback: Correct. The Boston Consulting Group (BCG) matrix, the Boston Box, is based on two key variables: market growth and relative market share (i.e. market share as a percentage of the share of the product's largest competitor, expressed as a fraction). This is a popular method for assessing the variety of businesses/products that an organization has.
A-head reference: Understanding the Internal Environment
*b. False
Feedback: Correct. The Boston Consulting Group (BCG) matrix, the Boston Box, is based on two key variables: market growth and relative market share (i.e. market share as a percentage of the share of the product's largest competitor, expressed as a fraction). This is a popular method for assessing the variety of businesses/products that an organization has.
A-head reference: Understanding the Internal Environment

Type: multiple choice question
Title: Chapter 02 Question 22
22) the strategy of a market leader, which identifies little competition, will be different from that of a small firm trying to establish a small market share. The former may try to dominate the whole market, whereas the latter may attack the leader or find a small underserviced segment, called a **----------**, and make that market its own.
*a. niche market
Feedback: Correct. the strategy of a market leader, which identifies little competition, will be different from that of a small firm trying to establish a small market share. The former may try to dominate the whole market, whereas the latter may attack the leader or find a small underserviced segment, called a **niche market**, and make that market its own.
A-head reference: Understanding the Performance Environment
b. mass market
Feedback: Incorrect. the strategy of a market leader, which identifies little competition, will be different from that of a small firm trying to establish a small market share. The former may try to dominate the whole market, whereas the latter may attack the leader or find a small underserviced segment, called a **niche market**, and make that market its own.
A-head reference: Understanding the Performance Environment
c. Competitive advantage
Feedback: Incorrect. the strategy of a market leader, which identifies little competition, will be different from that of a small firm trying to establish a small market share. The former may try to dominate the whole market, whereas the latter may attack the leader or find a small underserviced segment, called a **niche market**, and make that market its own.
A-head reference: Understanding the Performance Environment
d. mass media
Feedback: Incorrect. the strategy of a market leader, which identifies little competition, will be different from that of a small firm trying to establish a small market share. The former

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may try to dominate the whole market, whereas the latter may attack the leader or find a small underserviced segment, called a **niche market**, and make that market its own.
A-head reference: Understanding the Performance Environment

Type: multiple choice question
Title: Chapter 02 Question 23
23) _____ should be undertaken on a regular, annual, basis and be regarded as a positive activity that can feed into marketing strategy and should not be instigated in response to a crisis.
a. PESTLE analysis
Feedback: Incorrect. Whoever conducts the audit, it should be undertaken on a regular, annual basis and be regarded as a positive activity that can feed into marketing strategy.
A-head reference: Understanding the Internal Environment.
b. Product portfolios analysis
Feedback: Incorrect. Whoever conducts the audit, it should be undertaken on a regular, annual basis and be regarded as a positive activity that can feed into marketing strategy.
A-head reference: Understanding the Internal Environment.
*c. Marketing audit
Feedback: Correct. Whoever conducts the audit, it should be undertaken on a regular, annual basis and be regarded as a positive activity that can feed into marketing strategy.
A-head reference: Understanding the Internal Environment.
d. Environmental scanning
Feedback: Incorrect. Whoever conducts the audit, it should be undertaken on a regular, annual basis and be regarded as a positive activity that can feed into marketing strategy.
A-head reference: Understanding the Internal Environment.

Type: multiple choice question
Title: Chapter 02 Question 24
24) …….. comprise indicators of the relative performance of the company and include measures such as profitability, market share and revenue. They also include measures of awareness, customer satisfaction and retention/loyalty
a. portfolio issues
Feedback: Incorrect. External metrics comprise indicators of the relative performance of the company and include measures such as profitability, market share and revenue. External metrics also include measures of awareness, customer satisfaction and retention/loyalty.
A-head reference: Understanding the Internal Environment.
b. marketing audit
Feedback: Incorrect. External metrics comprise indicators of the relative performance of the company and include measures such as profitability, market share and revenue. External metrics also include measures of awareness, customer satisfaction and retention/loyalty.
A-head reference: Understanding the Internal Environment.
c. internal metrics
Feedback: Incorrect. External metrics comprise indicators of the relative performance of the company and include measures such as profitability, market share and revenue. External metrics also include measures of awareness, customer satisfaction and retention/loyalty.
A-head reference: Understanding the Internal Environment.
*d. External metrics
Feedback: Correct. External metrics comprise indicators of the relative performance of the company and include measures such as profitability, market share and revenue. External metrics also include measures of awareness, customer satisfaction and retention/loyalty.
A-head reference: Understanding the Internal Environment.

Type: multiple choice question
Title: Chapter 02 Question 25
25) The_____ consists of those organizations that either directly or indirectly influence an organization's operational performance.
a. external environment

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Feedback: Incorrect. The **performance environment**, often called the microenvironment, consists of those organizations that either directly or indirectly influence an organization's operational performance. There are three main types:
1.) Those companies that compete against the organization in the pursuit of its objectives.
2.) Those companies that supply raw materials, goods, and services and those that add value as distributors, dealers, and retailers, further down the marketing channel. These organizations have the potential to directly influence the performance of the organization by adding value through production, assembly, and distribution of products prior to reaching the end user.
3.) Those companies that have the potential to *indirectly* influence the performance of the organization.
A-head reference: Understanding the External Environment
*b. performance environment
Feedback: Correct. The **performance environment**, often called the microenvironment, consists of those organizations that either directly or indirectly influence an organization's operational performance. There are three main types:
1.) Those companies that compete against the organization in the pursuit of its objectives.
2.) Those companies that supply raw materials, goods, and services and those that add value as distributors, dealers, and retailers, further down the marketing channel. These organizations have the potential to directly influence the performance of the organization by adding value through production, assembly, and distribution of products prior to reaching the end user.
3.) Those companies that have the potential to *indirectly* influence the performance of the organization.
A-head reference: Understanding the External Environment
c. internal environment
Feedback: Incorrect. The **performance environment**, often called the microenvironment, consists of those organizations that either directly or indirectly
influence an organization's operational performance. There are three main types:
1.) Those companies that compete against the organization in the pursuit of its objectives.
2.) Those companies that supply raw materials, goods, and services and those that add value as distributors, dealers, and retailers, further down the marketing channel. These organizations have the potential to directly influence the performance of the organization by adding value through production, assembly, and distribution of products prior to reaching the end user.
3.) Those companies that have the potential to *indirectly* influence the performance of the organization
A-head reference: Understanding the External Environment
d. environmental scanning
Feedback: Incorrect. The **performance environment**, often called the microenvironment, consists of those organizations that either directly or indirectly
influence an organization's operational performance. There are three main types:
1.) Those companies that compete against the organization in the pursuit of its objectives.
2.) Those companies that supply raw materials, goods, and services and those that add value as distributors, dealers, and retailers, further down the marketing channel. These organizations have the potential to directly influence the performance of the organization by adding value through production, assembly, and distribution of products prior to reaching the end user.
3.) Those companies that have the potential to *indirectly* influence the performance of the organization.
A-head reference: Understanding the External Environment

Type: multiple choice question
Title: Chapter 02 Question 26
26) Companies frequently develop new propositions based on their competitor's offerings, through _____ strategies. In fact, this kind of strategy lies at the heart of the inability of firms to turn their technological advances into sustainable competitive advantages.
a. niche

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Feedback: Incorrect. Companies frequently develop new propositions based on their competitor's offerings, through "me-too" or imitation marketing strategies. In fact, this kind of strategy lies at the heart of the inability of firms to turn their technological advances into sustainable competitive advantages.
A-head reference: Understanding the External Environment
b. blue ocean
Feedback: Incorrect. Companies frequently develop new propositions based on their competitor's offerings, through "me-too" or imitation marketing strategies. In fact, this kind of strategy lies at the heart of the inability of firms to turn their technological advances into sustainable competitive advantages.
A-head reference: Understanding the External Environment
*c. me-too
Feedback: Correct. Companies frequently develop new propositions based on their competitor's offerings, through "me-too" or imitation marketing strategies. In fact, this kind of strategy lies at the heart of the inability of firms to turn their technological advances into sustainable competitive advantages.
A-head reference: Understanding the External Environment
d. divest
Feedback: Incorrect. Companies frequently develop new propositions based on their competitor's offerings, through "me-too" or imitation marketing strategies. In fact, this kind of strategy lies at the heart of the inability of firms to turn their technological advances into sustainable competitive advantages.
A-head reference: Understanding the External Environment

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