Marketing 7th edition Grewal Test Bank

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Marketing, 7e **(Grewal)**
Chapter 2 Developing Marketing Strategies and a Marketing Plan

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

Answer: TRUE
Explanation: Operational excellence is achieved through efficient operations and excellent supply chain and human resource management.
Difficulty: 1 Easy
Topic: Supply Chain Management
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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

Answer: FALSE
Explanation: 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.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Remember
AACSB: Analytical Thinking
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3) It is not always necessary to go through all the steps in the marketing planning process.

Answer: TRUE
Explanation: 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.
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-02 Describe the elements of a marketing plan.
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4) A mission statement describes the specific actions a firm will take to achieve its goals.

Answer: FALSE
Explanation: A mission statement is a broad description of a firm's objectives and the scope of activities it plans to undertake.
Difficulty: 1 Easy
Topic: The Mission Statement
Learning Objective: 02-02 Describe the elements of a marketing plan.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

5) iTunes software is often credited with the success of Apple's 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.

Answer: TRUE
Explanation: 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. Over time, some competitors have created similar tools, but it has been difficult enough to copy that these competitors have never really caught up.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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

Answer: FALSE
Explanation: STP stands for segmentation, targeting, and positioning.
Difficulty: 1 Easy
Topic: Steps in Market Segmentation
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Bloom's: Remember
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7) The components of a SWOT analysis are strengths, weaknesses, opportunities, and tactics.

Answer: FALSE
Explanation: The components of a SWOT analysis are strengths, weaknesses, opportunities, and threats.
Difficulty: 1 Easy
Topic: SWOT Analysis
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Bloom's: Remember
AACSB: Analytical Thinking
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8) Firms are typically more successful when they focus on opportunities that build on their strengths relative to those of their competition.

Answer: TRUE
Explanation: 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.
Difficulty: 2 Medium
Topic: SWOT Analysis
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Bloom's: Understand
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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.

Answer: FALSE
Explanation: A recession is an external factor with possible negative results, so it is a threat.
Difficulty: 3 Hard
Topic: SWOT Analysis
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
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10) Price should be based on the value that the customer perceives as giving them a good value for the product they receive.

Answer: TRUE
Explanation: 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.
Difficulty: 2 Medium
Topic: Setting Prices
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Bloom's: Understand
AACSB: Analytical Thinking
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11) Jose manages the electrical turbine engine division of General Electric Corporation. He makes most decisions independently, without consulting headquarters. Jose manages a strategic business unit.

Answer: TRUE
Explanation: 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 from other business units.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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

Answer: FALSE
Explanation: Planning processes can move back and forth between the steps as needed.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
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13) Isaac is looking for ways to offer new goods and services to his existing customers. He is pursuing a market development strategy.

Answer: FALSE
Explanation: This is a product development strategy. A market development strategy offers existing products and services to new customers.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Understand
AACSB: Analytical Thinking
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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.

Answer: TRUE
Explanation: The Sansa has low relative market share in a low-growth market, which is the definition of a dog.
Difficulty: 3 Hard
Topic: The BCG Matrix
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

15) Which of the following steps occurs during the implementation phase of the marketing plan?
A) Evaluate performance using marketing metrics
B) Conduct a situation analysis
C) Identify and evaluate opportunities
D) Define business mission
E) Define business objectives

Answer: C
Explanation: 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.
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-02 Describe the elements of a marketing plan.
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16) What type of analysis does management use to evaluate the firm's various products and businesses and allocate resources according to which products are expected to be the most profitable for the firm in the future?
A) portfolio analysis
B) SWOT analysis
C) situation analysis
D) initial analysis
E) positioning analysis

Answer: A
Explanation: In portfolio analysis, management evaluates the firm's various products and businesses—its "portfolio"—and allocates resources according to which products are expected to be the most profitable for the firm in the future.
Difficulty: 1 Easy
Topic: Marketing Metrics
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Bloom's: Remember
AACSB: Analytical Thinking
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17) Which of the following growth strategies employs the existing marketing mix and focuses the firm's efforts on existing customers?
A) product penetration
B) diversification
C) market development
D) product development
E) market penetration

Answer: E
Explanation: A market penetration strategy employs the existing marketing mix and focuses the firm's efforts on existing customers.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
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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.
D) increase its marketing budget so that it outspends its competitors.
E) arrange to meet with competitors to discuss how to avoid direct competition.

Answer: C
Explanation: 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.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Understand
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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

Answer: E
Explanation: The four overarching strategies are locational excellence, customer excellence, operational excellence, and product excellence.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
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20) When Maria, 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 Maria'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.

Answer: A
Explanation: The Ritz-Carlton clerk went to extra trouble to offer excellent customer service, which is one way to pursue a customer excellence strategy.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
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21) Disney's My Magic system, which enables visitors to swipe their Magic Band wristbands to get on rides, make purchases, and open their hotel room door, is an example of _____ excellence.
A) operational
B) locational
C) customer
D) product
E) service

Answer: C
Explanation: A customer excellence macro strategy, which is one way to pursue a sustainable competitive advantage, focuses on retaining loyal customers and excellent customer service. Disney's My Magic system enables visitors to swipe their Magic Band wristbands to get on rides, make purchases, and open their hotel room door is an example of customer excellence.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
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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.
E) that as long as customers bring in some revenue, costs do not matter.

Answer: B
Explanation: Viewing customers with a lifetime value perspective rather than on a transaction-by-transaction basis is key to modern customer retention programs.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
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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.

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

Answer: E
Explanation: An operational excellence strategy depends on efficiency throughout the supply chain in order to keep costs low.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Understand
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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.

Answer: D
Explanation: 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.
Difficulty: 2 Medium
Topic: Supply Chain Management
Learning Objective: 02-01 Define a marketing strategy.
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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.

Answer: A
Explanation: 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.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
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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) product excellence.
D) strategic business unit control.
E) supply chain management.

Answer: C
Explanation: 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.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-02 Describe the elements of a marketing plan.
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28) Molly 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 Molly 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

Answer: D
Explanation: Carla is dealing with implementation of the marketing mix—price cuts (price), advertising (promotion), and distribution changes (place).
Difficulty: 3 Hard
Topic: Elements of the Marketing Plan
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
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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

Answer: A
Explanation: SWOT analysis is part of the planning phase.
Difficulty: 1 Easy
Topic: SWOT Analysis
Learning Objective: 02-02 Describe the elements of a marketing plan.
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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

Answer: D
Explanation: Satisfied customers, if this satisfaction leads to loyalty, are a source of sustainable competitive advantage.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Understand
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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

Answer: A
Explanation: 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.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
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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

Answer: C
Explanation: 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.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
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33) As part of her company's SWOT analysis, Cindy is assessing the company's internal environment, including
A) competition
B) the economy.
C) strengths and weaknesses.
D) demographics.
E) opportunities and threats.

Answer: C
Explanation: The internal components of a SWOT analysis are strengths and weaknesses.
Difficulty: 1 Easy
Topic: SWOT Analysis
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
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34) Valerie is charged with assessing her company's external environment as part of a SWOT analysis. Valerie will study her company's
A) strengths and weaknesses.
B) sales history.
C) pension plan.
D) product specifications.
E) opportunities and threats.

Answer: E
Explanation: The external components of a SWOT analysis are opportunities and threats.
Difficulty: 1 Easy
Topic: SWOT Analysis
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Bloom's: Remember
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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 system mismanagement would represent a(n) _____ in a SWOT analysis.
A) weakness
B) opportunity
C) threat
D) strength
E) metric

Answer: A
Explanation: The management of the just-in-time system is an internal issue; if it is being done badly, that makes it a weakness.
Difficulty: 3 Hard
Topic: SWOT Analysis
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
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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.

Answer: B
Explanation: 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.
Difficulty: 2 Medium
Topic: SWOT Analysis
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Bloom's: Understand
AACSB: Analytical Thinking
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37) Ford Motor Company may be thinking of announcing that it will severely cut back its automobile production. For parts companies supplying Ford its parts, this cut back in production represents a(n)
A) weakness.
B) opportunity.
C) strength
D) threat.
E) strategic plan.

Answer: D
Explanation: For parts companies, Ford's possible actions represent external factors. A possible cutback in orders is a negative factor. An external negative factor is a threat.
Difficulty: 2 Medium
Topic: SWOT Analysis
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
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38) Larry 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.

Answer: D
Explanation: 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.
Difficulty: 2 Medium
Topic: Steps in Market Segmentation
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Bloom's: Understand
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39) Walmart has announced that it would begin selling organic food products. In doing so, Walmart is *most likely* trying to
A) gain government subsidies.
B) attract a different market segment.
C) reduce its costs.
D) save the environment.
E) offset cost-based pricing pressure.

Answer: B
Explanation: Walmart is probably trying to attract customers who don't shop there because they wanted to buy organic products. These customers represent a different market segment for Walmart.
Difficulty: 2 Medium
Topic: Target Markets
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
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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.

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

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

Answer: A
Explanation: A key component of target marketing is the evaluation of potential target segments' attractiveness.
Difficulty: 2 Medium
Topic: Target Markets
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
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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

Answer: C
Explanation: Positioning is the creation of a clear, distinct, desirable understanding of what the product does or represents compared to competitors. Celebrity endorsers are often used to convey this message.
Difficulty: 2 Medium
Topic: Positioning
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Bloom's: Understand
AACSB: Analytical Thinking
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43) _____ involves the process of defining the marketing mix variables so that target customers have a clear, distinctive, desirable understanding of what a product does or represents in comparison with competing products.
A) Targeting
B) Market segmentation
C) A sustainable competitive advantage
D) Positioning
E) A customer excellence strategy

Answer: D
Explanation: This is the definition of *positioning*, which is the final activity in STP analysis.
Difficulty: 1 Easy
Topic: Positioning
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
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44) Starbucks carefully crafts its offerings and advertising message, and it strategically sets prices and selects locations to appeal to its target market. These efforts represent Starbucks'
A) value-based promotions.
B) market segmentation.
C) positioning strategy.
D) customer excellence strategy.
E) target marketing.

Answer: C
Explanation: 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. By segmenting the coffee-drinker market, Starbucks is using a positioning strategy.
Difficulty: 3 Hard
Topic: Positioning
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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.

Answer: A
Explanation: Firms typically are most successful when they focus on opportunities that build on their strengths relative to those of their competition.
Difficulty: 2 Medium
Topic: Positioning
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Bloom's: Understand
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46) Many small businesses whose competitors are national franchises advertise "we are locally owned" or "we have been serving the community since 1951." These claims are part of these firms'
A) business mission.
B) market segmentation strategy.
C) positioning strategy.
D) customer excellence strategy.
E) target market.

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

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.

Answer: C
Explanation: 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.
Difficulty: 1 Easy
Topic: Steps in Market Segmentation
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Bloom's: Remember
AACSB: Analytical Thinking
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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

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

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.

Answer: C
Explanation: 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.
Difficulty: 2 Medium
Topic: Pricing Strategy
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
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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

Answer: B
Explanation: Place refers to getting products to customers when and where they need/want them. This is what electronic downloading of e-books offers.
Difficulty: 2 Medium
Topic: The Four Ps
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Bloom's: Understand
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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

Answer: C
Explanation: The value proposition is the unique value that a product or service provides to its customers and how it is better than and different from those of competitors. Promotion is responsible for communicating this value proposition via a variety of media.
Difficulty: 2 Medium
Topic: Role of Promotion
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
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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.

Answer: A
Explanation: 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.
Difficulty: 1 Easy
Topic: IMC
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Bloom's: Remember
AACSB: Analytical Thinking
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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.

Answer: C
Explanation: Ads displayed in search engines are an example of promotion.
Difficulty: 3 Hard
Topic: Role of Promotion
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
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54) Greg 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." Greg 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

Answer: A
Explanation: Greg 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.
Difficulty: 2 Medium
Topic: Elements of the Marketing Plan
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Bloom's: Understand
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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.

Answer: D
Explanation: 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.
Difficulty: 2 Medium
Topic: Elements of the Marketing Plan
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
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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.

Answer: A
Explanation: 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.
Difficulty: 2 Medium
Topic: Elements of the Marketing Plan
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Bloom's: Understand
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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.

Answer: C
Explanation: Typically, managers begin by reviewing the implementation programs, and their analysis may indicate that the strategy (or even the mission statement) needs to be reconsidered. 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.
Difficulty: 3 Hard
Topic: Elements of the Marketing Plan
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
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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

Answer: B
Explanation: 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.
Difficulty: 2 Medium
Topic: The Marketing Plan
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Bloom's: Understand
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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.

Answer: C
Explanation: 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.
Difficulty: 3 Hard
Topic: Elements of the Marketing Plan
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
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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

Answer: B
Explanation: In general, marketing resources are allocated to SBUs or product lines. Understanding the causes of the performance, regardless of whether that performance exceeded, met, or fell below the firm's goals, enables firms to make appropriate adjustments.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Bloom's: Understand
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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

Answer: C
Explanation: This is the definition of a *product line*.
Difficulty: 1 Easy
Topic: Product Line
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
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62) Heidi 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. Heidi 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.

Answer: A
Explanation: A company's relative share of a market is determined by comparing its market share to market shares of competitors.
Difficulty: 3 Hard
Topic: The BCG Matrix
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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

Answer: D
Explanation: 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.
Difficulty: 2 Medium
Topic: The BCG Matrix
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
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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.

Answer: B
Explanation: Cash cows are product lines with high relative market share as the result of past investment, but in low-growth markets. Because these products have already received heavy investments to develop their high market share, they have excess resources that can be spun off to those products that need it.
Difficulty: 2 Medium
Topic: The BCG Matrix
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Bloom's: Understand
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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.

Answer: A
Explanation: Stars occur in high-growth markets and are high market share products and often require a heavy resource investment in such things as promotions and new production facilities to fuel their rapid growth.
Difficulty: 2 Medium
Topic: The BCG Matrix
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
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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.

Answer: C
Explanation: Dogs can be worth keeping if they assist with the sales of another more successful product.
Difficulty: 2 Medium
Topic: The BCG Matrix
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Bloom's: Understand
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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.

Answer: D
Explanation: The planning process suggests that managers follow a set sequence when they make strategic decisions. Namely, after they've defined the business mission, they perform the situation analysis, identify strategic opportunities, evaluate alternatives, set objectives, allocate resources, develop the implementation plan, and, finally, evaluate their performance and make adjustments. But actual planning processes can move back and forth among these steps.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
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68) Which of the following is *not* one of the four major growth strategies marketers typically utilize?
A) market penetration
B) market development
C) segment development
D) diversification
E) product development

Answer: C
Explanation: The four growth strategies are market penetration, market development, product development, and diversification.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Remember
AACSB: Analytical Thinking
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69) Andy decides to add new sales representatives and increase advertising to increase sales in her existing market for her current line of security systems. Andy is pursuing a _____ growth strategy.
A) segment development
B) market development
C) market penetration
D) diversification
E) product development

Answer: C
Explanation: Andy is trying to sell more of her current products to current customers, which is a market penetration strategy.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Apply
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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

Answer: B
Explanation: This is the definition of a *market development strategy*.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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

Answer: B
Explanation: Since Quitman wants to sell an existing product to new customers, this is a market development strategy.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
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72) When Marvel launched several successful series on Netflix, including *Jessica Jones, The Defenders, Iron Fist,* and *Luke Cage*, it employed a _____ strategy.
A) product development
B) customer development
C) market penetration
D) market development
E) diversification

Answer: A
Explanation: When Marvel launched several successful series on Netflix, including *Jessica Jones, The Defenders, Iron Fist, and Luke Cage*, it employed a product development strategy.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Understand
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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

Answer: B
Explanation: A market development strategy employs the existing marketing offering to reach new market segments. This is a market development strategy because the military is a new type of customer, but H&R's current offerings would be used.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
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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

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

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

Answer: E
Explanation: A product development strategy offers a new product or service to a firm's current target market.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
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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

Answer: C
Explanation: 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.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Apply
AACSB: Knowledge Application
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77) Mary Ann 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

Answer: A
Explanation: The agent is trying to sell new types of insurance to a current customer, which is a product development strategy.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
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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.

Answer: D
Explanation: A diversification strategy introduces a new product or service to a market segment that currently is not served.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Remember
AACSB: Analytical Thinking
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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.

Answer: D
Explanation: Zara has established an advantage that is difficult to copy—this is a sustainable competitive advantage.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
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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.

Answer: E
Explanation: Superior service is a key facet of a customer excellence strategy.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

81) Angie 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 Angie's home, some offering more plush facilities or lower prices, but she isn't tempted to switch. Angie'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.

Answer: D
Explanation: By refusing to consider competitive offerings and staying in a long-term relationship with the salon, Angie 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.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
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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.

Answer: B
Explanation: 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.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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.

Answer: D
Explanation: Viewing customers with a lifetime value perspective rather than on a transaction-by-transaction basis is key to modern customer retention programs. This approach looks at the value of the customer relationship on a lifetime basis instead of considering only the current transaction.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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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

Answer: B
Explanation: 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.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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.

Answer: C
Explanation: The patent protects the company's product from imitation, thus creating a competitive advantage that is sustainable through the life of the patent.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Understand
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Accessibility: Keyboard Navigation

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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.

Answer: A
Explanation: 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.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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

Answer: B
Explanation: 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.
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-02 Describe the elements of a marketing plan.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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88) In 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

Answer: E
Explanation: By considering questions of "fit" and changing objectives, the planners are considering HP's business mission and how the acquisition might change it.
Difficulty: 3 Hard
Topic: Strategic Marketing Planning
Learning Objective: 02-02 Describe the elements of a marketing plan.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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

Answer: B
Explanation: A situation analysis is the second step of the marketing planning process.
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-02 Describe the elements of a marketing plan.
Bloom's: Remember
AACSB: Analytical Thinking
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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

Answer: C
Explanation: 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.
Difficulty: 2 Medium
Topic: SWOT Analysis
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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.

Answer: E
Explanation: 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.
Difficulty: 2 Medium
Topic: Positioning
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Bloom's: Understand
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Accessibility: Keyboard Navigation

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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

Answer: C
Explanation: 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).
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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

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

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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

Answer: E
Explanation: The innovations described are in the area of the product offering, and so they represent product excellence.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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

Answer: D
Explanation: 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.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Understand
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96) Over the last few months, Jose 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, Jose has also identified what he believes is an advantage his competitors cannot match. Jose 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.

Answer: D
Explanation: The question describes the situation analysis, STP, and positioning steps of developing a marketing strategy, as well as a potential sustainable competitive advantage.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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

Answer: E
Explanation: Gerald's Tire Store has a macro strategy focusing primarily on customer excellence, based on the quality of customer service mentioned in the question.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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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, desirable 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

Answer: B
Explanation: 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, desirable positioning, though, offers a more sustainable advantage through product excellence.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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.

Answer: D
Explanation: 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.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Understand
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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.

Answer: C
Explanation: 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.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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

Answer: D
Explanation: 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.
Difficulty: 2 Medium
Topic: The Four Ps
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Bloom's: Understand
AACSB: Analytical Thinking
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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

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

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.

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

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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

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

105) Juan is in the marketing department of a midsized firm that develops and sells communications systems. He is proud of the human resource area in the company that provides the firm with excellent employees. Juan 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.

Answer: E
Explanation: 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 option relates to product excellence, not operational excellence.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
AACSB: Teamwork
Accessibility: Keyboard Navigation

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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

Answer: B
Explanation: Operational excellence is achieved through efficient operations and excellent supply chain and human resource management. 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.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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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.

Answer: C
Explanation: 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.
Difficulty: 3 Hard
Topic: SWOT Analysis
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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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.

Answer: B
Explanation: 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.
Difficulty: 3 Hard
Topic: SWOT Analysis
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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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.

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

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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.

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

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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.

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

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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

Answer: C
Explanation: 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.
Difficulty: 3 Hard
Topic: The Four Ps
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Bloom's: Apply
AACSB: Technology
Accessibility: Keyboard Navigation

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

Answer: D
Explanation: 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.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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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

Answer: C
Explanation: 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).
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-02 Describe the elements of a marketing plan.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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

Answer: A
Explanation: CDSTEP stands for cultural, demographic, social, technological, economic, and political forces.
Difficulty: 1 Easy
Topic: SWOT Analysis
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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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.

Answer: B
Explanation: 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.
Difficulty: 1 Easy
Topic: Steps in Market Segmentation
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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

Answer: C
Explanation: 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.
Difficulty: 1 Easy
Topic: Positioning
Learning Objective: 02-04 Describe how a firm chooses which consumer group(s) to pursue with its marketing efforts.
Bloom's: Remember
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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.

Answer: C
Explanation: By comparing results across regions, SBUs, product lines, and time periods, marketing metrics can help explain why things happened and also project the future.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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

Answer: E
Explanation: This is the definition of a *question mark.* If the product is infused with resources, it has the potential to become a star.
Difficulty: 1 Easy
Topic: The BCG Matrix
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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

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

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?

Answer: 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.
Difficulty: 3 Hard
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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

Answer: 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.
Difficulty: 3 Hard
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Apply
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

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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?

Answer: 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.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Analyze
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

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.

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

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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?

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

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.

Answer: 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?

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

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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.

Answer: 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. 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.
Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

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.

Answer: 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!
Difficulty: 3 Hard
Topic: The Four Ps
Learning Objective: 02-05 Outline the implementation of the marketing mix as a means to increase customer value.
Bloom's: Analyze
AACSB: Analytical Thinking
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129) Janice, 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 Janice do?

Answer: Janice 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, Janice will probably talk with each sales rep and ask about that person's results, both those exceeding goals and those not meeting goals. Janice will seek to explain the variation and utilize the information to make changes.
Difficulty: 3 Hard
Topic: Marketing Metrics
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Bloom's: Evaluate
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

130) You and your friend Alicia 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 Alicia would do in hers?

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

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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?

Answer: 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.
- 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.

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

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?

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

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

Answer: If Bryan 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 Bryan 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.
Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Apply
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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?

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

Answer: Southwest Airlines has pursued the macro strategy of operational excellence because it focuses on efficiency in its supply chain.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Define a marketing strategy.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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)?

Answer: Summer—planning; fall—implementation; spring—control.
Difficulty: 2 Medium
Topic: Elements of the Marketing Plan
Learning Objective: 02-02 Describe the elements of a marketing plan.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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

Answer: Market penetration, because the companies are trying to sell additional products (marked down) to current customers.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Remember
AACSB: Analytical Thinking
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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?

Answer: Product development, because the CD is a new product (just recorded) and it's being sold to current customers.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-07 Describe how firms grow their business.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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.

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

Answer: 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.

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

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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.

Answer: 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

Difficulty: 3 Hard
Topic: SWOT Analysis
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
Bloom's: Analyze
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142) In 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?

Answer: 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.
Difficulty: 3 Hard
Topic: Marketing Metrics
Learning Objective: 02-06 Summarize portfolio analysis and its use to evaluate marketing performance.
Bloom's: Apply
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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.

Answer: 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).
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-03 Analyze a marketing situation using SWOT analyses.
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