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to accompany

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Chapter 2
The marketing environment and market analysis

1. Political, economic, sociocultural, technological and legal factors are all a part of an organisation's _____ environment?

*a. Macro.
b. Internal.
c. Micro.
d. Ethical.
e. All of the options listed.

General Feedback:
Learning objective 2.1: describe the marketing environment and the purpose of environmental analysis.
In addition to their own internal environment, organisations operate within a macro environment (comprising broader forces such as social values and laws), and a micro environment (comprising the various players in the industry such as suppliers and competitors). Macro environmental factors include political forces, economic forces, sociocultural forces, technological forces, environmental and legal forces. This macro environmental framework has been called the PESTEL (for political, economic, sociocultural, technological, environmental and legal) framework.

2. Which of the following is part of an organisation's marketing environment?

a. The organisation's micro-environment.
b. The organisation's macro-environment.
c. Any internal or external force that affects the organisation's ability to create, communicate, deliver and exchange offerings of value.
*d. All of the options listed are part of an organisation's marketing environment.

General Feedback:
Learning objective 2.1: describe the marketing environment and the purpose of environmental analysis.
The marketing environment refers to all of the internal and external forces that affect a marketer's ability to create, communicate, deliver and exchange offerings of value. The factors and forces within the marketing environment can be classified as belonging to the internal environment, the micro-environment, and the macro-environment.

3. Customers are a part of an organisation's _____environment.

a. internal
*b. micro
c. macro
d. internal and macro
e. customers are not part of the organisation's environment

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General Feedback:
Learning objective 2.1: describe the marketing environment and the purpose of environmental analysis.
The micro environment comprises the forces and factors at play inside the industry in which the marketer operates. Micro environmental factors affect all parties in the industry, including suppliers, distributors, customers and competitors.

4. The process of breaking the marketing environment into smaller parts in order to gain a better understanding of it is known as:

a. the internal environment.
*b. environmental analysis.
c. the micro-environment.
d. the macro-environment.

General Feedback:
Learning objective 2.1: describe the marketing environment and the purpose of environmental analysis.
Environmental analysis is an analytical approach that involves breaking the marketing environment into smaller parts to better understand it.

5. Cartwrights Law Firm spends time analysing the political, economic, sociocultural, technological, environmental and legal factors which are affecting their organisation. These factors form the _____ environment?

*a. macro
b. internal
c. micro
d. ethical
e. all of the options listed

General Feedback:
Learning objective 2.1: describe the marketing environment and the purpose of environmental analysis.
In addition to their own internal environment, organisations operate within a macro environment (comprising broader forces such as social values and laws), and a micro environment (comprising the various players in the industry such as suppliers and competitors). Macro environmental factors include political forces, economic forces, sociocultural forces, technological forces and legal forces. This macro environmental framework has been called the PESTEL (for political, economic, sociocultural, technological, environmental and legal) framework.

6. When using the PESTL framework, marketers are investigating:

a. internal forces.
*b. macro-environmental forces.
c. micro-environmental forces.

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d. competitive forces.

General Feedback:
Learning objective 2.1: describe the marketing environment and the purpose of environmental analysis. The macro-environment comprises the larger scale societal forces including political forces, economic forces, socio-cultural forces, technological forces and legal forces.

7. You decide to do a situational analysis, investigating all the internal and external forces that affect your ability as a marketer to create, communicate, deliver and exchange offerings of value. Which environment are you analysing?

*a. The marketing environment.
b. The macro environment.
c. The legal environment.
d. The sociocultural environment.
e. None of the options listed.

General Feedback:
Learning objective 2.1: describe the marketing environment and the purpose of environmental analysis. The marketing environment refers to all of the internal and external forces that affect a marketer's ability to create, communicate, deliver and exchange offerings of value. The factors and forces within the marketing environment can be classified as belonging to the internal environment, the micro environment, and the macro environment.

8. Which of the following statements is correct?

a. The internal environment includes those factors that are not controllable by the organisation.
b. Weaknesses are internal factors that marketers seek to minimise.
c. The internal environment includes factors that are controllable by the organisation.
*d. Both b and c.

General Feedback:
Learning objective 2.2: explain the factors at work in the organisation's internal environment. The internal environment is directly controllable by the organisation. Typically marketers seek to minimise weaknesses and maximise strengths.

9. What do marketers seek to do in their environment?

a. Monitor and respond to.
b. Monitor, understand and respond to.
c. Influence and understand.
d. Understand, respond to and influence.
*e. Monitor, understand, respond to and influence.

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General Feedback:
Learning objective 2.1: describe the marketing environment and the purpose of environmental analysis. Marketers seek to monitor, understand, respond to, and influence their environment.

10. Choose the best answer from the options below to complete the following sentence. An organisation chart can be a useful tool to help analyse an organisation's:

a. market perception.
b. marketing mix.
c. external environment.
*d. internal environment.

General Feedback:
Learning objective 2.2: explain the factors at work in the organisation's internal environment. An organisation chart can be a useful tool to help analyse an organisation's internal environment.

11. At Coca Cola, the marketing department regularly conducts analysis that involves breaking the marketing environment down into smaller parts in order to better understand it. This is an example of:

a. the PESTL framework.
*b. environmental analysis.
c. situational analysis.
d. marketing planning.
e. situational planning.

General Feedback:
Learning objective 2.1: describe the marketing environment and the purpose of environmental analysis. Environmental analysis is an analytical approach that involves breaking the marketing environment into smaller parts to better understand it.

12. An organisation that cuts its marketing budget during an economic downturn could be more likely to view marketing as:

*a. a cost.
b. an investment.
c. essential.
d. both a and c.

General Feedback:
Learning objective 2.2: explain the factors at work in the organisation's internal environment. In general, during economic downturns, organisations tend to make drastic cuts to marketing budgets. Marketing is viewed by many organisations largely as a cost, rather than as an investment.

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13. An organisation that outsources functions that can be done more efficiently by specialist external providers is shifting those functions from:

a. its micro environment to its macro environment.
*b. its internal environment to its micro environment.
c. its internal environment to its macro environment.
d. its macro environment to its micro environment.
e. none of the options listed.

General Feedback:
Learning objective 2.2: explain the factors at work in the organisation's internal environment. Organisations often outsource functions and roles if they can be done more efficiently by specialist external providers. This represents a shift of the function from the internal environment to the micro environment and thus reduces the level of control.

14. Which of the following is not a part of an organisation's external environment?

a. Customers.
b. Competitors.
c. The micro-environment.
*d. All of the options listed are a part of an organisation's external environment.

General Feedback:
Learning objective 2.2: explain the factors at work in the organisation's internal environment. The external environment is concerned with things that are outside of the organisation. The external environment encompasses the people and the processes that the organisation cannot directly control.

15. Qantas understands that while creating, communicating, delivering and exchanging offerings of value, as an organisation they can only control their:

a. external environment.
*b. internal environment.
c. political environment.
d. macro environment.
e. none of the options listed.

General Feedback:
Learning objective 2.2: explain the factors at work in the organisation's internal environment. The organisation can directly control its internal environment.

16. Primary produces such as wheat farmers, construct dams in an attempt to influence their businesses:

a. internal environment.
*b. external environment.

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c. micro-environment.
d. macro-environment.

General Feedback:
Learning objective 2.2: explain the factors at work in the organisation's internal environment. The external environment is concerned with things that are outside of the organisation. Farmers can only decide when to plant their seeds and plan when they will harvest. They cannot directly control environmental factors such as floods and droughts. The external environment encompasses the people and the processes that that the organisation cannot directly control. They can only seek to influence the external environment.

17. The external environment includes:

*a. micro environment and macro environment.
b. internal environment and political environment.
c. internal environment and macro environment.
d. micro environment and political environment.
e. none of the options listed.

General Feedback:
Learning objective 2.2: explain the factors at work in the organisation's internal environment. The external environment includes the micro environment and the macro environment.

18. A level of competition characterised by consumers often having limited financial resources and therefore having to make choices about which products to consume and which to forgo, can be best described as:

a. generic competition.
*b. total budget competition.
c. monopolistic competition.
d. brand competition.

General Feedback:
Learning objective 2.3: understand the importance of the different micro-environmental factors. Table 2.2 - Total budget competition: Consumers have limited financial resources and therefore must make choices about which products to consume and which to forgo. In this sense, organisations are competing against all alternative ways the consumer can engage in an exchange of value.

19. The external environment encompasses:

a. people and processes the organisation can control.
b. goods and services controlled by other organisations.
*c. people and processes that the organisation cannot directly control.
d. goods and services controlled by the organisation.

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e. none of the options listed.

General Feedback:
Learning objective 2.2: explain the factors at work in the organisation's internal environment. The external environment encompasses the people and processes that the organisation cannot directly control. Marketers can only seek to influence the external environment.

20. Which of the following would not be a part of an organisation's micro-environment?

a. Competitors.
b. Partners such as suppliers and retailers.
c. Customers.
*d. The economy.

General Feedback:
Learning objective 2.3: understand the importance of the different micro-environmental factors. The micro-environment consists of customers, clients, partners and competitors.

21. The Australian government is the only buyer of large Navy boats in Australia. This market situation can be best described as:

a. pure competition.
b. monopolistic competition.
c. an oligopoly.
d. a monopoly.
*e. a monopsony.

General Feedback:
Learning objective 2.3: understand the importance of the different micro-environmental factors. A monopsony is described as the market situation where there is only one buyer. Examples include the Australian government buying navy boats or fighter jets.

22. A market structure in which there is only one supplier and there are substantial, potentially insurmountable, barriers to new entrants is known as:

a. oligopoly.
*b. monopoly.
c. monopolistic competition.
d. pure competition.

General Feedback:
Learning objective 2.3: understand the importance of the different micro-environmental factors. Table 2.1 - Monopoly: There is only one supplier and there are substantial, potentially insurmountable, barriers to new entrants.

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23. Australian grocery retailers Woolworths and Coles operate in what could be described as an oligopoly. This situation exists when:

a. there is only one buyer.
b. there is only one supplier and there are significant barriers to new competitors.
c. numerous competitors offer undifferentiated products.
d. numerous competitors offer similar products, prompting the competitors to strive to make their products unique from others.
*e. there are a small number of competitors offering similar, but somewhat differentiated, products and there are significant barriers to new competitors.

General Feedback:
Learning objective 2.3: understand the importance of the different micro-environmental factors. An oligopoly exists when a small number of competitors offer similar, but somewhat differentiated, products. In an oligopoly, there are significant barriers to new competitors entering the market.

24. Working for the Aldi supermarket chain, you are very aware of the activities of your company's competitors; Coles and Woolworths, and find that you frequently make changes to your business in response to actions they have taken. You also notice that they react when you make changes to your business offering. This competition is occurring within the:

a. internal environment.
*b. micro-environment.
c. the competitive-environment.
d. the macro-environment.

General Feedback:
Learning objective 2.3: understand the importance of the different micro-environmental factors. The micro-environment consists of customers, clients, partners and competitors. Unlike the internal environment, the micro-environment is not directly controllable. The organisation can however exert some influence on the factors within this environment.

25. Product competition can best be described as a level of competition in which:

a. products are very similar, offering the same benefits, features and price to the same target market.
b. consumers have limited ways to meet their product needs.
c. products have the same price but offer different benefits.
*d. products are broadly similar, but offer different benefits, features and prices to distinguish them.
e. consumers must make choices about which products to consume and which to forgo, as they have limited financial resources.

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Learning objective 2.3: understand the importance of the different micro-environmental factors. Product competition occurs when some products are broadly similar, but have different benefits, features and prices that distinguish them from competing products. For example, soft drinks, water, alcohol, coffee and juice are all beverages that people could purchase to drink.

26. In an attempt to overcome legal regulations, an industry body may attempt to influence which aspect of its marketing environment?

a. Sociocultural.
*b. Political.
c. Competitive.
d. Economic.

General Feedback:
Learning objective 2.4: outline the different types of macro-environmental forces. Figure 2.3 - Political: The political arena has a huge influence upon businesses and the spending power of consumers.

27. The Heart Foundation publicising the health risks associated with a poor diet is an example of how the organisation can _____ customers, clients, partners, competitors and other parties that make up its industry.

a. compel people to eat healthily, including
b. force food businesses to provide only healthy menu items to
*c. exert some influence on the
d. control the decisions of the
e. none of the options listed

General Feedback:
Learning objective 2.3: understand the importance of the different micro-environmental factors. The organisation can exert some influence on the customers, clients, partners, competitors and other parties that make up its industry.

28. The influences in a society and/or its culture/s that affect people's attitudes, beliefs, behaviours, preferences, customs and lifestyles are known as:

a. demographic forces.
b. technological forces.
*c. sociocultural forces.
d. legal forces.

General Feedback:
Learning objective 2.4: outline the different types of macro-environmental forces. Sociocultural forces is a term used to describe the social and cultural factors that affect people's attitudes, beliefs, behaviours, preferences, customs and lifestyles.

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29. Which of the following is not part of an organisation's macro environment?

*a. Political.
b. Sociocultural.
c. Competitive.
*d. Economic.
b. Technological forces.
c. Sociocultural forces.
d. Political forces.
e. Economic forces.
30 The global financial crisis was an example of what type of macro-environmental force?

General Feedback:
Learning objective 2.4: outline the different types of macro-environmental forces. Key environmental factors that marketers need to consider when analysing the marketing environment include political, economic, sociocultural, technological and legal forces. (This view of the macro environment is commonly abbreviated to 'PESTEL'.)

Feedback:
e) Learning objective 2.4: outline the different types of macro-environmental forces. The global financial crisis served to highlight an important aspect of the macro-environment.

30. Your company has decided to investigate its likelihood of success if it expands its operations from a national company to a multinational company. The key environmental factors that your company must consider when analysing this extended marketing environment include political, economic, _____, technological, _____ and legal forces.

*a. sociocultural, environmental
b. cultural, environmental
c. global, sociocultural
d. global, environmental
e. social, cultural

General Feedback:
Learning objective 2.4: outline the different types of macro-environmental forces. Key environmental factors that marketers need to consider when analysing the marketing environment include political, economic, sociocultural, technological, environmental and legal forces. This view of the macro environment is commonly abbreviated to 'PESTEL'.

31. A devaluation of the Australian dollar makes exports cheaper and imports more expensive. Within the macro-environment, this is known as a(n):

a. political force.

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*b. economic force.
c. sociocultural force.
d. technological force.

General Feedback:
Learning objective 2.4: outline the different types of macro-environmental forces. Environmental analysis is an analytical approach that involves breaking the marketing environment into smaller parts to better understand it.

32. As part of your marketing PhD you decide to investigate factors affecting people's attitudes, beliefs, behaviours, preferences, customs and lifestyles. These macro environmental forces which you investigate are collectively known as:

a. political forces.
b. economic forces.
*c. sociocultural forces.
d. technological forces.
e. environmental forces.

General Feedback:
Learning objective 2.4: outline the different types of macro-environmental forces. The term 'sociocultural forces' describes the social and cultural factors that affect people's attitudes, beliefs, behaviours, preferences, customs and lifestyles.

33. Marketing metrics are measures that are used to:

a. assess the micro-environment.
b. assess the macro-environment.
*c. assess marketing performance.
d. assess marketing planning.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. Marketing metrics are measures that are used to assess marketing performance.

34. The Australian Government regularly conducts a census, collecting information about everybody who is in Australia on a given date. Many of the questions asked in the census are demographic. Which of the following is not a demographic characteristic?

a. Age.
b. Gender.
c. Ethnicity.
d. Marital status.
*e. All of the options listed are demographic characteristics.

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General Feedback:
Learning objective 2.4: outline the different types of macro-environmental forces. 'Demographics' describe statistics about a population. A population can be characterised by its demographic characteristics: age, gender, race, ethnicity, educational attainment, marital status, parental status and so on. These characteristics influence the behaviour of society as a whole and the individuals within it.

35. The level of consumer awareness of a company's product would be an example of which marketing metric?

*a. Brand equity.
b. Return on investment.
c. Customer satisfaction.
d. Market share.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. Figure 2.7 - Brand equity: Awareness - % of target market; Preference - % of target market; Loyalty - share of category purchases.

36. An organisation recognising the ageing population and offering a 'Seniors' discount for older customers is most likely to be responding to:

a. technological forces.
b. political forces.
*c. sociocultural forces.
d. legal forces.
e. environmental forces.

General Feedback:
Learning objective 2.4: outline the different types of macro-environmental forces. Sociocultural forces is a term used to describe the social and cultural factors that affect people's attitudes, beliefs, behaviours, preferences, customs and lifestyles. Demographic characteristics, such as age, are an example of a sociocultural force to which employers can respond.

37. A new housing estate with landscaping covenants opens in the vicinity of a garden nursery business. In terms of a SWOT analysis, this would represent:

a. a strength.
*b. an opportunity.
c. a threat.
d. a weakness.

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Learning objective 2.5: conduct a preliminary situation analysis. An opportunity is a factor that is potentially helpful to achieving an organisation's objectives. This opportunity will only benefit the garden nursery if it is able to capitalise on the opportunity provided by the new housing estate and its landscaping covenant, by marketing its plants effectively to new home owners and landscapers in the area.

38. The rising use of social networking sites could be attributed to:

a. sociocultural forces.
b. technological forces.
*c. both a and b.
d. legal forces.
e. economic forces.

General Feedback:
Learning objective 2.4: outline the different types of macro-environmental forces. Sociocultural forces including the social and culture factors that affect people's attitudes, beliefs, behaviours, preferences, customs and lifestyles; and technology is about finding a better way to do things. In a wired world, we are connected most of the time, be it to the Internet via a PC, laptop or mobile phone, to our friends via Twitter, or to our work via a Blackberry. People choose to use social networking sites based on their attitudes, beliefs, preferences and customs, and this behaviour is only possible because of lifestyle choices and technological advances.

39. As the recently appointed marketing manager for a growing fashion brand, you spend your first few months in the job understanding the business, your competitors businesses and the marketing environment. The comprehensive understanding you are engaged in is known as:

a. marketing planning.
*b. situational analysis.
c. the competitive analysis.
d. company analysis.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. Situational analysis involves identifying the key factors that will be used as a basis for the development of marketing strategy.

40. Key environmental factors that marketers need to consider when analysing the marketing environment include political, economic, sociocultural, _____ forces.

a. environmental, demographic and legal
b. technological, financial and environmental
c. environmental, financial and global
d. technological, global and legal
*e. technological, environmental and legal

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General Feedback:
Learning objective 2.4: outline the different types of macro-environmental forces. Key environmental factors that marketers need to consider when analysing the marketing environment include political, economic, sociocultural, technological, environmental and legal forces. This view of the macro environment is commonly abbreviated to 'PESTEL'.

41. Social and cultural factors affecting people's attitudes, beliefs, behaviours, preferences, customs and lifestyles are known as:

a. political forces.
b. economic forces.
*c. sociocultural forces.
d. technological forces.
e. environmental forces

General Feedback:
Learning objective 2.4: outline the different types of macro-environmental forces. The term 'sociocultural forces' describes the social and cultural factors that affect people's attitudes, beliefs, behaviours, preferences, customs and lifestyles.

42. Situational analysis, together with the organisations objectives form the basis for developing the marketing plan. Marketing plans are detailed documents; however, commonly, decision makers only read which section?

a. The introduction.
b. The marketing mix strategy.
*c. The executive summary.
d. The conclusion and future recommendations.
e. None of the options listed.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. The executive summary provides a brief overview of the marketing plan. It outlines the main features of the marketing plan and is often the only part of the report that decision makers read. It therefore needs to effectively communicate all the key issues.

43. Brand equity, customer satisfaction, market share and return on marketing investment are all examples of:

*a. marketing metrics.
b. a situational analysis.
c. marketing planning.
d. an environmental analysis.

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e. the marketing environment.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. Marketing metrics are measures that are used to assess marketing performance. The Australian Marketing Institute offers a framework to guide marketers' choice of metrics, which states that metrics should be linked to strategy, and should include a minimum of four elements: (1) return on marketing investment; (2) customer satisfaction; (3) market share in targeted segments; and (4) brand equity.

44. As the marketing manager of Cadbury Chocolate in Australia, you regularly receive reports on your products' brand equity, customer satisfaction, and market share data. These figures are all examples of:

*a. marketing metrics.
b. a situational analysis.
c. marketing planning.
d. an environmental analysis.
e. the marketing environment.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. Marketing metrics are measures that are used to assess marketing performance. The Australian Marketing Institute offers a framework to guide marketers' choice of metrics, which states that metrics should be linked to strategy, and should include a minimum of four elements: (1) return on marketing investment; (2) customer satisfaction; (3) market share in targeted segments; and (4) brand equity.

45. Strengths are the attributes of an organisation that:

*a. are internal factors that are able to be controlled.
b. are internal factors that are not able to be controlled
c. are external factors that are able to be controlled
d. are external factors that are not able to be controlled.
e. None of the options listed.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. Strengths are those attributes of the organisation that help it achieve its objectives: competitive advantages and core competencies. Strengths are considered to be internal factors and therefore directly controllable by the organisation.

46. As part of their regular SWOT analysis, Dell computers reviews their strengths; the attributes of Dell computers that:

*a. are internal factors that are able to be controlled.
b. are internal factors that are not able to be controlled
c. are external factors that are able to be controlled

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d. are external factors that are not able to be controlled.
e. none of the options listed.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. Strengths are those attributes of the organisation that help it achieve its objectives: competitive advantages and core competencies. Strengths are considered to be internal factors and therefore directly controllable by the organisation.

47. Factors that are beyond the organisation's direct control, though the organisation may be able to have some influence over them, are:

a. threats and weaknesses.
b. weaknesses and opportunities.
*c. opportunities and threats.
d. opportunities and strengths.
e. strengths and weaknesses.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. Opportunities are external factors that are *potentially* helpful to achieving the organisation's objectives. Note the emphasis on the word 'potentially' in the previous sentence. Opportunities are only of benefit if the organisation responds effectively to them. Opportunities are factors that are beyond the organisation's direct control, though the organisation may be able to have some influence over them. Threats are external factors that are potentially harmful to the organisation's efforts to achieve its objectives. Like opportunities, threats are beyond the organisation's direct control, but require an effective response by the organisation.

48. If in doing a SWOT analysis an organisation identified that its retail store site was poorly located, this would be an example of:

a. a threat.
b. an external factor that cannot be controlled by the organisation.
c. a strength.
*d. a weakness.
e. None of the options listed.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. Weaknesses are those attributes of the organisation that hinder it in trying to achieve its objectives.

49. Factors that are beyond the organisation's direct control, but require an effective response by an organisation are:

a. weaknesses.
b. strengths and weaknesses.

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c. strengths.
d. opportunities and strengths.
*e. threats.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. Threats are external factors that are potentially harmful to the organisation's efforts to achieve its objectives. Like opportunities, threats are beyond the organisation's direct control, but require an effective response by the organisation.

50. Which of the following should influence an organisation's marketing planning?

a. Situational analysis.
b. Organisational objectives.
*c. Both a and b.
d. Internal organisational factors only.
e. None of the options listed.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. Factual. Before marketers can create an offering for exchange they must understand their current position or situation. Situational analysis involves assessing the current situation in order to clearly state where the company is now. Together with organisational objectives, situational analysis is used as the platform for marketing planning.

51. In a SWOT analysis, an organisation's core competencies and competitive advantages would be classified as:

a. opportunities.
*b. strengths.
c. weaknesses.
d. threats.
e. none of the options listed.

General Feedback:
Learning objective 2.5: conduct a preliminary situation analysis. Strengths are those attributes of the organisation that help it achieve its objectives: competitive advantages and core competencies.

52. SWOT is short for:

a. situation, weakness, opportunities and threats.
*b. strengths, weaknesses, opportunities and threats.
c. situation, weaknesses, opportunities and threats.
d. strengths, weakness, opposition and threats.

General Feedback:

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Learning objective 2.5: conduct a preliminary situation analysis. SWOT is short for strengths, weaknesses, opportunities and threats.

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