Marketing 6th edition Grewal Test Bank

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Chapter 02
Test Bank

1. Strong supplier relations and efficient supply chains help firms such as Walmart achieve operational excellence.
TRUE

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 1 Easy
Learning Objective: 02-01 Define a marketing strategy.
Topic: Supply Chain Management

Feedback: Operational excellence is achieved through efficient operations and excellent supply chain and human resource management.

2. To build a sustainable competitive advantage, companies should focus on a single strategy.
FALSE

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: In most cases, a single strategy, such as low prices or excellent service, is not sufficient to build a sustainable competitive advantage. Firms require multiple approaches to build a “wall” around their position that stands as high as possible.

3. It is not always necessary to go through all the steps in the marketing planning process.
TRUE

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Describe the elements of a marketing plan.
Topic: Elements of the Marketing Plan

Feedback: It is not always necessary to go through the entire process for every evaluation. For instance, a firm could evaluate its performance in Step 5, and then go directly to Step 2 to conduct a situation audit without redefining its overall mission.

4. A mission statement describes the specific actions a firm will take to achieve its goals.
FALSE

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Describe the elements of a marketing plan.
Topic: The Mission Statement

Feedback: A mission statement is a broad description of a firm's objectives and the scope of activities it plans to undertake.

5. iTunes software is often credited with the success of the Apple iPod MP3 player, because it made the iPod easier to use than competing players, and was difficult for competitors to duplicate. This is an example of a sustainable competitive advantage.
TRUE

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: A sustainable competitive advantage is an advantage over the competition that is not easily copied and thus can be maintained over a long period of time. iTunes made the iPod so easy to use that it was difficult for other MP3 players to compete, even at lower prices. Over time, some competitors have created similar tools, but it has been difficult enough to copy that these competitors have never really caught up.

6. STP refers to segmentation, testing, and promotion.
FALSE

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Steps in Market Segmentation

Feedback: STP stands for segmentation, targeting, and positioning.

7. The components of a SWOT analysis are strengths, weaknesses, opportunities, and tactics.
FALSE

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: SWOT Analysis

Feedback: The components of a SWOT analysis are strengths, weaknesses, opportunities, and threats.

8. Firms are typically more successful when they focus on opportunities that build on their strengths relative to those of their competition.
TRUE

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: SWOT Analysis

Feedback: After identifying its target segments, a firm must evaluate each of its strategic opportunities. Firms typically are most successful when they focus on opportunities that build on their strengths relative to those of their competition.

9. Duke's is a surfer-themed restaurant chain in Hawaii. Most of its customers are tourists. In a SWOT analysis for Duke's, the possibility that the recession might cut back on tourism in Hawaii would be considered a weakness.
FALSE

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: SWOT Analysis

Feedback: A recession is an external factor with possible negative results, so it is a threat.

10. Price should be based on the value that the customer perceives as giving them a good value for the product they receive.
TRUE

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Setting Prices

Feedback: As part of the exchange process, a firm provides a product or a service, or some combination thereof, and in return, it gets money. Value-based marketing requires that firms charge a price that customers perceive as giving them a good value for the product they receive.

11. Geraldo manages the electrical turbine engine division of General Electric Corporation. He makes most decisions independently, without consulting headquarters. Geraldo manages a strategic business unit.
TRUE

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: Business Portfolio Analysis

Feedback: A strategic business unit is a division of the firm that can be managed and operated somewhat independently from other divisions and may have a different mission or objectives.

12. The strategic planning process always proceeds sequentially through the five steps.
FALSE

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AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: Strategic Marketing Planning

Feedback: Planning processes can move back and forth between the steps as needed.

13. Isaac is looking for ways to offer new goods and services to his existing customers. He is pursuing a market development strategy.
FALSE

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: This is a product development strategy. A market development strategy offers existing products and services to new customers.

14. SanDisk's MP3 player product line (called the Sansa) has a low relative market share. The MP3 player market is expected to decline over the next few years. In Boston Consulting Group (BCG) portfolio analysis, the Sansa would be considered a dog.
TRUE

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: The BCG Matrix

Feedback: The Sansa has low relative market share in a low-growth market, which is the definition of a dog.

15. The "implement marketing mix" step of the strategic marketing planning process is part of the control phase.
FALSE

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Describe the elements of a marketing plan.
Topic: Elements of the Marketing Plan

Feedback: In the implementation phase, marketing managers identify and evaluate different opportunities by engaging in a process known as segmentation, targeting, and positioning (STP). They then are responsible for implementing the marketing mix using the four Ps.

16. Relative market share is an example of a marketing metric.
TRUE

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Marketing Metrics

Feedback: Relative market share might be used as a metric to evaluate a firm's performance compared to its competitors.

17. Product penetration is one of the four major growth strategies.
FALSE

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: The four major growth strategies are market penetration, product development, market development, and diversification.

18. If a firm wants to develop a sustainable competitive advantage, it should
A. begin an aggressive campaign to buy up competitors.
B. copy the innovative features of other firms that are attractive to customers.
C. examine its operations and customer relations to identify significant things competitors cannot easily copy.

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D. increase its marketing budget so that it outspends its competitors.
E. arrange to meet with competitors to discuss how to avoid direct competition.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: A sustainable competitive advantage comes from doing things that add value and that are not easily imitated by competitors. The other options do not achieve this objective.

19. Which of the following is *not* one of the four overarching strategies to create and deliver value and to develop sustainable competitive advantages?
A. locational excellence
B. customer excellence
C. operational excellence
D. product excellence
E. planning excellence

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: The four overarching strategies are locational excellence, customer excellence, operational excellence, and product excellence.

20. When Ramona, the keynote speaker at a major business leaders' conference, arrived in the middle of the night at the Ritz-Carlton, she was exhausted and her suit was wrinkled from her 10-hour plane trip. The night clerk found someone to dry clean Ramona's suit and have it ready for her morning presentation. She has been a loyal Ritz-Carlton customer ever since. In this example, Ritz-Carlton demonstrated the macro strategy of
A. customer excellence.
B. operational excellence.
C. product excellence.
D. promotional excellence.
E. global excellence.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: The Ritz-Carlton clerk went to extra trouble to offer excellent customer service, which is one way to pursue a customer excellence strategy.

21. Amazon's latest attempt to shore up and enhance its competitive barriers by introducing a home service marketplace that may help it achieve a lasting, powerful advantage is an example of _____ excellence.
A. operational
B. locational
C. customer
D. product
E. service

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: A customer excellence macro strategy, which is one way to pursue a sustainable competitive advantage, focuses on retaining loyal customers and excellent customer service. Amazon's latest attempt to shore up and enhance its competitive barriers by introducing a home service marketplace that may help it achieve a lasting, powerful advantage, is an example of customer excellence.

22. Some banks offer special accounts designed to attract junior high school students. These kids save in such small amounts that the accounts cost banks more to maintain than they are worth; however bankers know that consumers are creatures of habit and hope that the young people they serve now will become adult customers. These banks recognize
A. that operational excellence is an important macro strategy.
B. the lifetime value of customers.
C. that product excellence leads to loyal customers.
D. the importance of making decisions based on short-term results.

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E. that as long as customers bring in some revenue, costs do not matter.

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Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: Viewing customers with a lifetime value perspective rather than on a transaction-by-transaction basis is key to modern customer retention programs.

23. Nordstrom, an upscale department store, has a well-known reputation for going the extra mile to serve its customers. This reputation for excellent customer service will *most likely* result in
A. product design excellence.
B. mission statement satisfaction.
C. sustainable price decreases.
D. a sustainable competitive advantage.
E. producer excellence.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: This is a good example of a potential sustainable competitive advantage based on customer service (i.e., a customer excellence strategy). A sustainable competitive advantage is an advantage over the competition that is not easily copied and can be maintained over a long period of time.

24. Firms achieve _____ through efficient procedures and excellent supply chain management.
A. customer excellence
B. locational excellence
C. customer loyalty
D. value-based pricing
E. operational excellence

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: An operational excellence strategy depends on efficiency throughout the supply chain in order to keep costs low.

25. Marketers want their firms to develop excellent supply chain management and strong supplier relations so they can
A. persuade stores to refuse to carry competitors' products.
B. use their power within the supply chain to force weaker firms to accept less favorable pricing.
C. control prices and lock in margins.
D. create a sustainable competitive advantage.
E. justify charging higher prices than competitors do.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Supply Chain Management

Feedback: Some of the potential answers here represent unethical (and potentially illegal) behavior. The best answer is far simpler—this type of operational excellence helps create a sustainable competitive advantage by keeping costs low.

26. For many years, Southwest Airlines distinguished itself as the low-cost airline. Now, many other low-cost competitors have entered the market. Similarly, Southwest was one of the first airlines to offer online ticketing. Now, all airlines have online ticketing. These examples suggest that
A. no single strategy is likely to be sufficient to build a sustainable competitive advantage.
B. a situation analysis does not accurately predict a firm's strengths.
C. customer excellence cannot be achieved.
D. product excellence is the only true source of a sustainable competitive advantage.
E. innovation is pointless because competitors will develop copycat offerings.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply

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Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: The example shows that competitors strive to copy good ideas. But that doesn't mean innovation is pointless—being the first to do something can still give you an advantage if you do it best, or if you innovate in ways that are difficult to imitate. What this example shows is that you cannot come up with a single idea, stay with it long term, and expect to sustain a competitive advantage. You must always look for new sources of advantage.

27. Customers around the world know Pepsi and consider it a primary "go-to" brand if they want a refreshing drink. This positioning reflects Pepsi's
A. locational excellence.
B. operational excellence.
C. careful targeting and marketing mix implementation.
D. strategic business unit control.
E. supply chain management.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 Describe the elements of a marketing plan.
Topic: Strategic Marketing Planning

Feedback: Customers around the world know Pepsi and consider it a primary "go-to" brand if they want a refreshing drink. This positioning reflects Pepsi's careful targeting and marketing mix implementation.

28. Carla has been directed by her regional marketing manager to cut prices on seasonal items, place an ad in the local paper, and tell distributors to reduce deliveries for the next month. Which step of the strategic marketing planning process is Carla engaged in?
A. evaluate performance
B. define the business mission
C. perform situation analysis
D. implement marketing mix and resources
E. identify and evaluate opportunities

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Elements of the Marketing Plan

Feedback: Carla is dealing with implementation of the marketing mix—price cuts (price), advertising (promotion), and distribution changes (place).

29. When conducting a SWOT analysis, in what phase of the strategic marketing process is an organization presently engaged?
A. planning
B. implementation
C. control
D. segmentation
E. metrics

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Describe the elements of a marketing plan.
Topic: SWOT Analysis

Feedback: SWOT analysis is part of the planning phase.

30. The automobile manufacturing industry closely watches annual consumer satisfaction surveys. For years, Japanese car companies consistently had the highest levels of customer satisfaction, creating a(n) _____ for these companies.
A. strategic marketing plan
B. clear mission statement
C. operational advantage
D. sustainable competitive advantage
E. diversification strategy

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: Satisfied customers, if this satisfaction leads to loyalty, are a source of sustainable competitive advantage.

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31. Which of the following is *least* likely to provide a sustainable competitive advantage?
A. lowering prices
B. having a well-known brand name
C. achieving high levels of customer satisfaction
D. using patented technology
E. creating an efficient supply chain

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: Simply cutting prices is probably the easiest strategic move for a competitor to copy. In contrast, creating an efficient supply chain that lowers your costs, allowing you to pass on those savings to customers in the form of price cuts, can create a sustainable competitive advantage.

32. Even when large discount retailers enter a market, a few small, local retailers survive and prosper. These small retailers have probably developed a(n) _____ that allows them to survive.
A. advertising campaign
B. plan to evaluate results
C. sustainable competitive advantage
D. set of performance metrics
E. SWOT analysis

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: The other items listed could help the retailers develop or evaluate a plan to achieve a sustainable competitive advantage, but on their own they will not be enough. Small retailers usually cannot compete with larger competitors on price. But they might survive by offering services their customers value (and are willing to pay extra to get), by offering specialty products not carried by larger retailers, or by locating in places where the larger stores don't want to (or can't) locate.

33. As part of her company's SWOT analysis, Valerie is assessing the company's internal environment, including
A. competition.
B. the economy.
C. strengths and weaknesses.
D. demographics.
E. opportunities and threats.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: SWOT Analysis

Feedback: The internal components of a SWOT analysis are strengths and weaknesses.

34. Samantha is charged with assessing her company's external environment as part of a SWOT analysis. Samantha will study her company's
A. strengths and weaknesses.
B. sales history.
C. pension plan.
D. product specifications.
E. opportunities and threats.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: SWOT Analysis

Feedback: The external components of a SWOT analysis are opportunities and threats.

35. Manufacturers that use just-in-time manufacturing systems coordinate closely with suppliers to ensure that materials and supplies arrive just before they are needed in the manufacturing process. While just-in-time systems can offer major advantages in terms of inventory costs, they must be carefully managed. If a firm found that its just-in-time system was badly managed, leading to frequent manufacturing delays due to missing parts, this would

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represent a(n) _____ in a SWOT analysis.
A. weakness
B. opportunity
C. threat
D. strength
E. metric

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: SWOT Analysis

Feedback: The management of the just-in-time system is an internal issue; if it is being done badly, that makes it a weakness.

36. For U.S. businesses with strong export capabilities, expansion of U.S. trade agreements with other countries creates
A. weaknesses.
B. opportunities.
C. strengths.
D. threats.
E. strategic plans.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: SWOT Analysis

Feedback: Expansion of trade agreements is an external factor that could be favorable for firms to take advantage of. An external positive factor is an opportunity.

37. In 2006, Ford Motor Company announced it would severely cut back its automobile production. For parts companies supplying Ford its parts, this represented a(n)
A. weakness.
B. opportunity.
C. strength.
D. threat.
E. strategic plan.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: SWOT Analysis

Feedback: For parts companies, Ford's actions represent external factors. A possible cutback in orders is a negative factor. An external negative factor is a threat.

38. Lionel is asked to conduct an STP analysis for his firm. The first step he should perform in this analysis is to
A. develop a business mission statement.
B. choose the best target markets.
C. reposition existing segments.
D. divide the marketplace into subgroups.
E. conduct a SWOT analysis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Steps in Market Segmentation

Feedback: With STP, the firm first divides the marketplace into subgroups or segments, determines which of those segments it should pursue or target, and finally decides how it should position its products and services to best meet the needs of those chosen targets. Business mission development and SWOT analysis take place before STP analysis starts, and targeting and positioning are later stages in STP analysis.

39. In 2006, Walmart announced that it would begin selling organic food products. In doing so, Walmart was *most likely* trying to
A. gain government subsidies.
B. attract a different market segment.
C. reduce its costs.

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D. save the environment.
E. offset cost-based pricing pressure.

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Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Target Markets

Feedback: Walmart was probably trying to attract customers who didn't shop there because they wanted to buy organic products. These customers represented a different market segment for Walmart.

40. For years, when considering new products, marketers at Celestial Seasonings asked themselves, "What would Stacy think?" Stacy was a fictional character representing 25- to 50-year-old educated, upper-income women who rarely watched television but did a lot of reading. "Stacy" represented Celestial's primary
A. mission statement.
B. positioning.
C. SBU.
D. target market segment.
E. sustainable competitive advantage.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Target Markets

Feedback: Stacy was created to help Celestial's marketers understand its major target market segment. The segment is more than just a demographic. It includes elements of Stacy's behavior (reading instead of TV). Stacy isn't Celestial's positioning—rather, the company needs to position its products to help women like Stacy understand the value Celestial products can offer them.

41. After identifying various market segments that her company could pursue, Lisa evaluated each segment's attractiveness based on size, income, and accessibility. Lisa was involved in
A. target marketing.
B. situation analysis.
C. diversification.
D. positioning.
E. market penetration estimation.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Target Markets

Feedback: A key component of target marketing is the evaluation of potential target segments' attractiveness.

42. LeBron James, Stephen Curry, and other athletes are paid huge sums of money by companies for celebrity endorsements. If endorsements by these athletes create a clear understanding among consumers of the companies' products in comparison to competing products, they can help with the firm's _____ strategy.
A. product excellence
B. targeting
C. positioning
D. segmentation
E. customer excellence

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Positioning

Feedback: Positioning is the creation of a clear, distinct understanding of what the product does or represents compared to competitors. Celebrity endorsers are often used to convey this message.

43. _____ involves the process of defining the marketing mix variables so that target customers have a clear, distinctive understanding of what a product does or represents in comparison with competing products.
A. Targeting
B. Market segmentation

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C. A sustainable competitive advantage
D. Positioning
E. A customer excellence strategy

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Positioning

Feedback: This is the definition of *positioning*, which is the final activity in STP analysis.

44. Imagine that you are in a convenience store choosing your favorite "comfort" food instead of being in a classroom taking this test. You might notice the packaging, colors, labels, even the fonts used on labels. All of these efforts are part of the marketer's
A. value-based promotions.
B. market segmentation.
C. positioning strategy.
D. customer excellence strategy.
E. target market.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Positioning

Feedback: Packaging, colors, labels, and fonts all contribute to the consumer's impressions of a product and to their understanding of what it offers. This is therefore part of the product's positioning.

45. When positioning products relative to competitors' offerings, firms typically are most successful when they focus on opportunities
A. that build on their strengths relative to those of their competition.
B. for diversification.
C. in international markets.
D. where value-based pricing can be ignored.
E. where customer excellence can be substituted for product excellence.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Positioning

Feedback: Firms typically are most successful when they focus on opportunities that build on their strengths relative to those of their competition.

46. Many small businesses whose competitors are national franchises advertise "we are locally owned" or "we have been here since 1951." This is part of these firms'
A. business mission.
B. market segmentation strategy.
C. positioning strategy.
D. customer excellence strategy.
E. target market.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Positioning

Feedback: These firms are positioning themselves against the competition, emphasizing their local presence in order to suggest that this local experience helps them do a better job of serving consumers.

47. Among Internet users, some do research online, some shop, some look for entertainment, and many do all three. Each of these groups would be called a
A. strategic group.
B. strategic business unit.
C. market segment.
D. cash cow.
E. marketing metric.

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Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Steps in Market Segmentation

Feedback: Among Internet users, some do research online, some shop, some look for entertainment, and many do all three. Each of these groups might be a market segment consisting of consumers who respond similarly to a firm's marketing efforts.

48. Suppose your university made a sizable investment in its career services—additional counselors, increased efforts to bring in recruiters, and other services aimed at helping students find jobs. This investment would enhance the university's _____ in an attempt to create value for students and recent graduates.
A. segmentation strategy
B. place strategy
C. locational excellence strategy
D. diversification strategy
E. product value

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Product Value Creation

Feedback: The product the students buy—a degree—is enhanced by the ability to find a good job after graduation. Thus, this additional investment is related to the product value.

49. The idea of value-based marketing requires firms to charge a price that
A. covers costs and generates a modest profit.
B. includes the value of the effort the firm put into the product or service.
C. captures the value customers perceive that they are receiving.
D. prioritizes customer excellence above operational excellence.
E. matches competitors' prices.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Pricing Strategy

Feedback: Value-based marketing is related to customers' perceived value. If a price is set too high, it will not generate much volume. If a price is set too low, it may result in lower-than-optimal margins and profits. Therefore, price should be based on the value that the customer perceives.

50. E-books, in addition to being an alternative product form, provide _____ value creation since they can be downloaded via the Internet immediately when and where they are needed.
A. product
B. place
C. promotion
D. price
E. primary

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: The Four Ps

Feedback: Place refers to getting products to customers when and where they need/want them. This is what electronic downloading of e-books offers.

51. In value-based marketing, the promotion element of the four Ps communicates the _____ to customers through a variety of media.
A. mission statement
B. operational excellence strategy
C. value proposition
D. relative market value
E. target market definition

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

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Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Role of Promotion

Feedback: The value proposition is the value of the firm's offering, as explained to the target market. Promotion is responsible for communicating this value proposition via a variety of media.

52. When marketers use a variety of communication disciplines—advertising, personal selling, sales promotion, public relations, direct marketing, and online marketing including social media—in combination to communicate a value proposition to the customer, it is referred to as
A. integrated marketing communications.
B. multimedia marketing.
C. diverse marketing communications.
D. comprehensive promotion.
E. managed marketing communications.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: IMC

Feedback: Integrated marketing communications (IMC) represents the promotion P of the four Ps. It encompasses a variety of communication disciplines—advertising, personal selling, sales promotion, public relations, direct marketing, and online marketing including social media—in combination to provide clarity, consistency, and maximum communicative impact.

53. Google and other search engines allow marketers to bid to have their ads shown when consumers search keywords related to the firm's products. These marketers are attempting to create value through
A. product.
B. price.
C. promotion.
D. place.
E. cost-based measures.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Role of Promotion

Feedback: Ads displayed in search engines are an example of promotion.

54. Craig sees that his company's quarterly sales and profits are significantly above projections and says, "That's great. Let's keep doing what we've been doing." Craig is ignoring the _____ step of the marketing planning process.
A. evaluate performance
B. define the business mission
C. perform situation analysis
D. implement marketing mix and resources
E. identify and evaluate opportunities

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Elements of the Marketing Plan

Feedback: Craig should still evaluate performance, even if results were good. There's always a chance that he was successful due to luck, not due to the quality of his plan. There's also a chance that he did well, but that he could have done even better with a stronger plan.

55. The first objective in the evaluate performance phase of the marketing planning process is to
A. determine whether to raise or lower prices.
B. adjust advertising allocations.
C. find ways to cut costs.
D. review implementation programs and results using metrics.
E. consider changing the target market.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Elements of the Marketing Plan

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Feedback: The starting point for evaluating performance is to compare goals to actual performance and, for any goals not met, to review implementation programs looking for explanations.

56. As it pertains to the marketing plan, understanding the causes of performance, regardless of whether that performance exceeded, met, or fell below the firm's goals
A. enables firms to make appropriate adjustments.
B. allows managers to demonstrate their effectiveness.
C. offers insights into crafting an appropriate mission statement.
D. should always be followed by eliminating underperforming SBUs.
E. allows firms to better assess customer loyalty.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Elements of the Marketing Plan

Feedback: Once the causes of above- or below-goal performance are understood, firms can decide how the marketing plan should be adjusted. Some of the other answers might be true in some cases, but not in every case.

57. A regional manager at GNC, a chain of retail stores selling nutritional supplements, is reviewing sales data after a recent in-store promotion. The data show success in some stores and limited response in others. To understand the differences between stores, the manager will probably next review the company's
A. financial statements, to investigate current and past profits.
B. brand awareness study, to assess national levels of awareness.
C. implementation programs, to see if the promotion was handled consistently in the different stores.
D. mission statement, to see if it needs adjusting.
E. analysis of national trends in vitamins and herbal supplements, to help predict future sales.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Elements of the Marketing Plan

Feedback: The manager should seek to understand the differences in implementation programs between the different stores. Perhaps she will find that the successful stores did things the other stores didn't. While studies of national trends might offer interesting and useful information for the overall planning process, to understand the difference between stores she needs to focus at a local level.

58. After conducting STP analysis for her custom auto parts store and developing strategies for each of the four Ps, Monique now has to make _____ decisions.
A. competitive response
B. resource allocation
C. market growth
D. product line
E. mission statement

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: The Marketing Plan

Feedback: Monique has chosen a target market, determined positioning strategies, and developed marketing mixes. She now has to consider available resources and determine how they will be allocated across the different options available for implementation.

59. Lamar owns four dry cleaning stores in the suburbs of Orlando, Florida. He recently updated his STP analysis, and has just finished adjusting his marketing mix based on the STP results. His next strategic marketing decision will *most likely* involve determining
A. how Disney World crowds will impact his business.
B. which employees to promote or fire.
C. how to allocate resources among his four stores.
D. what new government regulations might create opportunities or threats.
E. when to shift from a customer excellence to an operational excellence strategy.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Elements of the Marketing Plan

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Feedback: Lamar should already have considered a strategy shift in an earlier step of the planning process, and should have evaluated the impact of Disney World and of possible government regulation in a situation analysis. After STP analysis, he should be considering his implementation plan for the four Ps and deciding how to allocate resources. In this case, he could invest equally in all four stores, or he could adjust his allocations according to the situation at each store.

60. In most companies, portfolio management is typically done at the SBU or _____ level of the firm.
A. corporate
B. product line
C. customer care
D. sales representative
E. accounting

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: Business Portfolio Analysis

Feedback: In general, marketing resources are allocated to SBUs or product lines. The corporate level is too high unless it is a very small company with just a single product line, and the sales representative level is generally too low.

61. A(n) _____ is a group of products that consumers may use together or perceive as similar in some way.
A. SBU
B. STP
C. product line
D. market segment
E. promotional service

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: Product Line

Feedback: This is the definition of a *product line*.

62. Heather has been assessing several of her firm's products using the Boston Consulting Group (BCG) approach to portfolio analysis. She has been trying to assess the strength in a particular market and is looking at the sales of the product and the overall market as well as the sales of competitors. Heather is trying to determine
A. the product's relative market share.
B. the market growth rate.
C. a source of competitive advantage.
D. the impact of population shifts on future demand.
E. cash equivalent values for each product.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: The BCG Matrix

Feedback: A company's relative share of a market is determined by comparing its market share to market shares of competitors.

63. To determine how attractive a particular market is using the BCG portfolio analysis, _____ is(are) established as the vertical axis.
A. competitive intensity
B. sales dollars
C. market size
D. market growth rate
E. market profit potential

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: The BCG Matrix

Feedback: The BCG matrix uses market growth rate on the vertical axis and relative market share on the horizontal axis. The other factors are not unimportant—they are simply not part of BCG portfolio analysis.

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64. In BCG portfolio analysis, products in low-growth markets that have received heavy investment and now have excess funds available to support other products are called
A. stars.
B. cash cows.
C. question marks.
D. dogs.
E. anchors.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: The BCG Matrix

Feedback: Cash cows are product lines with high relative market share as the result of past investment, but in low-growth markets. They typically generate excess cash that can be used to support other product lines.

65. Fernando was thrilled to find out that his company had just decided to invest a great deal of money in the product he was managing. He knows that even with its recent high rate of growth and the fact that it dominates its market, he would need more money to establish it firmly. Using the BCG portfolio analysis, his product would be classified as a(n)
A. star.
B. cash cow.
C. question mark.
D. dog.
E. anchor.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: The BCG Matrix

Feedback: A product with high relative market share in a high-growth market, in BCG analysis, is called a star. Stars typically require investment in order to continue to grow and to maintain or improve their market positions.

66. Using the BCG portfolio analysis, a "dog" should be phased out unless
A. its marketing manager is a champion of the product.
B. additional resources could increase its relative market share slightly.
C. it complements or boosts the sales of another product.
D. the market has a small chance of rebounding.
E. none of these. Dogs should be phased out.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: The BCG Matrix

Feedback: Dogs can be worth keeping if they assist with the sales of another more successful product.

67. The strategic marketing planning process
A. is a five-step process that should always be completed in order.
B. is frequently used in reverse.
C. begins with establishing specific, measurable outcomes.
D. is not always sequential.
E. forces marketing managers to think rationally.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: Strategic Marketing Planning

Feedback: While the steps of the process are often executed in order, sometimes a firm may jump from a later step back to an earlier one to make adjustments. Metrics are established later in the process. And while the planning process may help managers think more clearly, irrational plans can still be developed.

68. Which of the following is *not* one of the four major growth strategies marketers typically utilize?

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A. market penetration
B. market development
C. segment development
D. diversification
E. product development

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: The four growth strategies are market penetration, market development, product development, and diversification.

69. Adrienne decides to add new sales representatives and increase advertising to increase sales in her existing market for her current line of security systems. Adrienne is pursuing a _____ growth strategy.
A. segment development
B. market development
C. market penetration
D. diversification
E. product development

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 2 Medium
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: Adrienne is trying to sell more of her current products to current customers, which is a market penetration strategy.

70. A _____ growth strategy employs the existing marketing offering to reach new market segments.
A. product proliferation
B. market development
C. market penetration
D. diversification
E. product development

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: This is the definition of a *market development strategy*.

71. Quitman Enterprises sells its business language dictionary to college students throughout the United States. Joseph Quitman, the owner, wants to start selling the book to international students abroad. Quitman wants to pursue a _____ growth strategy.
A. product proliferation
B. market development
C. market penetration
D. diversification
E. product development

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: Since Quitman wants to sell an existing product to new customers, this is a market development strategy.

72. When Marvel launched several successful series on Netflix, including , , , and , it employed a _____ strategy.
A. product development
B. customer development
C. market penetration
D. market development
E. diversification

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: When Marvel launched several successful series on Netflix, including and , it employed a product development strategy.

73. H&R is a small, local heating and air conditioning business. The local military base is a potential source of growth, and H&R already installs and services the type of equipment the military would require, but it is difficult to get established as a certified government contractor. H&R is considering a _____ growth strategy.
A. product proliferation
B. market development
C. market penetration
D. diversification
E. product development

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: This is a market development strategy because the military is a new type of customer, but H&R's current offerings would be used.

74. Many states create licensing requirements for a variety of professionals (such as lawyers and accountants) designed to restrict entry into their market by professionals from other states. This strategy limits _____ growth strategies.
A. product proliferation
B. market development
C. market penetration
D. diversification
E. product development

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: By restricting the ability of lawyers and other professionals to easily expand their businesses across state lines, states are preventing these professionals from selling existing services to new customers. These would be market development opportunities.

75. Marketers who design and offer new products and services to their existing customers are pursuing a _____ growth strategy.
A. product proliferation
B. market development
C. market penetration
D. diversification
E. product development

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: A product development strategy offers a new product or service to a firm’s current target market.

76. Most banks now have customer relationship software that, when a customer contacts the bank, tells the service representative what types of accounts, loans, and credit cards the customer currently has. Service representatives use this information to sell some of the other services the bank currently offers to these customers. This is a _____ growth strategy.
A. product proliferation
B. market development
C. market penetration
D. diversification
E. product development

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

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Feedback: A market penetration strategy employs the existing marketing mix and focuses the firm's efforts on existing customers. Such a growth strategy might be achieved by attracting new consumers to the firm's current target market or encouraging current customers to patronize the firm more often or buy more merchandise on each visit.

77. Maryam phoned her auto insurance agent to renew her policy. The agent told her about new types of insurance now available—to cover her apartment, or even the engagement ring she just got from her fiancé. The agent was pursuing a _____ growth strategy.
A. product development
B. market development
C. market penetration
D. diversification
E. product proliferation

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: The agent is trying to sell new types of insurance to a current customer, which is a product development strategy.

78. Introducing newly developed products or services to a market segment the company is not currently serving is called
A. product development.
B. market development.
C. market penetration.
D. diversification.
E. product proliferation.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: A diversification strategy introduces a new product or service to a market segment that currently is not served.

79. Zara is a women's clothing retailer headquartered in Spain, with stores located in many countries. Zara has developed a "quick response" system that allows store merchandise to be adjusted rapidly to fit changing customer preferences. Every aspect of Zara's operation is optimized for this system, making it difficult for competitors like The Gap to duplicate. Zara has established
A. customer loyalty.
B. locational excellence.
C. a diversification growth strategy.
D. a sustainable competitive advantage.
E. a related diversification opportunity.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: Zara has established an advantage that is difficult to copy—this is a sustainable competitive advantage.

80. Fourteenth National Bank prides itself on offering better service than any of its competitors. If this is accurate, and if customers recognize and value Fourteenth National's superior service, the bank creates and delivers value through
A. promotional excellence.
B. product excellence.
C. operational excellence.
D. global excellence.
E. customer excellence.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: Superior service is a key facet of a customer excellence strategy.

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81. Anita has gone to the same hair salon for the past ten years. She believes that her stylist, the salon owner, does a better job of cutting and styling her hair than anyone else could. Other salons have opened closer to Anita's home, some offering more plush facilities or lower prices, but she isn't tempted to switch. Anita's attitude toward the salon is an example of
A. a sustainable competitive advantage.
B. a customer retention program.
C. an opportunity, in SWOT analysis.
D. customer loyalty.
E. the benefits of a locational excellence strategy.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: By refusing to consider competitive offerings and staying in a long-term relationship with the salon, Anita is demonstrating loyalty to her stylist and salon. If the salon has a large number of loyal customers due to the quality of its service, that could be considered a sustainable competitive advantage, but one loyal customer isn't enough to establish that.

82. Customer retention programs are based on what concept?
A. Customer excellence is the easiest macro strategy to follow.
B. Customer relationships should be viewed from a lifetime value perspective rather than on a transaction-by-transaction basis.
C. It is important to maximize profits in the first few months of a customer relationship.
D. Segmentation, targeting, and positioning analysis should not be rushed.
E. Firms must spend large amounts of money to retain customers.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: Taking a lifetime value view of customer relationships demonstrates that profits through the entire relationship matter more than short-term profitability. While it is true that STP should not be rushed, this is not the focus of customer retention programs. Maximizing profits at the expense of relationships is almost the opposite of customer retention programs, since it focuses on quick profits at the possible expense of larger profits in the long run. The other two incorrect choices may be true in a few instances but they are often not true; customer excellence can be extremely difficult to achieve, and customer retention does not necessarily demand high levels of spending.

83. Most banks implement customer retention programs aimed at their best customers. They do this because they know that retaining customers usually results in
A. a product development growth strategy.
B. an operational advantage.
C. opportunities for diversification.
D. increased long-term profits.
E. more clearly defined market segments.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: Customer retention programs recognize that it is often worth spending something in the short term to keep a customer in the long term. This approach looks at the value of the customer relationship on a lifetime basis instead of considering only the current transaction.

84. Some universities offer online degree programs, competing with traditional colleges based on the convenience of taking online courses. These online programs are *most likely* pursuing which macro strategy?
A. customer excellence
B. locational excellence
C. operational excellence
D. product excellence
E. purchase excellence

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

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Feedback: Locational excellence refers to having a good physical location and Internet presence. Online courses are available anywhere, as long as the student has Internet access and a computer or mobile device.

85. When a pharmaceutical company develops a new medication, it typically applies for a patent in order to prevent competitors from developing copycat products for several years. Pharmaceutical companies apply for patents to establish
A. an operational excellence macro strategy.
B. a market penetration growth strategy.
C. a sustainable competitive advantage.
D. an efficient supply chain.
E. product efficiency.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: The patent protects the company's product from imitation, thus creating a competitive advantage that is sustainable through the life of the patent.

86. One example of a customer loyalty program is
A. a "frequent diner" card at a restaurant, offering a free appetizer for every $100 in food purchases.
B. a quantity discount offered for large purchases at an office supply store.
C. seasonal sales on top-selling items.
D. an "everyday low price" policy on all products at a grocery store.
E. an extensive customer service training program for new employees at a hair salon.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: A "frequent diner" program gives a customer an incentive to visit the restaurant more often, even if competitors try to win customers away with special menus or other offers, because the customer wants to earn the rewards that come with frequent visits.

87. Which of the following is the third step in the marketing planning process?
A. define the business mission
B. identify and evaluate opportunities
C. evaluate using a matrix
D. implement marketing mix and allocate resources
E. perform situation analysis

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Describe the elements of a marketing plan.
Topic: Elements of the Marketing Plan

Feedback: The steps, in order, are: (1) define the business mission, (2) perform a situation analysis, (3) identify and evaluate opportunities, (4) implement marketing mix and allocate resources, and (5) evaluate performance.

88. In mid-2010, Hewlett-Packard Company (HP) acquired Palm Computing Inc., a manufacturer of personal devices and smartphones. Before deciding to acquire the company, strategic planners at HP spent time thinking about how Palm and HP would "fit" together, and how the acquisition might change HP's core goals and objectives. The strategic planners were engaged in the _____ step of the marketing planning process.
A. perform situation analysis
B. implement marketing mix and allocate resources
C. identify and evaluate opportunities
D. evaluate performance
E. define the business mission

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-02 Describe the elements of a marketing plan.
Topic: Strategic Marketing Planning

Feedback: By considering questions of "fit" and changing objectives, the planners are considering HP's business mission and how the acquisition might change it.

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89. After defining the business mission, what should a firm do next to develop a marketing plan?
A. conduct an STP analysis
B. perform a situation analysis
C. develop a positioning strategy
D. select a target market
E. implement the four Ps

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Describe the elements of a marketing plan.
Topic: Elements of the Marketing Plan

Feedback: A situation analysis is the second step of the marketing planning process.

90. In a SWOT analysis, increasing gasoline prices would represent a potential _____ for manufacturers of electric cars.
A. weakness
B. threat
C. opportunity
D. operational advantage
E. locational advantage

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: SWOT Analysis

Feedback: Higher gas prices should make consumers more likely to consider buying electric cars, so this is a positive factor. It is external to the firm since it is beyond the firm's control. An external positive factor is an opportunity.

91. A former advertising campaign for GEICO Insurance used the slogan "So easy, even a caveman could do it" to emphasize the ease of buying insurance on GEICO's website. This campaign was part of GEICO's
A. mission statement.
B. market segmentation plan.
C. product strategy.
D. customer excellence strategy.
E. positioning strategy.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Positioning

Feedback: GEICO is seeking to define itself in customers' minds as a very easy way to save money on insurance, in order to distinguish it from its competitors. This is the nature of positioning.

92. Abercrombie & Fitch, a clothing retailer, includes a "SHARE" link on the product pages of its website. This link encourages an Abercrombie customer to post a link (perhaps showing a new style of jeans) on Facebook or Twitter. Abercrombie & Fitch hopes that the customer's friends (who are probably very much like current customers) will click the link, visit the page, and make purchases. This is an example of a _____ growth strategy.
A. product proliferation
B. market development
C. market penetration
D. diversification
E. product development

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: In this situation, Abercrombie & Fitch is trying to sell more of its existing products to its current target market, which is a market penetration strategy. Market development would involve attracting new market segments, but the company is assuming that the friends of current customers will be similar to those customers (and thus part of the same market segment).

93. Sodexo is a corporation that manages school cafeterias, university dining halls, mess halls at military bases, concession stands at sports arenas, and

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other large-scale food service facilities. If Sodexo were to begin to sell individual frozen meals in supermarkets, it would be pursuing a _____ growth strategy.
A. product development
B. market development
C. market penetration
D. diversification
E. product proliferation

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: Individually packaged frozen meals would be a new product area for Sodexo (even though it is still a food, the manufacturing process would be quite different from the bulk food service required by cafeterias and dining halls). Consumers in grocery stores would also be a new market, since Sodexo currently serves universities, the military, and the like. Thus, with a new market and a new product, this would be an example of diversification.

94. Singapore Airlines seeks to differentiate itself from competing airlines, in part through innovative design of its airplane seats and in-flight entertainment systems. Through continuous innovation in these areas, Singapore Airlines is pursuing a(n) _____ macro strategy.
A. customer excellence
B. global excellence
C. locational excellence
D. operational excellence
E. product excellence

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: The innovations described are in the area of the product offering, and so they represent product excellence.

95. 3M involves its customers in the process of developing new products. In this way, it can benefit from current customers' insights and develop new products that will meet these customers' needs. 3M is pursuing a _____ growth strategy.
A. diversification
B. market development
C. market penetration
D. product development
E. product penetration

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: While some of the new products may attract new markets (which would represent diversification), the initiative described is aimed primarily at developing new products to serve current customers, and so represents a product development strategy.

96. Over the last few months, Juan and his colleagues have analyzed the current business situation and identified target markets for his firm's personal care products. Finally, they developed the products, prices, distribution, and promotion that should appeal to each of those target markets. In doing so, Juan has also identified what he believes is an advantage his competitors cannot match. Juan and his colleagues have been developing
A. a business mission statement.
B. a strategic vision.
C. team-building exercises.
D. a marketing strategy.
E. competitive assessments.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: The question describes the situation analysis, STP, and positioning steps of developing a marketing strategy, as well as a potential sustainable competitive advantage.

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97. Gerald's Tire Store sets itself apart from competitors by the extra attention it pays to retaining loyal customers by providing fast, courteous service in a clean, professional-looking environment. Gerald's has used this strategy for over 40 years, expanding to 15 outlets. Gerald's Tire Store has created a _____ macro strategy to create and deliver value and to develop a sustainable competitive advantage.
A. supply chain excellence
B. locational excellence
C. product excellence
D. diversification excellence
E. customer excellence

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: Gerald's Tire Store has a macro strategy focusing primarily on customer excellence, based on the quality of customer service mentioned in the question.

98. Which of the following is the *best* way to build a sustainable competitive advantage using product excellence?
A. being the first to offer customers desired features, even if competitors can copy them easily
B. positioning the product using a clear, distinctive brand image
C. having the most features on each model
D. focusing on being cutting edge and continually eliminating older features that are still in use by customers
E. copying the market leader's features, but at a lower cost

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: The incorrect options all describe ways to create new product models that are probably easy for competitors to copy (or that, in one case, copies competitors' offerings). A clear, distinct positioning, though, offers a more sustainable advantage through product excellence.

99. A competitive advantage based on location is often sustainable because
A. mobile marketing has not yet proven its value for most customers.
B. real estate prices have been dropping.
C. few marketers are aware of its importance yet.
D. it is not easily duplicated.
E. the Internet has diminished the importance of brick-and-mortar stores.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: If you have a wide variety of locations in prime areas, that's difficult (and often expensive) for a competitor to duplicate. While some of the other answers are true statements, they don't explain why a locational excellence strategy tends to be sustainable.

100. Four companies dominate the cereal industry. These firms produce in large volumes, promote heavily, and control access to the supermarket shelves through "slotting allowances," which are payments to retailers in return for shelf space. Combined, these four firms have
A. identical marketing mixes.
B. customer excellence.
C. a sustainable competitive advantage.
D. achieved product excellence.
E. violated laws governing competition.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: While some of the other statements might be true, we don't have enough information in the question to draw those conclusions. But what's been described is a sustainable competitive advantage because it's so difficult for another competitor to break into the market.

101. Value creation through place decisions for a consumer product involves
A. putting the product in the front of the store.

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B. designing creative displays to capture consumers' attention.
C. pricing products differently at different stores.
D. making sure the product is available in the stores where customers will want to find it, and that it is always in stock so they can buy it when they want to.
E. focusing exclusively on Internet sales to reduce supply chain costs.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: The Four Ps

Feedback: Value creation through place has to do with making sure the product is available when and where the customer wants it. Some of the other options (like the creative displays, or putting the product in the front of the store) may cause more consumers to notice the product, but the correct answer is the one that best describes ensuring that the product is available to the customer.

102. In recent years, cellular (mobile) service providers have worked hard to eliminate "dead zones," providing customers with service wherever they traveled. By working to make the network available in more locations, cellular service companies were focusing on _____ value creation.
A. product
B. price
C. promotion
D. place
E. financial

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: The Four Ps

Feedback: By making sure the mobile network is available to use where and when customers want it, cellular service companies are working on place value creation.

103. When firms successfully implement poor strategies (perhaps due to good luck) or do a poor job of implementing good strategies, it can be difficult to
A. generate cost-based performance ratios.
B. evaluate performance and make adjustments.
C. increase product excellence without reducing customer excellence.
D. develop segmentation strategies.
E. choose a business mission.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Elements of a Marketing Strategy

Feedback: Good luck may mask the weaknesses in a bad strategy, and poor execution may mask the strengths of a good strategy, making evaluation difficult in both cases.

104. In 2007, Apple Computer introduced its new iPhone, adding a cellular telephone, a camera, and Internet access to its iPod. The company was pursuing a(n) _____ strategy.
A. market development
B. market penetration
C. operational excellence
D. customer excellence
E. product development

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

Feedback: Apple was creating a new product for its existing customers, which is a product development strategy. Some people might believe that the iPhone wasn't for Apple's existing customers, but was for new customers, which would make "diversification" the best answer. But since that answer isn't offered, "product development" is the best of the remaining examples.

105. Allen is in the marketing department of a midsized firm that develops and sells communications systems. He is proud of the human resource area

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in the company that provides the firm with excellent employees. Allen himself really enjoys his work, but he knows the work of HR helps create an operational advantage for the firm because of all the following *except*
A. customers appreciate the kind of service that knowledgeable employees provide.
B. employees play a major role in the success of the firm.
C. it is easier to communicate with and inspire the customer if the employees believe in what the firm is doing.
D. building customer loyalty depends on a committed workforce.
E. the company provides products with a high perceived value.

AACSB: Teamwork
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: Excellence in human resource management is one aspect of operational excellence for all of the reasons listed except the company provides products with a high perceived value. This relates to product excellence, not operational excellence.

106. Which of the following actions would be the *most likely* to support and enhance an operational excellence macro strategy?
A. Singapore Airlines installing more comfortable seats in the economy-class cabins of its airplanes
B. 3M Corporation implementing new software to improve communication with its suppliers
C. Adidas inviting customer suggestions to guide the design of the next generation of shoes
D. Nike opening hundreds of new company stores in high-traffic shopping areas
E. McDonald's lowering prices on its coffee drinks

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: By improving communication with its suppliers, 3M would probably improve efficiency of the supply chain, which is how firms achieve operational excellence. The ability to offer lower prices, as in the McDonald's example, is a potential benefit enjoyed by firms that achieve operational excellence, but lower prices do not help create operational excellence.

107. Which of the following factors, listed in a situation analysis for a major U.S. auto manufacturer, is the *best* example of a threat?
A. The factory that manufactures a new, popular car cannot build enough vehicles to meet the demand, while other factories have excess capacity.
B. Recent consumer studies have indicated that Chinese consumers prefer American cars.
C. A New York law firm has filed a $10 million class action suit against the company on behalf of car owners whose gas tanks exploded.
D. Due to outdated engine technology, the company's cars get lower gas mileage than those of major competitors.
E. The company has lower manufacturing costs than its key competitors, allowing it to sell its cars at low prices.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: SWOT Analysis

Feedback: A threat is an external negative event. Being the target of a lawsuit is certainly a negative event, and the law firm is external to the company. Problems in balancing manufacturing capacity are internal to the firm and so are weaknesses. Potential demand in China is a positive external factor—an opportunity. A lower cost structure is a positive internal factor—a strength. The gas mileage issue might sound like a threat in that competitive offerings are superior, and competitors are external to the firm; however, the example states that gas mileage is inferior due to outdated technology, which is an issue internal to the firm.

108. Which of the following factors, listed in a situation analysis for a major U.S. auto manufacturer, is the *best* example of an opportunity?
A. The factory that manufactures a new, popular car cannot build enough vehicles to meet the demand, while other factories have excess capacity.
B. Recent consumer studies have indicated that Chinese consumers prefer American cars.
C. A New York law firm has filed a $10 million class action suit against the company on behalf of car owners whose gas tanks exploded.
D. Due to outdated engine technology, the company's cars get lower gas mileage than those of major competitors.
E. The company has lower manufacturing costs than its key competitors, allowing it to sell its cars at low prices.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: SWOT Analysis

Feedback: An opportunity is an external positive event. Potential demand in China could be a positive thing for the company, and since it deals with Chinese consumers it is an external factor. A lower cost structure is a positive internal factor—a strength. The remaining factors are negative, and so cannot be opportunities.

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109. The global athletic footwear market is expected to experience only very slow growth over the next several years. Nike is the market leader. According to Boston Consulting Group portfolio analysis, how should Nike treat its athletic shoe business?
A. Nike will probably have to invest heavily in the athletic shoe business, including extensive promotions and new production facilities.
B. Nike should consider exiting the athletic shoe market.
C. Nike should stop investing in its athletic shoe business; it has already reaped all the benefits it is likely to receive.
D. Nike's athletic shoe business still requires some investment, but it is likely to produce excess resources that can be invested in other divisions of the company.
E. Nike should invest in the athletic shoe market only if it helps boost the sales of other products in fast-growing markets.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Evaluate
Difficulty: 3 Hard
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: The BCG Matrix

Feedback: A market leader in a low-growth market is, in BCG terms, a cash cow. This means that, although Nike certainly wants to maintain its market leadership position, the athletic shoe business can be expected to generate excess resources that can be invested in other areas of the company. This question deals with the athletic shoe market as a whole—note that there could be niches that are growing rapidly, and where heavier investment might be warranted.

110. Subway is a large chain of franchise sandwich shops. Marcia owns three Subway stores in a large city. At the end of the year, she notes that sales rose from 2 to 5 percent over last year's sales at Stores 1 and 2, but fell 2 percent at Store 3. Based on this information, which of the following is the *best* course of action as to how Marcia should reward (or punish) her store managers?
A. She should give bonuses to the managers of Stores 1 and 2, and put the Store 3 manager on probation.
B. She should ignore the sales data; they are not an appropriate marketing metric.
C. She should give each manager a raise, tied to the store results.
D. She should review at least 10 years of sales data about her stores' performance before making a decision.
E. She should seek more information about why the stores had different results before making a decision.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Evaluate
Difficulty: 3 Hard
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: Elements of the Marketing Plan

Feedback: There could be a reason why one store performed more poorly than the others that is outside the store manager's control. For example, perhaps it is located in a shopping center that has lost tenants and has several empty storefronts. The shopping center would probably experience reduced traffic, which would likely hurt sales at the Subway shop.

111. Coca-Cola sells two different zero-calorie versions of Coke: Diet Coke and Coke Zero. It has chosen to attempt to appeal to men with Coke Zero. In addition to launching an ad campaign featuring men enjoying Coke Zero, Coca-Cola also designed a masculine-looking can for Coke Zero, with bold red lettering on a black background. This specially designed can is an example of
A. positioning.
B. targeting.
C. segmentation.
D. a market segment.
E. market penetration.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Positioning

Feedback: Segmentation and targeting decisions have already taken place at this point, with the decision to target men with the Coke Zero introduction. The can design is one element of the marketing mix, attempting to give men an understanding that this drink is designed for them.

112. Delta Airlines is among the companies experimenting with selling products and services on their Facebook pages. The idea is to make purchasing even easier for customers who may spend large portions of the day with Facebook active on their computers or mobile devices. There is no need even to navigate to Delta's website—users can book a trip in Delta's "Ticket Agent" application without ever leaving Facebook. Which element of the marketing mix does this represent?
A. product and value creation
B. price and value capture
C. place and value delivery
D. promotion and value communication
E. positioning and value promotion

AACSB: Technology

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Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: The Four Ps

Feedback: Place is the element of the marketing mix that relates to making sure the firm's offerings are available to customers where and when they want them. By allowing customers to make flight reservations inside Facebook, Delta is increasing convenience for consumers by allowing them to make the reservations without leaving Facebook, thus delivering value through place.

113. Because it was able to deliver merchandise overnight, in the required quantities and at a lower delivered cost than its competitors, Joe's Sports Shack was given exclusive rights to sell clothing with school logos for the school district. Joe's demonstrates _____ excellence.
A. product
B. place
C. customer
D. operational
E. locational

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

Feedback: Getting customers the merchandise they want, when they want it, in the required quantities, and at a lower price are all elements of operational excellence.

114. During which phase of the marketing planning process does a firm engage in segmentation, targeting, and positioning?
A. planning phase
B. implementation phase
C. identify and evaluate opportunities phase
D. control phase
E. strategy phase

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Describe the elements of a marketing plan.
Topic: Elements of the Marketing Plan

Feedback: After completing the situation audit, the next step (3) is to identify and evaluate opportunities for increasing sales and profits using segmentation, targeting, and positioning (STP).

115. During a SWOT analysis, a company should assess the opportunities and uncertainties of the marketplace due to changes in several factors, given the acronym CDSTEP. Which of the following is *not* one of these factors?
A. ethical
B. cultural
C. political
D. technological
E. demographic

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: SWOT Analysis

Feedback: CDSTEP stands for cultural, demographic, social, technological, economic, and political forces.

116. The process of dividing the market into groups of customers with different needs, wants, or characteristics is called
A. target marketing.
B. market segmentation.
C. positioning.
D. allocation.
E. value capture.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.

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Topic: Steps in Market Segmentation

Feedback: The process of dividing the market into groups of customers with different needs, wants, or characteristics—who therefore might appreciate products or services geared especially for them—is called market segmentation.

117. _____ involves the process of defining the marketing mix variables so that target customers have a clear, distinctive, desirable understanding of what the product does or represents in comparison with competing products.
A. Target marketing
B. Market segmentation
C. Market positioning
D. Allocation
E. Value capture

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Positioning

Feedback: Market positioning involves the process of defining the marketing mix variables so that target customers have a clear, distinctive, desirable understanding of what the product does or represents in comparison with competing products.

118. All of the following statements regarding marketing metrics are true *except*
A. they can be used at various levels in an organization.
B. they assist in comparing results among SBUs.
C. they cannot be used to project the future.
D. they quantify a trend, dynamic, or characteristic.
E. they help a firm make appropriate adjustments to its marketing plan.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: Marketing Metrics

Feedback: By comparing results across regions, SBUs, product lines, and time periods, marketing metrics can help explain why things happened and also project the future.

119. A product that is in a high-growth market but has a low market share would be classified as a _____ on the BCG matrix.
A. ladder
B. dog
C. cash cow
D. star
E. question mark

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: The BCG Matrix

Feedback: This is the definition of a *question mark*. If the product is infused with resources, it has the potential to become a star.

Essay Questions

120. Of what use is a sustainable competitive advantage to a firm?

Establishing a sustainable competitive advantage makes it hard for competitors to enter a market or attract a firm's customers. The advantage should be difficult to copy and should be something that can be maintained over time.

AACSB: Analytical Thinking
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

121. The text states, "Viewing customers with a lifetime value perspective rather than on a transaction-by-transaction basis is key to modern customer retention programs." Create an example demonstrating a lifetime value perspective. Why is customer retention almost always a profitable marketing strategy?

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Answers to the first part will vary, but should demonstrate how much business a customer brings in over a lifetime. For example, a customer spending $4 at Starbucks, five days per week, for 20 years equals $20,800. Customer retention is profitable because it costs more to get new customers than to retain existing ones.

AACSB: Knowledge Application
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Strategic Marketing Planning

122. Although most people do not have a personal marketing plan, when would one be appropriate?

Students might reflect on their own personal circumstances, but three plausible responses include the choice and process they used to select a college or university, a potential marriage, and a job.

AACSB: Reflective Thinking
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Strategic Marketing Planning

123. One of the benefits of taking marketing courses is the opportunity to apply marketing concepts to marketing yourself. When selling yourself, you are a product including all the skills, aptitudes, and attitudes you bring to the market. What is a sustainable competitive advantage? What can you do to give yourself a sustainable competitive advantage in the marketplace?

A sustainable competitive advantage is something you can persistently do better than the competition. Skills including statistical analysis, ability to use technology, communication, and accounting are all important and valuable. Aptitudes including rational thinking and problem solving are lifelong abilities that can benefit any organization. Attitudes such as persistence, a sense of humor, and teamwork are valuable in any business environment. But, as best-selling author Stephen Covey suggests, we must always "sharpen the saw," meaning continually grow and learn in order to be successful and maintain a sustainable competitive advantage.

AACSB: Reflective Thinking
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

124. Your marketing professor, Dr. Wilson, has been asked to participate in the university's strategic marketing planning process. During the planning phase of the process, what questions will Dr. Wilson likely ask? Be specific to the university's strategic marketing planning process.

Answers will vary, but should begin with a discussion of creating or revising the university's mission statement, leading to questions such as: What type of university are we? What does the university need to accomplish its goals and objectives? Additionally, discussion of the mission statement will likely lead to questions concerning how the university can build a sustainable competitive advantage. Dr. Wilson will also assist with the situation analysis, which will include internal examination of the current status of the university, asking questions such as: What are the university's strengths and weaknesses? Questions about external forces, threats, and opportunities will also be asked during the SWOT analysis.

AACSB: Knowledge Application
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-02 Describe the elements of a marketing plan.
Topic: Strategic Marketing Planning

125. The text describes Southwest Airlines, which operates in a competitive market but successfully differentiates itself from the competition. This gives Southwest a sustainable competitive advantage. What is a sustainable competitive advantage? Describe an example of a product or business you have encountered that has developed a sustainable competitive advantage. Why is that product's or firm's advantage sustainable?

A sustainable competitive advantage is something you can consistently do better than the competition. Students' examples will vary, but should include product, operational, locational, or customer excellence that competitors have not been able to duplicate.

AACSB: Knowledge Application
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

126. Your marketing professor, Dr. Murphy, has been asked to participate in the university's strategic marketing planning process. After completing the planning phase of the process, Dr. Murphy has been asked to assist with the STP analysis. What questions will Dr. Murphy ask during the STP analysis? Be specific to the university's strategic marketing planning process.

STP analysis includes segmentation, targeting, and positioning. Dr. Murphy will ask questions such as: What basis for segmentation should be used? Should the university's market be divided based on age, income, geographic area, or maybe educational interests? After segmentation, which segments can be pursued profitably, or targeted?

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Many market segments will likely be identified, but Dr. Murphy will often have to ask, Can we effectively and efficiently reach that group of potential consumers? (For example, one university considered providing educational services to a local prison but ran into a host of problems making it impossible to target that market.)

Last, Dr. Murphy will ask questions about how the university intends to position itself in the various market segments: What products or services are going to be promoted? How are the university's products and services different from what competitors are offering? Where and how can the university build on existing strengths?

AACSB: Knowledge Application
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Topic: Elements of a Marketing Strategy

127. Explain how Marvel, the superhero entertainment giant, employed a market penetration strategy using its existing marketing mix and focusing its efforts on existing customers.

Answers will vary, but should include the following: To further penetrate its current customer base, the super-hero entertainment giant Marvel has expanded its movie offerings. In collaboration with several production companies, as well as talented directors and well-known actors, Marvel has helped bring the X-Men, Spiderman, Superman, Iron Man, and other popular characters to the big screen, where they confront some relevant, modern-day topics such as discrimination, environmental destruction, and international wars—before ultimately kicking tail and saving the city. These films have grossed massive profits, ranging from $1.5 million to $4 million domestically. Marvel has further increased its market penetration by expanding the distribution of its films. Today, Marvel movies can be seen in theaters, accessed on Xfinity, and viewed on DVDs available in discount stores, grocery stores, and a host of other stores, including book and comic stores.

AACSB: Knowledge Application
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Elements of a Marketing Strategy

128. Your marketing professor, Dr. Sullivan, has been asked to participate in the university's strategic marketing planning process. After completing the first three steps of the process, Dr. Sullivan has been asked to assist with implementing the marketing mix and allocating resources. What questions will Dr. Sullivan ask? Be specific to the university's strategic marketing planning process.

Dr. Sullivan will ask marketing mix and resource allocation questions. Dr. Sullivan will ask general product questions such as, Which courses and degree programs will create the most value for our consumers? What prices should we charge for in-state and out-of-state students? What prices should we charge for graduate versus undergraduate programs? Should we charge higher or lower prices for online programs? Place or value delivery questions might include these questions: Should we emphasize day or night programs, classroom or online programs? Should the university open satellite campuses? Last, Dr. Sullivan will ask questions regarding where and how to promote the university's programs. One of the critical but potentially controversial questions will be how to allocate the university's resources. Virtually every program on campus will want more resources and think their program creates the most value for students. Dr. Sullivan will have to be careful when recommending additional resources for the marketing program!

AACSB: Analytical Thinking
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Topic: The Four Ps

129. Jamie, a sales manager for an industrial materials company, reviews each sales representative's performance quarterly. She knows business has been good, but is surprised to see some reps are selling much more than their goals while others are not meeting their goals. What should Jamie do?

Jamie should start by looking closely at the data. Were the successful salespeople selling one or two items at discounts in order to generate volume, or did they sell the full line of the company's materials to each customer, resulting in increased sales? Did the poorly performing sales reps sell to fewer customers, make too many small sales, or fail to sell the full line of materials? After reviewing the data, Jamie will probably talk with each sales rep and ask about that person's results, both those exceeding goals and those not meeting goals. Jamie will seek to explain the variation and utilize the information to make changes.

AACSB: Analytical Thinking
Blooms: Evaluate
Difficulty: 3 Hard
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: Marketing Metrics

130. You and your friend Alison work in different parts of a large firm. In a recent analysis, your area was labeled a "cash cow" and hers was labeled a "question mark." What things would you do differently in your area than Alison would do in hers?

There are many possible answers, but students should be able to describe both cash cows and question marks as well as understand the different kinds of strategies, the use of resources, and the future of each unit.

AACSB: Knowledge Application
Blooms: Apply
Difficulty: 3 Hard

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Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: The BCG Matrix

131. Boston Consulting Group's portfolio analysis classifies a company's products or product lines into a two-by-two matrix. What are the bases of classification and what are the products or product lines in each of the four quadrants called? What marketing strategies are usually considered for each of the four classifications?

The two bases of classification are relative market share (high-low) and market growth rate (high-low). This leads to four quadrants labeled stars, cash cows, dogs, and question marks.

- Stars: high market share/high growth rate. Usually require continued promotion efforts and expansion of production capacity.
- Cash cows: high market share/low growth rate. Sources of funding for other parts of the firm. They typically require modest promotional and production support.
- Dogs: low market share/low growth rate. Candidates to be phased out unless they are needed to complement or boost sales of other products.
- Question marks: low market share/high growth rate. Candidates for strategic marketing planning, assessing potential for growth.

AACSB: Analytical Thinking
Blooms: Evaluate
Difficulty: 3 Hard
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: The BCG Matrix

132. Your new sales manager, who previously worked for Boston Consulting Group, directs each sales rep to "toss out the dogs," "exploit the stars," and "milk the cows." Translate this into everyday English: What is the sales manager asking the sales reps to do?

Your sales manager wants you to stop selling those products that are in slow-growth markets and in which the company has a small relative market share. The manager also wants you to spend more time and effort selling products that are in high-growth markets and in which the company has a high market share. Finally, you should continue to sell but not put additional effort into high relative market share, low-market-growth products, referred to as cash cows.

AACSB: Analytical Thinking
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: The BCG Matrix

133. After finishing his marketing degree, Ryan inherited the family Shrimp Shack restaurant. The restaurant is a small, local institution that beach visitors have been coming to for decades. Ryan wants to make his business grow and is considering either a market penetration or market development strategy. Describe what Ryan will likely do if he pursues either strategy.

If Ryan pursues a market penetration strategy, he will likely expand advertising and promotion, maybe adding billboards, promoting specials, adding hours, and likely expanding the restaurant to serve more customers.
If Ryan pursues a market development strategy, he will attempt to serve new market segments. Since his product is a restaurant, market development would likely include opening additional locations in other areas, offering the same menu.

AACSB: Analytical Thinking
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Elements of a Marketing Strategy

134. Garden Gate is a one-location nursery business, selling plants and flowers for home gardeners. The new owners want to grow through either a product development or diversification strategy. What will the owners likely do if they pursue either strategy?

If they pursue a product development strategy, they will offer new products or services to the firm's current target market. A nursery could logically provide a landscape design consulting service, landscape maintenance service, soil and pest testing service, or add additional products such as indigenous plants. If they pursue a diversification strategy, they would market new products or services to a market segment they are not currently serving. Targeting landscape design or maintenance services for commercial customers would be one type of diversification.

AACSB: Analytical Thinking
Blooms: Create
Difficulty: 3 Hard
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Elements of a Marketing Strategy

135. Southwest Airlines is known for being the low-cost provider in the U.S. airline industry. What type of macro strategy has Southwest pursued?

Southwest Airlines has pursued the macro strategy of operational excellence because it focuses on efficiency in its supply chain.

AACSB: Analytical Thinking
Blooms: Understand
Difficulty: 2 Medium

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Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

136. Every summer, university administrators attempt to estimate how many students will show up in the fall. When August arrives, they hire part-time instructors and reassign faculty to teach the courses students want. In the spring, administrators often go on a retreat to consider how to do things differently next year. What phase of the strategic planning process do they engage in during each of the three seasons (summer, fall, and spring)?

Summer—planning; fall—implementation; spring—control.

AACSB: Analytical Thinking
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 Describe the elements of a marketing plan.
Topic: Elements of the Marketing Plan

137. When catalog companies send sale catalogs to their current customers, which type of growth strategy are they pursuing?

Market penetration, because the companies are trying to sell additional products (marked down) to current customers.

AACSB: Analytical Thinking
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

138. When musicians and their concert promoters began offering CDs of a live concert immediately after the concert ended, what type of growth strategy were they pursuing?

Product development, because the CD is a new product (just recorded) and it's being sold to current customers.

AACSB: Analytical Thinking
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

139. Several years ago, the Florida Orange Juice Growers Association ran a promotional campaign with the slogan "Orange juice. It isn't just for breakfast anymore." Based on this slogan, which of the four growth strategies was the association pursuing? Briefly explain your reasoning.

The best answer is that this is a market penetration strategy. The slogan seeks to increase sales of a current product (orange juice), which reduces the options to market penetration or market development. "It isn't just for breakfast anymore" sounds like the Growers Association want those who drink orange juice at breakfast time to consider it at other times of the day too. In other words, it focuses on increasing usage among current customers, which is market penetration.
Some students might say that it is a market development strategy. For this to be correct, they would have to argue that a different market segment that currently doesn't drink orange juice is being targeted.

AACSB: Analytical Thinking
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-07 Describe how firms grow their business.
Topic: Developing a Competitive Strategy

140. Suppose that you and a friend decide to turn your favorite sports activity—inline skating—into a business. You plan to design a line of fashionable clothing that integrates elbow and kneepads. For each of the four macro strategies, briefly describe the most important thing your company should do if you intend to focus on that strategy. Your answers should be specific to the inline skating business.

There are many correct answers; here is a sample. To make this question easier, you could ask the student to provide an idea for just one or two of the macro strategies.

• Product excellence: Focus on continually improving the products and making them the most advanced ones on the market, perhaps using stylish yet durable fabrics that won't be damaged in a fall. Then work to develop a clear positioning statement for your brand.
• Customer excellence: Offer outstanding service, perhaps including live chat on the website as well as no-hassle returns if the customer changes his or her mind about a purchase.
• Operational excellence: Develop close relationships with suppliers of fabric and other raw materials and with retailers.
• Locational excellence: In addition to having a top-notch website, try to get your products into as many retail stores as possible, probably focusing on sporting goods stores.

AACSB: Knowledge Application
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-01 Define a marketing strategy.
Topic: Developing a Competitive Strategy

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141. Conduct a brief SWOT analysis of your prospects of finding a good job related to your major when you graduate (if you already have such a job, think about finding a job with more responsibility). Be sure to include at least one factor representing each of the four major sections of a SWOT analysis, and be sure to label each factor to indicate which of those four sections it belongs in.

To make sure the students clearly classify the factors, you might want to provide an answer space with four sections; in each one, include a blank line for the name of the section and additional space for the factor.
Students will come up with a variety of answers depending on their individual situations. They will probably need to do some speculation for opportunities and threats. Here is a sample:

- Strengths—students might mention internship experience, past work experience, classes taken, personal characteristics, or personal contacts
- Weaknesses—possibilities include lack of experience, inability to relocate, or a low GPA
- Opportunities—could include expected growth in the field, a new firm starting up in the area that will be hiring, or a shortage of graduates in the field
- Threats—could include the recession, a glut of graduates in the field, or reduced demand for professionals in the field

AACSB: Analytical Thinking
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: SWOT Analysis

142. In July 2010, Microsoft discontinued the Kin, its social networking phone, after just six weeks of disappointing sales. During what step of the strategic marketing planning process would Microsoft have made the decision to stop offering the product?

Step 5—Evaluate performance using marketing metrics.
Some students might also answer "Control phase." Strictly speaking, this is a phase and not a step; however, Step 5 is the only step of the process that fits into the Control phase, so you may want to accept both as correct answers.
If you want to make this question more difficult, you can add to the question the following: What should Microsoft have done before deciding to discontinue the product? The answer: Microsoft should have determined the causes for the disappointing sales to determine whether or not another action (perhaps a different target market, a price adjustment, or a revised promotion plan) could put sales back on track.

AACSB: Analytical Thinking
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Topic: Marketing Metrics

143. Nike, the prominent athletic shoe manufacturer, relies heavily on athlete sponsorships to build demand for its products. Spectators at major sporting events—both those attending in person and those watching at home—frequently see the Nike "swoosh" logo worn by elite athletes. Given the vast worldwide audience for Olympics broadcasts, an Olympic year gives Nike increased exposure. On a Nike situation analysis in an Olympic year, would you consider this exposure to be a strength or an opportunity? Explain your reasoning; be specific.

A reasonable argument can be made for this being a strength or an opportunity, so this is about the rationale offered. This could be viewed as a strength in that Nike's logo is ubiquitous and well recognized, and customers in Nike's target markets will be reminded of the many sports for which Nike offers shoes and apparel. It could also be viewed as an opportunity to strengthen Nike's position overseas (due to international viewership) and to increase awareness of the breadth of Nike's products (due to increased viewership of niche sports that ordinarily don't get much attention).

AACSB: Analytical Thinking
Blooms: Evaluate
Difficulty: 3 Hard
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Topic: Developing a Competitive Strategy

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