Marketing 2nd edition Hunt Test Bank

SKU: 9781260089806-TEST-BANK

Chapter 02 Test Bank

Student: _____

1. The process of thoughtfully defining a firm's objectives and developing a method for achieving those objectives is called

A. business development.
B. business planning.
C. functional planning.
D. strategic planning.
E. marketing development.

2. How often should firms undertake the task of strategic planning?

A. on a continual basis as conditions change
B. only once, when determining the firm's objectives
C. only once, when developing the marketing plan
D. two or three times, to make sure all items are covered
E. never; unnecessary to develop a strategic plan

3. Read the following statements regarding strategic planning to determine which is *not* accurate.

A. Strategic planning can be used on a personal level to help accomplish goals.
B. The strategic plan is shaped by the organization's mission.
C. Strategic planning is a one-time process completed when a firm outlines its objectives.
D. Strategic planning can greatly increase the likelihood of success.
E. Strategic planning helps ensure marketers will select the right marketing mix strategies.

4. A concise affirmation of a firm's long-term purpose is known as its

A. mission statement.
B. marketing plan.
C. organizational directive.
D. long-range plan.
E. executive summary.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

5. A good mission statement should be oriented around the

A. company.
B. financial plan.
C. marketing plan.
D. product.
E. customer.

6. A good mission statement should

A. contain as many goals as possible.
B. provide motivation for the employees of the firm.
C. ask the question What is our product?
D. be company oriented.
E. focus on when to market the product.

7. What element will ensure a business never strays too far from its core goals and values, especially if the marketing plan needs to be modified to fit the changing times?

A. a sound mission statement
B. a solid strategic plan
C. a concise executive summary
D. a developed organizational plan
E. a complete SWOT analysis

8. What primary strategic planning tool is used for directing and coordinating the marketing effort and helps to guide the firm's marketing strategy?

A. the marketing plan
B. the situation analysis
C. the executive summary
D. the business plan
E. the mission statement

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

9. What is the *overall* purpose of a marketing plan?

A. to identify both existing and potential competitors of the firm
B. to define the target market and promotion strategies to be used on that market
C. to determine whether or not a firm has enough capital to pursue its objectives
D. to guide the analysis, implementation, and control of the firm's marketing strategy
E. to define the company's strengths and weaknesses

10. The five key components of the marketing plan are

A. executive summary, situation analysis, marketing strategy, financials, and controls.
B. mission statement, situation analysis, promotion strategy, financials, and controls.
C. mission statement, situation analysis, marketing strategy, financials, and controls.
D. executive summary, situation analysis, positioning, financials, and implementation.
E. executive summary, market positioning, marketing strategy, financials, and implementation.

11. An action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketing strategy is known as the

A. strategic plan.
B. organizational plan.
C. promotional plan.
D. marketing plan.
E. business plan.

12. What document provides a one- to two-page summary of the marketing plan's main points?

A. the executive summary
B. the organizational summary
C. the SWOT analysis
D. the mission statement
E. the strategic plan

13. What element of the marketing plan helps firms understand where they are currently and how best to move forward?

A. the situation analysis
B. the marketing strategy
C. the financials
D. the controls
E. the executive summary

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

14. The situation analysis is composed of which three subsections?

A. SWOT analysis, target market, and controls
B. market summary, financials, and controls
C. market summary, SWOT analysis, and competition analysis
D. SWOT analysis, competition analysis, and financials
E. market summary, competition analysis, and financials

15. Gavin wants to perform a situation analysis of his business to help him make strategic decisions for the future. The situation analysis will tell Gavin all of the following

A. current competitive forces.
B. market conditions.
C. the firm's strengths and weaknesses.
D. financial projections.

16. As it pertains to a situation analysis, the term *market* refers to

A. the group of consumers that are interested in and able to buy a particular product.
B. the competitive forces that impact how a product will be sold.
C. the entire product offering of a firm that must be promoted.
D. the environment in which a particular product will be sold.
E. the collective form of promotions for any given product.

17. Once the situation analysis is complete, marketers focus on defining their

A. mission statement.
B. competition.
C. SWOT analysis.
D. marketing strategy.
E. strategic plan.

18. The actions a firm must take to accomplish the marketing objectives established in its mission statement and strategic planning process are outlined in the

A. marketing strategy.
B. situation analysis.
C. organizational plan.
D. market summary.
E. executive summary.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

19. What part of the financial section of a marketing plan provides readers of the plan a bottom-line estimate of the organization's profitability?

A. the cost detail
B. the accounting detail
C. the accounting projections
D. the profit estimates
E. the financial projections

20. According to your text, what three elements should be contained within a company's financial projections?

A. sales forecast, profit and loss statement, and balance sheet
B. balance sheet, profit and loss statement, and net worth
C. short-term debt, long-term debt, and sales forecast
D. expense forecast, sales forecast, and net worth
E. sales forecast, expense forecast, and break-even analysis

21. Which forecast projects how many units of a product the company expects to sell during a specific time period?

A. production forecast
B. break-even analysis
C. distribution forecast
D. sales forecast
E. expense forecast

22. What information does a break-even analysis provide for a firm?

A. how much profit a firm needs to make before diversification can take place
B. the length of time that it will take for a company to pay off all its debts
C. how much the company needs to sell to cover its expenses
D. what market share the company needs to attain to surpass its competitors
E. a bottom-line estimate of the firm's profitability

23. What two forecasts are used in a break-even analysis?

A. production and sales
B. profit and loss
C. revenue and production
D. market share and sales
E. sales and expense

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

24. Read the following to determine which one accurately depicts what is contained in an expense forecast.

A. the amount of money the company must pay suppliers to warehouse and ship the product to stores
B. the total amount of debt owed by the company, both short-term and long-term
C. an estimate of how many units of product the company expects to sell during a specific time period
D. an estimate of the market share for any given product and the cost incurred to reach that market
E. an estimate of the costs the company will incur to create, communicate, and deliver the product

25. The final section in most marketing plans is the

A. executive summary.
B. controls section.
C. marketing strategy.
D. situation analysis.
E. financial section.

26. The controls section of the marketing plan should contain which of the following?

A. marketing strategy, organizational structure, and feedback
B. organizational structure, administrative oversight, and evaluation
C. implementation, feedback, and review
D. implementation, organizational structure, and contingency planning
E. implementation, evaluation, and contingency planning

27. Why is it necessary to have an outline of the organizational structure in the controls section of the marketing plan?

A. because it specifies how the marketing plan affects each and every department in the organization
B. because it helps to identify what the weak links are in the organization
C. because it helps hold specific departments and individuals responsible for the parts of the plan that fall under their control
D. because it provides a detailed account of how the specific actions of the plan will be carried out and who will be responsible for carrying them out
E. because it shows how the company will be affected if the marketing plan does not achieve results

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

28. What element of the control section of the marketing plan defines the actions the company will take if the initial marketing strategy does not achieve results?

A. the organizational structure
B. the contingency plan
C. the situation analysis
D. the strategic plan
E. the implementation plan

29. What two elements are combined on the BCG matrix to produce its four unique product categories?

A. market growth and relative market share
B. relative market share and number of competitors
C. supply and demand
D. market growth and number of competitors
E. market size and product demand

30. Products that are typically new to the market and require significant marketing investment in promotion, product management, and distribution are classified as

A. skunks.
B. cash cows.
C. stars.
D. dogs.
E. question marks.

31. Which of the following products would *most likely* be considered a *dog*?

A. e-reader
B. iPod
C. laptop
D. microwave oven
E. compact disc

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

32. According to the BCG Matrix, what defines a *cash cow*?

A. products that have a small market share in an industry with high growth rates
B. products that have a small market share in an industry with steady growth rates
C. products that have a small market share in an industry with low growth rates
D. products that have a large market share in an industry with high growth rates
E. products that have a large market share in an industry with low growth rates

33. The internal considerations in a SWOT analysis are

A. a firm's revenue and market share.
B. a firm's market share and growth potential.
C. a firm's opportunities and threats.
D. a firm's strengths and weaknesses.
E. the firm's current and future competition.

34. According to your text, perhaps the most common mistake a firm makes when conducting a SWOT analysis is

A. looking at only the firm's strengths.
B. failing to involve all departments in the analysis.
C. failing to separate internal issues from external issues.
D. underestimating the competitive environment.
E. not looking at the firm's financial statements.

35. Joe's Pizza Parlor is a late-night pizza and sandwich shop located on a college campus. Joe recently conducted a SWOT analysis. Compare each of the following to determine which one is a *weakness* for Joe's Pizza Parlor.

A. A graduate of the college, Joe is well liked in the community.
B. Joe finds it hard to staff the late night shifts, which are his busiest times.
C. Joe is concerned that the weak economy will lead to fewer students dining out.
D. A new pizza shop has opened up down the street.
E. Joe is worried about the push for healthier eating.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

36. Consider the following findings from a recent SWOT analysis performed by Sasha's flower shop. Which of the following represents a *threat*?

A. Sasha has a hard time finding good employees after the summer staff goes back to school.
B. Sasha has a good business relationship with local catering companies.
C. The summer drought has produced fewer flowers.
D. Sasha has to spend a lot of time training her employees on how to care for the flowers and plants.
E. A new funeral home just opened up in town.

37. In a SWOT analysis, current and potential external factors that may challenge the firm's short- and long-term performance are referred to as

A. hazards.
B. opportunities.
C. threats.
D. weaknesses.
E. obstacles.

38. Travis has an athletic shoe store and is currently preparing a market summary. To be most effective, the competition section of his market summary should

A. list possible tactics to obtain a larger market share.
B. list only indirect competitors.
C. focus only on competitors that sell the same product as he.
D. list only direct competitors.
E. list both direct and indirect competitors.

39. The three basic characteristics of a quality marketing objective is that it be

A. vague, simplistic, and easy to understand.
B. broad, detailed, and measurable.
C. specific, tailored, and recognizable.
D. specific, measurable, and realistic.
E. far reaching, thorough, and measurable.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

40. The activities a firm undertakes to create a certain perception of its product in the eyes of the target market are referred to as

A. positioning.
B. zoning.
C. leveraging.
D. targeting.
E. labeling.

41. Which of the following is *not* one of the four basic categories of marketing growth strategies?

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

42. The marketing strategy that emphasizes selling more of existing goods and services to existing customers is called
A. market penetration.

B. product development.
C. market development.
D. positioning.
E. diversification.

43. Think about the various marketing strategies as you read the following choices to determine which one describes a market penetration strategy.

A. selling existing products to new markets
B. selling more of current products to existing markets
C. selling new products to new markets
D. selling new products to existing markets
E. selling more of current products to new markets

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

44. When the makers of V8 vegetable juice noticed that sales of its original product were stabilizing, they decided to offer a new product, one that offered a full serving of vegetables and a full serving of fruit. They called the product V8 V-Fusion and they marketed it to their original V8 customers in hopes of increasing sales. This is an example of what kind of marketing strategy?

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

45. Which of the following best describes a market development strategy?

A. selling more of current products to existing markets
B. selling new products to new markets
C. selling new products to existing markets
D. selling existing products to new markets
E. selling unrelated products to existing markets

46. Which marketing strategy is being employed by a firm that is seeking to expand in foreign markets?

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

47. Which marketing strategy would Krispy Kreme doughnuts be using if it decided to begin selling its doughnuts in Mexico for the first time?

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

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

48. As a marketing strategy, what is diversification?

A. offering new products that are unrelated to the existing products produced by a company
B. selling new goods and services to new customers
C. selling existing goods and services to new customers
D. selling more of existing goods and services to existing customers
E. creating new goods and services for existing markets

49. If Geico Insurance began selling t-shirts featuring its infamous gecko to try to capitalize on its brand name, this would be an example of

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

50. The superior position a product enjoys over competing products if consumers believe it has more value than other products in its category is referred to as a

A. competitive advantage.
B. product plus.
C. value proposition.
D. product edge.
E. marketing advantage.

51. A recent survey conducted by *U.S. News and World Report* on the best overall hybrid car, ranked the Ford Fusion Hybrid as one of the best hybrid cars for the money. For Ford, this represents

A. product control.
B. a competitive advantage.
C. a core benefit.
D. marketing tactics.
E. a value edge.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

52. Which element of the marketing mix relates to services like warranties and guarantees that accompany a good or service?

A. promotion
B. product
C. position
D. place
E. price

53. Which element of the marketing mix details how the organization will communicate the value of its product?

A. product
B. place
C. promotion
D. position
E. price

54. The activities that an organization uses to reach its target market such as advertising, personal selling, and public relations are all part of the marketing mix element known as

A. position.
B. price.
C. promotion.
D. place.
E. product.

55. Which element of the marketing mix includes the distribution activities necessary to get the product in the hands of the customer?

A. position
B. place
C. price
D. promotion
E. product

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

56. Which of the following is *not* one of the five major strategic options for entering the international marketplace?

A. direct ownership
B. exporting
C. capital investment
D. licensing
E. franchising

57. Typically the least risky option for entering international markets is

A. licensing.
B. exporting.
C. direct ownership.
D. franchising.
E. joint venture.

58. Selling domestically produced products to foreign markets is called

A. countertrade.
B. franchising.
C. licensing.
D. exporting.
E. international marketing.

59. Which of the following makes up the vast majority of U.S. exporters?

A. Walmart
B. the top three largest U.S. firms
C. multinational corporations
D. small companies
E. Fortune 500 companies

60. A legal process in which one firm pays to use or distribute another firm's resources, including products, trademarks, patents, intellectual property, or other proprietary knowledge is called

A. franchising.
B. contract manufacturing.
C. licensing.
D. joint venture.
E. branding.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

61. According to your text, which of the following is a reason why the use of licensing to enter international markets has increased significantly in recent years?

A. longer product life cycles
B. increased viewership of sporting events
C. less regulation
D. rising research and development costs
E. greater profit margins

62. Which of the following is a risk of licensing in an international market?

A. The licensor may create its own competition.
B. The licensor has to pay the licensee money to enter the arrangement.
C. The licensor may misuse trademarks.
D. The licensor doesn't know enough about the brand.
E. Locally owned licensees don't know much about the local customers.

63. For a fee, Hadad can open a Subway shop in his hometown of Beirut. The parent company has agreed to let Hadad use its company name and will give him marketing and operational support. What type of arrangement is this?

A. joint venture
B. contract manufacturing
C. licensing
D. direct ownership
E. franchising

64. Why is franchising an attractive method of entering a foreign market?

A. because there are very few risks involved in franchising
B. because the franchisor has no liability if the business fails
C. because the franchisee has no liability if the business fails
D. because the franchisor does not have to put up any capital to get the business off the ground
E. because the franchisee assumes the majority of the capital costs and human resource issues

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

65. An arrangement in which a domestic firm partners with a foreign company to create a new entity, thus allowing the domestic firm to enter the foreign company's market, is known as

A. a joint venture.
B. direct ownership.
C. exporting.
D. licensing.
E. contract manufacturing.

66. Compare each of the following to determine which one accurately describes a joint venture.

A. a contractual arrangement in which a fee is paid to have the right to open a business using the parent company's business name and to receive marketing and operational support
B. an arrangement where a domestic firm partners with a foreign company to create a new entity, thus allowing the domestic firm to enter the foreign company's market
C. a legal process in which one firm pays to use or distribute another firm's resources, including products, trademarks, patents, intellectual property, or other proprietary knowledge
D. a contractual arrangement where a foreign firm agrees to manufacture products for a domestic firm
E. an arrangement in which a domestic firm actively manages a foreign company or overseas facilities

67. Which method of entering a foreign market has a domestic firm actively managing a foreign company or overseas facility?

A. joint venture
B. licensing
C. exporting
D. direct ownership
E. contract manufacturing

68. Which method of entering a foreign market carries with it the *most* risk?

A. direct ownership
B. exporting
C. licensing
D. joint venture
E. contract manufacturing

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

69. When a big name retailer decides to open a manufacturing plant overseas, this is an example of

A. licensing.
B. direct ownership.
C. contract manufacturing.
D. a joint venture.
E. exporting.

70. Which form of entering a foreign market requires the greatest commitment?

A. exporting
B. licensing
C. joint venture
D. contract manufacturing
E. direct ownership

71. Review the following statements to determine which one is *not* accurate regarding the direct ownership method of entering a foreign market.

A. Direct ownership requires more commitment than any other method of entering a foreign market.
B. Direct ownership does not allow the firm much control over its intellectual property.
C. Direct ownership is a good option when there is very little political risk.
D. Direct ownership is a good option when there are similarities between the foreign and domestic cultures.
E. Direct ownership is the riskiest method of entering a foreign market.

72. The practice of measuring, managing, and analyzing marketing performance is referred to as

A. diversification.
B. marketing analytics.
C. situation analysis.
D. positioning.
E. market segmentation.

73. The measure of a firm's effectiveness in using the resources allocated to its marketing effort is called

A. return on marketing investment.
B. gross expenditures.
C. market share analysis.
D. marketing revenue analysis.
E. gross margin.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

74. Marketing expenditures are used in calculating

A. frequency and reach.
B. market share analysis.
C. revenue analysis.
D. gross margin.
E. return on marketing investment.

75. Which of the following analytics is a measure of actual revenue relative to the objectives of the organization?

A. profit analysis
B. revenue analysis
C. sales analysis
D. gross margin
E. profit margin

76. What measure allows marketers to analyze the success of specific products and regions to pinpoint what is working and what is not?

A. gross margin
B. profit margin
C. revenue analysis
D. return on marketing investment
E. marketing expenditures

77. Daryl recently took a marketing job with a new firm. His first order of business is to find out how his new company performs relative to its competitors. Which of the following would Daryl use to do this?

A. revenue analysis
B. gross margin
C. market share analysis
D. profitability analysis
E. return on marketing investment

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

78. Which marketing analytics tool is used to measure the percentage of total market sales captured by a brand, product, or firm?

A. market share analysis
B. profitability analysis
C. gross margin
D. return on marketing investment
E. revenue analysis

79. To be most effective, market share data should be analyzed

A. along with historical sales data.
B. relative to marketing expenditures.
C. relative to revenue and profitability.
D. along with gross margin.
E. in isolation, apart from other measurements.

80. What term is used for the positive gain from a business operation after all of the expenses have been subtracted?

A. gross margin
B. total sales
C. revenue
D. profit
E. earnings

81. The measure of how much profit the firm generates as well as how much profit certain aspects of the firm, including regions, channels, and customer segments, contribute is referred to as

A. profitability analysis.
B. revenue analysis.
C. profitability return on investment.
D. market share analysis.
E. profit margin.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

82. What two important metrics do marketers use to evaluate profitability?

A. gross margin and marketing expenditures
B. customer acquisition and continuing sales to established customers
C. new lines of business and individual customer profitability
D. customer acquisition and individual customer profitability
E. continuing sales to established customers and new sales from expanding markets

83. The process of thoughtfully defining a firm's objectives and developing a method for achieving those objectives is referred to as _____ _____.

_____

84. In order to ensure marketers will select and execute the right marketing mix strategies to maximize success, they should engage in the process of _____ _____.

_____

85. A firm in the process of developing a _____ _____might ask these questions: What is our business? Who is our customer? What is our value to the customer? and What should our business be?

_____

86. A good _____ _____ should be focused on a limited number of goals, be customer-oriented, and capture a shared purpose and provide information for the employees of the firm.

_____

87. A mission statement should be oriented toward the _____.

_____

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

88. The primary strategic planning tool for guiding the firm's marketing strategy is the _____ plan.

_____

89. An action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketing strategy is called the _____ _____.

_____

90. While the specific format of the marketing plan differs from organization to organization, most plans include _____ components that communicate what the organization desires to accomplish and how it plans to achieve its goals.

_____

91. The key component of the marketing plan that summarizes the plan's main points is called the _____ _____.

_____

92. The three subsections of the _____ _____ are a market summary, SWOT analysis, and a competition analysis.

_____

93. A firm looking to describe the current state of the market is most likely developing a _____ _____.

_____

94. The _____ _____component of the marketing plan lists the actions the firm must take to accomplish the marketing objectives it established in its mission statement and strategic planning process.

_____

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

95. A(n) _____ _____ analysis combines the data provided in the sales and expense forecasts to estimate how much the company needs to sell to cover its expenses.

_____

96. An estimate of the costs the company will incur to create, communicate, and deliver the product is outlined in the _____ forecast.

_____

97. No matter how good the marketing plan is, it is of no value unless the company is successful at _____ the plan.

_____

98. _____ planning defines the actions the company will take if the initial marketing strategy does not achieve results.

_____

99. On the BCG Matrix, _____ _____ are products that have a large market share in an industry with low growth rates.

_____

100. On the BCG Matrix, _____ _____ are products that have a low market share in an industry with high growth rates.

_____

101. Calvin is considering opening a late-night pizza parlor on the local college campus. His SWOT analysis reveals that students want more late-night options for dining. This represents a(n) _____ in the SWOT analysis.

_____

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

102. In a SWOT analysis, threats are an _____ consideration. (internal/external)

_____

103. A quality marketing objective should have three basic characteristics. It should be specific, measurable, and _____.

_____

104. The group of customers toward which an organization has decided to direct its marketing efforts is known as the _____ market.

_____

105. _____ refers to the activities a firm undertakes to create a certain perception of its product in the eyes of the target market.

_____

106. A marketing strategy that emphasizes selling more of existing goods and services to existing customers is a _____ _____strategy.

_____

107. Arm & Hammer baking soda is best known for its use in baking. The company, however, would like to increase its market share to include household and personal care products. By taking the original product and creating new products that it can sell to its existing markets, the company is using a _____ _____ strategy.

_____

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

108. John's Fitness Club was originally geared toward men who primarily wanted to lift weights. John has developed an ad campaign designed to inform women of the benefits of weight lifting in hopes of increasing memberships at the club. In this example, John is using a _____ _____ strategy.

_____

109. _____ strategies seek to attract new customers by offering new products that are unrelated to the existing products produced by the organization.

_____

110. The _____ section of the marketing plan comprises a detailed description of not only the good or service itself, but also any warranties or guarantees.

_____

111. A product possesses a _____ _____ when it enjoys a superior position over competing products because consumers believe it has more value than other products in its category.

_____

112. Whether or not a firm will use advertising, sales promotion, personal selling, or public relations is outlined in the _____ section of the marketing plan.

_____

113. Distribution strategies fall within the _____ marketing mix element.

_____

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

114. Typically, the least-risky option for entering international markets is _____.

_____

115. _____ helps to overcome barriers such as increased regulation, rising research and development costs, and shortened product lifestyles, which is why the use of this market-entry strategy has increased significantly in recent years.

_____

116. If Camille decided she wanted to open a Starbucks store overseas, she would be using the market-entry strategy known as _____.

_____

117. The market-entry strategy whereby a foreign company partners with a domestic firm to create a new entity and thus allows the domestic firm to enter the foreign company's market is referred to as _____ _____.

_____

118. The riskiest method of entering an international market is _____ _____.

_____

119. The practice of measuring, managing, and analyzing marketing performance is called marketing _____.

_____

120. Organizations use _____ _____ _____ _____ to measure the firm's effectiveness in using the resources allocated to its marketing effort.

_____

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

121. The percentage of the total market sales captured by a brand, product, or firm is called _____ _____.

_____

122. The positive gain from a business operation after subtracting all expenses is referred to as _____.

_____

123. Strategic planning is a process that is done only once, when the firm is defining its objectives and setting a course for achieving those objectives.

True False

124. The mission statement should be customer oriented and focused on satisfying basic customer needs and wants.

True False

125. An action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketing strategy is the business plan.

True False

126. Each component of a marketing plan should be grounded in the firm's overall mission.

True False

127. If done correctly, the executive summary should be a comprehensive document outlining every aspect of the marketing plan, down to the last detail.

True False

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

128. The situation analysis section of the marketing plan consists of a market summary, a SWOT analysis, and a competition analysis.

True False

129. The is the group of consumers or organizations that are interested in and able to buy a particular product.

True False

130. The projection of how many units of a product the company expects to sell during a specific time period is contained in the expense forecast.

True False

131. The BCG Matrix divides products into four categories: stars, question marks, cows, and skunks.

True False

132. The group of products on the BCG Matrix that represents products that have a small market share in industries with low growth rates is called dogs.

True False

133. The internal considerations of a SWOT analysis are opportunities and threats.

True False

134. The latest Surgeon General warning regarding diets high in fat, calories, and sodium would be considered a threat to fast-food restaurants like McDonald's and Burger King.

True False

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

135. Positioning refers to the activities a firm undertakes to create a certain perception of its product in the eyes of the target market.

True False

136. Market penetration strategies focus on selling existing goods and services to new customers.

True False

137. A marketing strategy that involves creating new goods and services for existing markets is a product development strategy.

True False

138. The fact that Procter & Gamble has broadened its product offerings to include household cleaning products, laundry products, snack products, and hair care products is an example of diversification.

True False

139. Janie thinks that Kleenex is the best brand of facial tissue on the market and refuses to buy any other brand. For Janie, Kleenex has established a competitive advantage over the competing products.

True False

140. Selling domestically produced products to foreign markets is the least-risky option for entering international markets.

True False

141. The use of licensing to enter international markets has increased significantly in recent years due to several factors, including more regulation and rising research and development costs.

True False

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

142. Franchising is an attractive method of entering foreign markets because franchisors assume the majority of the capital costs and human resource issues.

True False

143. Direct ownership is the riskiest method of entering an international market.

True False

144. Marketing strategy becomes more accountable when organizations base decisions on analytics.

True False

145. Return on marketing investment (ROMI) indicates the rate at which spending on marketing contributes to expenses.

True False

146. If a firm wanted to know how it is performing relative to its competitors, it would conduct a revenue analysis.

True False

147. What are the three components that are analyzed as part of the situation analysis section of the marketing plan?

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

148. How are target market and positioning connected?

149. List and describe the international market entry strategies.

150. Describe the marketing analytics tools of revenue analysis, market share analysis, and profitability analysis.

151. Using the Marketing Growth Strategies covered in Figure 2.4, why did Taco Bell introduce a breakfast menu? Why does Taco Bell also continually add items to its lunch/dinner menu and offer many short-term special menu items including special Mountain Dew flavors?

152. You started an energy drink company in the United States that has been very successful. Your sales and profits have leveled off lately, and you and your management team are now researching introducing your drinks outside the United States. What market-entry strategies will you analyze if you want to keep your risk and initial investment low?

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Chapter 02 Test Bank Key

1. The process of thoughtfully defining a firm's objectives and developing a method for achieving those objectives is called

A. business development.
B. business planning.
C. functional planning.
D. strategic planning.
E. marketing development.

Strategic planning is the process of thoughtfully defining a firm's objectives and developing a method for achieving those objectives.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Discuss the importance of strategic planning for marketing.
Topic: Strategic Planning

2. How often should firms undertake the task of strategic planning?

A. on a continual basis as conditions change
B. only once, when determining the firm's objectives
C. only once, when developing the marketing plan
D. two or three times, to make sure all items are covered
E. never; unnecessary to develop a strategic plan

Firms must continually undertake the task of strategic planning. Shifting conditions, including changing customer needs and competitive threats, ensure that what worked in the past will not always work in the future, thus requiring firms to modify their strategy.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Discuss the importance of strategic planning for marketing.
Topic: Strategic Planning

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

3. Read the following statements regarding strategic planning to determine which is *not* accurate.

A. Strategic planning can be used on a personal level to help accomplish goals.
B. The strategic plan is shaped by the organization's mission.
C. Strategic planning is a one-time process completed when a firm outlines its objectives.
D. Strategic planning can greatly increase the likelihood of success.
E. Strategic planning helps ensure marketers will select the right marketing mix strategies.

Strategic planning is not a one-time process. Firms must continually undertake the task of strategic planning. Shifting conditions, including changing customer needs and competitive threats, ensure that what worked in the past will not always work in the future, thus requiring firms to modify their strategy.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-01 Discuss the importance of strategic planning for marketing.
Topic: Strategic Planning

4. A concise affirmation of a firm's long-term purpose is known as its

A. mission statement.
B. marketing plan.
C. organizational directive.
D. long-range plan.
E. executive summary.

The first step in creating a quality marketing plan is to develop an effective mission statement, which is a concise affirmation of the long-term purpose of the firm.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Analyze the characteristics of an effective mission statement.
Topic: The Mission Statement

5. A good mission statement should be oriented around the

A. company.
B. financial plan.
C. marketing plan.
D. product.
E. customer.

The mission statement should be customer-oriented and focused on satisfying basic customer needs and wants.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 Analyze the characteristics of an effective mission statement.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Topic: The Mission Statement

6. A good mission statement should

A. contain as many goals as possible.
B. provide motivation for the employees of the firm.
C. ask the question What is our product?
D. be company oriented.
E. focus on when to market the product.

Mission statements should capture a shared purpose and provide motivation for the employees of the firm.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 Analyze the characteristics of an effective mission statement.
Topic: The Mission Statement

7. What element will ensure a business never strays too far from its core goals and values, especially if the marketing plan needs to be modified to fit the changing times?

A. a sound mission statement
B. a solid strategic plan
C. a concise executive summary
D. a developed organizational plan
E. a complete SWOT analysis

A sound mission statement provides a basis for developing the marketing plan and, as the firm continues to modify its marketing plan to fit changing times, the mission statement provides a standard to ensure that the business never strays too far from its core goals and values.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 Analyze the characteristics of an effective mission statement.
Topic: The Mission Statement

8. What primary strategic planning tool is used for directing and coordinating the marketing effort and helps to guide the firm's marketing strategy?

A. the marketing plan
B. the situation analysis
C. the executive summary
D. the business plan
E. the mission statement

The primary strategic planning tool for directing and coordinating the marketing effort is the marketing plan.

AACSB: Analytical Thinking

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: The Marketing Plan

9. What is the *overall* purpose of a marketing plan?

A. to identify both existing and potential competitors of the firm
B. to define the target market and promotion strategies to be used on that market
C. to determine whether or not a firm has enough capital to pursue its objectives
D. to guide the analysis, implementation, and control of the firm's marketing strategy
E. to define the company's strengths and weaknesses

The marketing plan is an action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketing strategy.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: The Marketing Plan

10. The five key components of the marketing plan are

A. executive summary, situation analysis, marketing strategy, financials, and controls.
B. mission statement, situation analysis, promotion strategy, financials, and controls.
C. mission statement, situation analysis, marketing strategy, financials, and controls.
D. executive summary, situation analysis, positioning, financials, and implementation.
E. executive summary, market positioning, marketing strategy, financials, and implementation.

The five key components of a marketing plan communicate what the organization desires to accomplish and how it plans to achieve its goals. They are: the executive summary, situation analysis, marketing strategy, financials, and controls.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: The Marketing Plan

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

11. An action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketing strategy is known as the

A. strategic plan.
B. organizational plan.
C. promotional plan.
D. marketing plan.
E. business plan.

The marketing plan is an action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketing strategy.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: The Marketing Plan

12. What document provides a one- to two-page summary of the marketing plan's main points?

A. the executive summary
B. the organizational summary
C. the SWOT analysis
D. the mission statement
E. the strategic plan

The executive summary serves as the elevator pitch for the marketing plan. It provides a one- to two-page synopsis of the marketing plan's main points. Every line of an executive summary should convey the most valuable information of the marketing plan.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

13. What element of the marketing plan helps firms understand where they are currently and how best to move forward?

A. the situation analysis
B. the marketing strategy
C. the financials
D. the controls
E. the executive summary

The situation analysis helps firms understand their current situation to make strategic decisions about how to best move forward.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

14. The situation analysis is composed of which three subsections?

A. SWOT analysis, target market, and controls
B. market summary, financials, and controls
C. market summary, SWOT analysis, and competition analysis
D. SWOT analysis, competition analysis, and financials
E. market summary, competition analysis, and financials

A situation analysis is the systematic collection of data to identify the trends, conditions, and competitive forces that have the potential to influence the performance of the firm and the choice of appropriate strategies. The situation analysis comprises three subsections: market summary, SWOT analysis, and competition analysis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

15. Gavin wants to perform a situation analysis of his business to help him make strategic decisions for the future. The situation analysis will tell Gavin all of the following

A. current competitive forces.
B. market conditions.
C. the firm's strengths and weaknesses.
D. financial projections.

The situation analysis is composed of three subsections: market summary, SWOT analysis, and competition. These items will highlight market conditions; competitive forces; and the firm's strengths, weaknesses, opportunities, and threats. They will not, however, point out financial projections.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

16. As it pertains to a situation analysis, the term *market* refers to

A. the group of consumers that are interested in and able to buy a particular product.
B. the competitive forces that impact how a product will be sold.
C. the entire product offering of a firm that must be promoted.
D. the environment in which a particular product will be sold.
E. the collective form of promotions for any given product.

A market is the group of consumers or organizations that are interested in and able to buy a particular product.

AACSB: Reflective Thinking

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

17. Once the situation analysis is complete, marketers focus on defining their

A. mission statement.
B. competition.
C. SWOT analysis.
D. marketing strategy.
E. strategic plan.

The next step after completing a situation analysis is to focus on defining a marketing strategy.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Define a Marketing Strategy

18. The actions a firm must take to accomplish the marketing objectives established in its mission statement and strategic planning process are outlined in the
A. marketing strategy.
B. situation analysis.
C. organizational plan.
D. market summary.
E. executive summary.

The marketing strategy component of the marketing plan lists the actions the firm must take to accomplish the marketing objectives it established in its mission statement and strategic planning process.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Define a Marketing Strategy

19. What part of the financial section of a marketing plan provides readers of the plan a bottom-line estimate of the organization's profitability?

A. the cost detail
B. the accounting detail
C. the accounting projections
D. the profit estimates
E. the financial projections

Financial projections provide those reading the marketing plan with a bottom-line estimate of the organization's profitability.

AACSB: Analytical Thinking

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

20. According to your text, what three elements should be contained within a company's financial projections?

A. sales forecast, profit and loss statement, and balance sheet
B. balance sheet, profit and loss statement, and net worth
C. short-term debt, long-term debt, and sales forecast
D. expense forecast, sales forecast, and net worth
E. sales forecast, expense forecast, and break-even analysis

Financial projections can include numerous items, but all should contain a sales forecast, an expense forecast, and a break-even analysis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

21. Which forecast projects how many units of a product the company expects to sell during a specific time period?

A. production forecast
B. break-even analysis
C. distribution forecast
D. sales forecast
E. expense forecast

Many departments rely on a sales forecast, which projects how many units of a product the company expects to sell during a specific time period.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

22. What information does a break-even analysis provide for a firm?

A. how much profit a firm needs to make before diversification can take place
B. the length of time that it will take for a company to pay off all its debts
C. how much the company needs to sell to cover its expenses
D. what market share the company needs to attain to surpass its competitors
E. a bottom-line estimate of the firm's profitability

Break-even analysis combines the data provided in the sales and expense forecasts to estimate how much the company needs to sell to cover its expenses.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Break-Even Analysis

23. What two forecasts are used in a break-even analysis?

A. production and sales
B. profit and loss
C. revenue and production
D. market share and sales
E. sales and expense

Break-even analysis combines the data provided in the sales and expense forecasts to estimate how much the company needs to sell to cover its expenses.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Break-Even Analysis

24. Read the following to determine which one accurately depicts what is contained in an expense forecast.

A. the amount of money the company must pay suppliers to warehouse and ship the product to stores
B. the total amount of debt owed by the company, both short-term and long-term
C. an estimate of how many units of product the company expects to sell during a specific time period
D. an estimate of the market share for any given product and the cost incurred to reach that market
E. an estimate of the costs the company will incur to create, communicate, and deliver the product

The expense forecast is an estimate of the costs the company will incur to create, communicate, and deliver the product. Without an expense forecast, marketers will have a very difficult time allocating resources and predicting when the product will become profitable.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-03 Outline the five main components of the marketing plan.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Topic: Elements of the Marketing Plan

25. The final section in most marketing plans is the

A. executive summary.
B. controls section.
C. marketing strategy.
D. situation analysis.
E. financial section.

The final section in most marketing plans outlines the controls the firm will put in place to monitor and adjust the plan as the firm executes on the strategy laid out in it.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

26. The controls section of the marketing plan should contain which of the following?

A. marketing strategy, organizational structure, and feedback
B. organizational structure, administrative oversight, and evaluation
C. implementation, feedback, and review
D. implementation, organizational structure, and contingency planning
E. implementation, evaluation, and contingency planning

The controls section should include the following three items: implementation, organizational structure, and contingency planning.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

27. Why is it necessary to have an outline of the organizational structure in the controls section of the marketing plan?

A. because it specifies how the marketing plan affects each and every department in the organization
B. because it helps to identify what the weak links are in the organization
C. because it helps hold specific departments and individuals responsible for the parts of the plan that fall under their control
D. because it provides a detailed account of how the specific actions of the plan will be carried out and who will be responsible for carrying them out
E. because it shows how the company will be affected if the marketing plan does not achieve results

When elements of the marketing strategy are not implemented correctly, it's often because the plan does not clearly indicate who is responsible for carrying out each activity. By clearly outlining who is accountable for which tasks, the marketing plan can help to clarify ownership and drive positive results.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

28. What element of the control section of the marketing plan defines the actions the company will take if the initial marketing strategy does not achieve results?

A. the organizational structure
B. the contingency plan
C. the situation analysis
D. the strategic plan
E. the implementation plan

Contingency planning defines the actions the company will take if the initial marketing strategy does not achieve results.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

29. What two elements are combined on the BCG matrix to produce its four unique product categories?

A. market growth and relative market share
B. relative market share and number of competitors
C. supply and demand
D. market growth and number of competitors
E. market size and product demand

The BCG matrix combines the two elements of market growth and relative market share to produce four unique product categories: stars, cash cows, question marks, and dogs.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Difficulty: 2 Medium
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: The BCG Matrix

30. Products that are typically new to the market and require significant marketing investment in promotion, product management, and distribution are classified as

A. skunks.
B. cash cows.
C. stars.
D. dogs.
E. question marks.

Question marks have a small market share in a high-growth industry. Products in this quadrant are typically new to the market and require significant marketing investment in promotion, product management, and distribution.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: The BCG Matrix

31. Which of the following products would *most likely* be considered a *dog*?

A. e-reader
B. iPod
C. laptop
D. microwave oven
E. compact disc

Dogs are products that have small market share in industries with low growth rates. Products that fall into this category typically should be discontinued so the firm can reallocate marketing resources to products with more profit potential.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: The BCG Matrix

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

32. According to the BCG Matrix, what defines a *cash cow*?

A. products that have a small market share in an industry with high growth rates
B. products that have a small market share in an industry with steady growth rates
C. products that have a small market share in an industry with low growth rates
D. products that have a large market share in an industry with high growth rates
E. products that have a large market share in an industry with low growth rates

Cash cows are products that have a large market share in an industry with low growth rates. An example of a cash cow product is the Apple iPod.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: The BCG Matrix

33. The internal considerations in a SWOT analysis are

A. a firm's revenue and market share.
B. a firm's market share and growth potential.
C. a firm's opportunities and threats.
D. a firm's strengths and weaknesses.
E. the firm's current and future competition.

The internal considerations of a SWOT analysis are the firm's strengths and weaknesses.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: SWOT Analysis

34. According to your text, perhaps the most common mistake a firm makes when conducting a SWOT analysis is

A. looking at only the firm's strengths.
B. failing to involve all departments in the analysis.
C. failing to separate internal issues from external issues.
D. underestimating the competitive environment.
E. not looking at the firm's financial statements.

A SWOT analysis can be a valuable tool in the development of a marketing plan, but only if it's executed well. Perhaps the most common mistake a firm makes when conducting a SWOT analysis is failing to separate internal issues from external issues.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: SWOT Analysis

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

35. Joe's Pizza Parlor is a late-night pizza and sandwich shop located on a college campus. Joe recently conducted a SWOT analysis. Compare each of the following to determine which one is a *weakness* for Joe's Pizza Parlor.

A. A graduate of the college, Joe is well liked in the community.
B. Joe finds it hard to staff the late night shifts, which are his busiest times.
C. Joe is concerned that the weak economy will lead to fewer students dining out.
D. A new pizza shop has opened up down the street.
E. Joe is worried about the push for healthier eating.

Weaknesses are internal limitations that may prevent or disrupt the firm's ability to meet its stated objectives. The inability to staff the late-night shift is a weakness for Joe's Pizza Parlor.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: SWOT Analysis

36. Consider the following findings from a recent SWOT analysis performed by Sasha's flower shop. Which of the following represents a *threat*?

A. Sasha has a hard time finding good employees after the summer staff goes back to school.
B. Sasha has a good business relationship with local catering companies.
C. The summer drought has produced fewer flowers.
D. Sasha has to spend a lot of time training her employees on how to care for the flowers and plants.
E. A new funeral home just opened up in town.

Threats are current and potential external factors that may challenge the firm's short- and long-term performance. The drought is an external factor affecting Sasha's business.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: SWOT Analysis

37. In a SWOT analysis, current and potential external factors that may challenge the firm's short- and long-term performance are referred to as

A. hazards.
B. opportunities.
C. threats.
D. weaknesses.
E. obstacles.

In a SWOT analysis, threats are current and potential external factors that may challenge the firm's short- and long-term performance.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: SWOT Analysis

38. Travis has an athletic shoe store and is currently preparing a market summary. To be most effective, the competition section of his market summary should

A. list possible tactics to obtain a larger market share.
B. list only indirect competitors.
C. focus only on competitors that sell the same product as he.
D. list only direct competitors.
E. list both direct and indirect competitors.

While most marketing plans examine direct competitors thoroughly, indirect competitors typically receive far less attention or are overlooked entirely. Indirect competitors can take market share away from a firm as macro trends or consumer preferences change.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: Elements of the Marketing Plan

39. The three basic characteristics of a quality marketing objective is that it be

A. vague, simplistic, and easy to understand.
B. broad, detailed, and measurable.
C. specific, tailored, and recognizable.
D. specific, measurable, and realistic.
E. far reaching, thorough, and measurable.

Quality marketing objectives have three basic characteristics. They should be specific, measurable, and realistic.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

40. The activities a firm undertakes to create a certain perception of its product in the eyes of the target market are referred to as

A. positioning.
B. zoning.
C. leveraging.
D. targeting.
E. labeling.

Success within the target market depends, to some degree, on how the firm positions its product. Positioning refers to the activities a firm undertakes to create a certain perception of its product in the eyes of the target market.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Positioning

41. Which of the following is *not* one of the four basic categories of marketing growth strategies?

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

Positioning is *not* a marketing strategy; rather, it refers to the activities a firm undertakes to create a certain perception of its product in the eyes of the target market.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

42. The marketing strategy that emphasizes selling more of existing goods and services to existing customers is called

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

Market penetration strategies often involve encouraging current customers to buy more each time they patronize a store or to buy from the store on a more frequent basis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Topic: Elements of a Marketing Strategy

43. Think about the various marketing strategies as you read the following choices to determine which one describes a market penetration strategy.

A. selling existing products to new markets
B. selling more of current products to existing markets
C. selling new products to new markets
D. selling new products to existing markets
E. selling more of current products to new markets

A market penetration strategy emphasizes selling more of existing goods and services to existing customers.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

44. When the makers of V8 vegetable juice noticed that sales of its original product were stabilizing, they decided to offer a new product, one that offered a full serving of vegetables and a full serving of fruit. They called the product V8 V-Fusion and they marketed it to their original V8 customers in hopes of increasing sales. This is an example of what kind of marketing strategy?

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

Product development is a marketing strategy that involves creating new goods and services for existing markets.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

45. Which of the following best describes a market development strategy?
A. selling more of current products to existing markets
B. selling new products to new markets
C. selling new products to existing markets
D. selling existing products to new markets
E. selling unrelated products to existing markets

A market development strategy focuses on selling existing goods and services to new customers.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Topic: Elements of a Marketing Strategy

46. Which marketing strategy is being employed by a firm that is seeking to expand in foreign markets?

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

A market development strategy focuses on selling existing goods and services to new customers.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

47. Which marketing strategy would Krispy Kreme doughnuts be using if it decided to begin selling its doughnuts in Mexico for the first time?

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

A market development strategy focuses on selling existing goods and services to new customers.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

48. As a marketing strategy, what is diversification?

A. offering new products that are unrelated to the existing products produced by a company
B. selling new goods and services to new customers
C. selling existing goods and services to new customers
D. selling more of existing goods and services to existing customers
E. creating new goods and services for existing markets

Diversification is a marketing strategy that seeks to attract new customers by offering new products that are unrelated to the existing products produced by the organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Difficulty: 2 Medium
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

49. If Geico Insurance began selling t-shirts featuring its infamous gecko to try to capitalize on its brand name, this would be an example of

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

Diversification is a marketing strategy that seeks to attract new customers by offering new products that are unrelated to the existing products produced by the organization. Since Geico sells auto insurance, the decision to sell t-shirts would be a way for Geico to diversify.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

50. The superior position a product enjoys over competing products if consumers believe it has more value than other products in its category is referred to as a

A. competitive advantage.
B. product plus.
C. value proposition.
D. product edge.
E. marketing advantage.

A product possesses a competitive advantage when it enjoys a superior position over competing products because consumers believe it has more value than other products in its category.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Developing a Sustainable Competitive Advantage

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

51. A recent survey conducted by *U.S. News and World Report* on the best overall hybrid car, ranked the Ford Fusion Hybrid as one of the best hybrid cars for the money. For Ford, this represents

A. product control.
B. a competitive advantage.
C. a core benefit.
D. marketing tactics.
E. a value edge.

A product possesses a competitive advantage when it enjoys a superior position over competing products because consumers believe it has more value than other products in its category.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Developing a Sustainable Competitive Advantage

52. Which element of the marketing mix relates to services like warranties and guarantees that accompany a good or service?

A. promotion
B. product
C. position
D. place
E. price

The product section of the marketing plan comprises a detailed description of the product being offered, not only the good or service itself, but also any related services like warranties and guarantees that accompany the good or service.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

53. Which element of the marketing mix details how the organization will communicate the value of its product?

A. product
B. place
C. promotion
D. position
E. price

The promotion section of the marketing plan details how the organization will communicate the value of its product. This section builds on the strengths of the product section and references the specific promotional tools the organization will use to reach its target market.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

54. The activities that an organization uses to reach its target market such as advertising, personal selling, and public relations are all part of the marketing mix element known as

A. position.
B. price.
C. promotion.
D. place.
E. product.

The promotion section of the marketing plan details how the organization will communicate the value of its product, whether it is by advertising, sales promotion, personal selling, or public relations.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

55. Which element of the marketing mix includes the distribution activities necessary to get the product in the hands of the customer?

A. position
B. place
C. price
D. promotion
E. product

Distribution strategies fall within the place marketing mix element.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

56. Which of the following is *not* one of the five major strategic options for entering the international marketplace?

A. direct ownership
B. exporting
C. capital investment
D. licensing
E. franchising

As part of developing a marketing plan that involves global marketing, the firm must choose from among the following five major strategic options for entering the international marketplace: exporting, licensing, franchising, joint venture, or direct investment.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

57. Typically the least risky option for entering international markets is

A. licensing.
B. exporting.
C. direct ownership.
D. franchising.
E. joint venture.

Exporting is selling domestically produced products to foreign markets and is typically the least risky option for entering international markets.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

58. Selling domestically produced products to foreign markets is called

A. countertrade.
B. franchising.
C. licensing.
D. exporting.
E. international marketing.

Exporting is selling domestically produced products to foreign markets and is typically the least risky option for entering international markets.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Topic: Market Entry Strategies

59. Which of the following makes up the vast majority of U.S. exporters?

A. Walmart
B. the top three largest U.S. firms
C. multinational corporations
D. small companies
E. Fortune 500 companies

Exporting is not just popular among the companies that make up the Fortune 500. Small companies account for 98 percent of all U.S. exporters.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

60. A legal process in which one firm pays to use or distribute another firm's resources, including products, trademarks, patents, intellectual property, or other proprietary knowledge is called

A. franchising.
B. contract manufacturing.
C. licensing.
D. joint venture.
E. branding.

Licensing is a legal process in which one firm pays to use or distribute another firm's resources, including products, trademarks, patents, intellectual property, or other proprietary knowledge.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

61. According to your text, which of the following is a reason why the use of licensing to enter international markets has increased significantly in recent years?

A. longer product life cycles
B. increased viewership of sporting events
C. less regulation
D. rising research and development costs
E. greater profit margins

The use of licensing to enter international markets has increased significantly in recent years due to several factors, including more regulation, rising research and development (R&D) costs, and shortened product life cycles. Licensing helps to overcome some of these barriers since the licensee is typically locally owned and brings unique insight about its local consumers.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

62. Which of the following is a risk of licensing in an international market?

A. The licensor may create its own competition.
B. The licensor has to pay the licensee money to enter the arrangement.
C. The licensor may misuse trademarks.
D. The licensor doesn't know enough about the brand.
E. Locally owned licensees don't know much about the local customers.

Major risks include (1) that the licensor may be inadvertently creating a future competitor in the form of the licensee, (2) that the licensor shares information and the right to use its proprietary technology with the licensee, and (3) that the licensee could potentially misuse trademarks.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

63. For a fee, Hadad can open a Subway shop in his hometown of Beirut. The parent company has agreed to let Hadad use its company name and will give him marketing and operational support. What type of arrangement is this?

A. joint venture
B. contract manufacturing
C. licensing
D. direct ownership
E. franchising

Franchising is a contractual arrangement in which the franchisor provides a franchisee the right to use its name and marketing and operational support in exchange for a fee and, typically, a share of the profits.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

64. Why is franchising an attractive method of entering a foreign market?

A. because there are very few risks involved in franchising
B. because the franchisor has no liability if the business fails
C. because the franchisee has no liability if the business fails
D. because the franchisor does not have to put up any capital to get the business off the ground
E. because the franchisee assumes the majority of the capital costs and human resource issues

Franchising is an attractive method of entering foreign markets because franchisees assume the majority of the capital costs and human resource issues. The franchisor provides knowledge and information about running the business, which increases the likelihood of success.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

65. An arrangement in which a domestic firm partners with a foreign company to create a new entity, thus allowing the domestic firm to enter the foreign company's market, is known as

A. a joint venture.
B. direct ownership.
C. exporting.
D. licensing.
E. contract manufacturing.

In a joint venture, a domestic firm partners with a foreign company to create a new entity.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Difficulty: 1 Easy
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

66. Compare each of the following to determine which one accurately describes a joint venture.

A. a contractual arrangement in which a fee is paid to have the right to open a business using the parent company's business name and to receive marketing and operational support
B. an arrangement where a domestic firm partners with a foreign company to create a new entity, thus allowing the domestic firm to enter the foreign company's market
C. a legal process in which one firm pays to use or distribute another firm's resources, including products, trademarks, patents, intellectual property, or other proprietary knowledge
D. a contractual arrangement where a foreign firm agrees to manufacture products for a domestic firm
E. an arrangement in which a domestic firm actively manages a foreign company or overseas facilities

In a joint venture, a domestic firm partners with a foreign company to create a new entity, thus allowing the domestic firm to enter the foreign company's market.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

67. Which method of entering a foreign market has a domestic firm actively managing a foreign company or overseas facility?

A. joint venture
B. licensing
C. exporting
D. direct ownership
E. contract manufacturing

Direct ownership requires a domestic firm to actively manage a foreign company or overseas facility.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

68. Which method of entering a foreign market carries with it the *most* risk?

A. direct ownership
B. exporting
C. licensing
D. joint venture
E. contract manufacturing

Having to maintain 100 percent ownership of offices, plants, and facilities in a foreign country exposes the firm to significant risks. Direct ownership requires far more resources and commitment than any of the other options, and it can be difficult to manage local resources from afar.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

69. When a big name retailer decides to open a manufacturing plant overseas, this is an example of

A. licensing.
B. direct ownership.
C. contract manufacturing.
D. a joint venture.
E. exporting.

Direct ownership is when a domestic firm actively manages a foreign company or overseas facility - in this case, a manufacturing plant.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

70. Which form of entering a foreign market requires the greatest commitment?

A. exporting
B. licensing
C. joint venture
D. contract manufacturing
E. direct ownership

Direct ownership requires far more resources and commitment than any of the other options, and it can be difficult to manage local resources from afar.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

71. Review the following statements to determine which one is *not* accurate regarding the direct ownership method of entering a foreign market.

A. Direct ownership requires more commitment than any other method of entering a foreign market.
B. Direct ownership does not allow the firm much control over its intellectual property.
C. Direct ownership is a good option when there is very little political risk.
D. Direct ownership is a good option when there are similarities between the foreign and domestic cultures.
E. Direct ownership is the riskiest method of entering a foreign market.

Direct ownership provides the firm with *more* control over its intellectual property, advertising, pricing, and product distribution.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

72. The practice of measuring, managing, and analyzing marketing performance is referred to as

A. diversification.
B. marketing analytics.
C. situation analysis.
D. positioning.
E. market segmentation.

Marketing analytics is the practice of measuring, managing, and analyzing marketing performance. Its goal is to maximize marketing effectiveness and optimize return on investment.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

73. The measure of a firm's effectiveness in using the resources allocated to its marketing effort is called

A. return on marketing investment.
B. gross expenditures.
C. market share analysis.
D. marketing revenue analysis.
E. gross margin.

Return on marketing investment (ROMI) is a measure of the firm's effectiveness in using the resources allocated to its marketing effort.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

74. Marketing expenditures are used in calculating

A. frequency and reach.
B. market share analysis.
C. revenue analysis.
D. gross margin.
E. return on marketing investment.

Marketing expenditures is the amount of money spent on all marketing activities during a specified period of time. It is used in calculating the return on marketing investment.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

75. Which of the following analytics is a measure of actual revenue relative to the objectives of the organization?

A. profit analysis
B. revenue analysis
C. sales analysis
D. gross margin
E. profit margin

Revenue analysis measures and evaluates actual revenue from specific products or regions. Its goal is to pinpoint what is working and what is not, relative to the objectives of the organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

76. What measure allows marketers to analyze the success of specific products and regions to pinpoint what is working and what is not?

A. gross margin
B. profit margin
C. revenue analysis
D. return on marketing investment
E. marketing expenditures

Revenue analysis measures and evaluates actual revenue from specific products or regions. Its goal is to pinpoint what is working and what is not, relative to the objectives of the organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

77. Daryl recently took a marketing job with a new firm. His first order of business is to find out how his new company performs relative to its competitors. Which of the following would Daryl use to do this?

A. revenue analysis
B. gross margin
C. market share analysis
D. profitability analysis
E. return on marketing investment

Market share analysis reflects the firm's sales as a percentage of total market sales. It provides marketers with a quick look at how they are performing relative to their competitors.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

78. Which marketing analytics tool is used to measure the percentage of total market sales captured by a brand, product, or firm?

A. market share analysis
B. profitability analysis
C. gross margin
D. return on marketing investment
E. revenue analysis

Market share analysis indicates market share, which is the percentage of the total market sales captured by a brand, product, or firm. Market share provides marketers with a quick look at how they are performing relative to their competitors.

AACSB: Analytical Thinking
Blooms: Remember

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Difficulty: 1 Easy
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

79. To be most effective, market share data should be analyzed

A. along with historical sales data.
B. relative to marketing expenditures.
C. relative to revenue and profitability.
D. along with gross margin.
E. in isolation, apart from other measurements.

As with revenue, firms should not analyze market share data in isolation, but examine them relative to revenue and profitability. A firm can gain market share by drastically reducing prices, but such action will likely lead to decreased revenue and profitability.

AACSB: Analytical Thinking
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

80. What term is used for the positive gain from a business operation after all of the expenses have been subtracted?

A. gross margin
B. total sales
C. revenue
D. profit
E. earnings

Profits are the positive gain from a business operation after all of the expenses have been subtracted.

AACSB: Analytical Thinking
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

81. The measure of how much profit the firm generates as well as how much profit certain aspects of the firm, including regions, channels, and customer segments, contribute is referred to as

A. profitability analysis.
B. revenue analysis.
C. profitability return on investment.
D. market share analysis.
E. profit margin.

Profitability analysis measures how much profit the firm generates as well as how much profit certain aspects of the firm, including regions, channels, and customer segments, contribute.

AACSB: Analytical Thinking
Blooms: Remember

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Difficulty: 1 Easy
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

82. What two important metrics do marketers use to evaluate profitability?

A. gross margin and marketing expenditures
B. customer acquisition and continuing sales to established customers
C. new lines of business and individual customer profitability
D. customer acquisition and individual customer profitability
E. continuing sales to established customers and new sales from expanding markets

Customer acquisition and individual customer profitability are two measures marketers use to evaluate profitability.

AACSB: Analytical Thinking
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

83. The process of thoughtfully defining a firm's objectives and developing a method for achieving those objectives is referred to as _____ _____.

strategic planning

Whether you are marketing yourself or some other product, strategic planning can greatly increase the likelihood of success.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-01 Discuss the importance of strategic planning for marketing.
Topic: Strategic Planning

84. In order to ensure marketers will select and execute the right marketing mix strategies to maximize success, they should engage in the process of _____ _____.

strategic planning

Firms must continually undertake the task of strategic planning. Shifting conditions, including changing customer needs and competitive threats, ensure that what worked in the past will not always work in the future, thus requiring firms to modify their strategies.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Discuss the importance of strategic planning for marketing.
Topic: Strategic Planning

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

85. A firm in the process of developing a _____ _____might ask these questions: What is our business? Who is our customer? What is our value to the customer? and What should our business be?

mission statement

There are four classic questions a firm should consider when developing a mission statement: What is our business?, Who is our customer?, What is our value to the customer? and What should our business be?

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 Analyze the characteristics of an effective mission statement.
Topic: The Mission Statement

86. A good _____ _____ should be focused on a limited number of goals, be customer-oriented, and capture a shared purpose and provide information for the employees of the firm.

mission statement

There are three primary characteristics of a good mission statement: be focused on a limited number of goals, be customer-oriented, and capture a shared purpose and provide motivation for the employees of the firm.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 Analyze the characteristics of an effective mission statement.
Topic: The Mission Statement

87. A mission statement should be oriented toward the _____.

customer *or*
consumer

A firm's mission statement should be customer oriented and focus on satisfying basic customer needs and wants.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-02 Analyze the characteristics of an effective mission statement.
Topic: The Mission Statement

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

88. The primary strategic planning tool for guiding the firm's marketing strategy is the _____ plan.

marketing

The marketing plan is an action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketing strategy.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: The Marketing Plan

89. An action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketing strategy is called the _____ _____.

marketing plan

The marketing plan is an action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketing strategy.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: The Marketing Plan

90. While the specific format of the marketing plan differs from organization to organization, most plans include _____ components that communicate what the organization desires to accomplish and how it plans to achieve its goals.

five *or*
5

The specific format of the marketing plan differs from organization to organization, but most plans include an executive summary, situation analysis, marketing strategy, financials section, and controls section.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: The Marketing Plan

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

91. The key component of the marketing plan that summarizes the plan's main points is called the _____ _____.

executive summary

The first component of the marketing plan is an executive summary in which the main points of the plan are summarized.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

92. The three subsections of the _____ _____ are a market summary, SWOT analysis, and a competition analysis.

situation analysis

A situation analysis is the systematic collection of data to identify the trends, conditions, and competitive forces that have the potential to influence the performance of the firm and the choice of appropriate strategies. It consists of a market summary, SWOT analysis, and a competition analysis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

93. A firm looking to describe the current state of the market is most likely developing a _____ _____.

market summary

The market summary sets the stage for the situation analysis section by focusing on the market to which the firm will sell its products.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

94. The _____ _____component of the marketing plan lists the actions the firm must take to accomplish the marketing objectives it established in its mission statement and strategic planning process.

marketing strategy

The marketing strategy component lists the actions the firm must take to accomplish the marketing objectives it established in its mission statement and strategic planning.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

95. A(n) _____ _____ analysis combines the data provided in the sales and expense forecasts to estimate how much the company needs to sell to cover its expenses.

break-even

Break-even analysis combines the data provided in the sales and expense forecasts to estimate how much the company needs to sell to cover its expenses.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Break-Even Analysis

96. An estimate of the costs the company will incur to create, communicate, and deliver the product is outlined in the _____ forecast.

expense

Without an expense forecast, marketers will have a very difficult time allocating resources and predicting when the product will become profitable.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

97. No matter how good the marketing plan is, it is of no value unless the company is successful at _____ the plan.

implementing

The implementation section provides a detailed account of how the specific actions of the marketing plan will be carried out and who will be responsible for carrying them out.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

98. _____ planning defines the actions the company will take if the initial marketing strategy does not achieve results.

Contingency

Even the best marketing plan may not go as expected. Contingency planning defines the actions the company will take if the initial marketing strategy does not achieve results.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

99. On the BCG Matrix, _____ _____ are products that have a large market share in an industry with low growth rates.

cash cows

An example of a cash-cow product is the Apple iPod. The market growth rate for MP3-type players has slowed in recent years, but the iPod still retains a large share of the market.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: The BCG Matrix

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

100. On the BCG Matrix, _____ _____ are products that have a low market share in an industry with high growth rates.

question marks

Products considered question marks are typically new to the market and require significant marketing investment in promotion, product management, and distribution.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: The BCG Matrix

101. Calvin is considering opening a late-night pizza parlor on the local college campus. His SWOT analysis reveals that students want more late-night options for dining. This represents a(n) _____ in the SWOT analysis.

opportunity

In a SWOT analysis, opportunities are external factors that a firm may be able to capitalize on to meet or exceed its stated objective. If students want more late-night dining options, then opening up a late-night pizza parlor may be a good opportunity for Calvin.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: SWOT Analysis

102. In a SWOT analysis, threats are an _____ consideration. (internal/external)

external

In a SWOT analysis, opportunities and threats are external factors that the firm may be able to capitalize on to meet or exceed its stated objective.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: SWOT Analysis

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

103. A quality marketing objective should have three basic characteristics. It should be specific, measurable, and _____.

realistic

Marketing objectives need to be realistic so that marketers do not present the firm with unattainable goals.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

104. The group of customers toward which an organization has decided to direct its marketing efforts is known as the _____ market.

target

Marketers seek to identify a target market in order to correctly position their product and direct its marketing efforts for that market.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

105. _____ refers to the activities a firm undertakes to create a certain perception of its product in the eyes of the target market.

Positioning

To position its product, a firm must take into consideration issues such as the competition, the needs and wants of the target market, and the element of mystique or drama that the good or service naturally has.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Positioning

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

106. A marketing strategy that emphasizes selling more of existing goods and services to existing customers is a _____ _____strategy.

market penetration

Market penetration strategies emphasize selling more of existing goods and services to existing customers. This type of growth strategy often involves encouraging current customers to buy more each time they patronize a store or to buy from the store on a more frequent basis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

107. Arm & Hammer baking soda is best known for its use in baking. The company, however, would like to increase its market share to include household and personal care products. By taking the original product and creating new products that it can sell to its existing markets, the company is using a _____ _____ strategy.

product development

A product development strategy involves creating new goods and services for existing markets.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

108. John's Fitness Club was originally geared toward men who primarily wanted to lift weights. John has developed an ad campaign designed to inform women of the benefits of weight lifting in hopes of increasing memberships at the club. In this example, John is using a _____ _____ strategy.

market development

A market development strategy focuses on selling existing goods and services to new customers.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

109. _____ strategies seek to attract new customers by offering new products that are unrelated to the existing products produced by the organization.

Diversification

Diversification is a marketing strategy that seeks to attract new customers by offering new products that are unrelated to the existing products produced by the organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

110. The _____ section of the marketing plan comprises a detailed description of not only the good or service itself, but also any warranties or guarantees.

product

By focusing on the complete product rather than solely on the good or service itself, the firm can differentiate itself from its competitors and satisfy the unmet needs and wants of potential customers.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

111. A product possesses a _____ _____ when it enjoys a superior position over competing products because consumers believe it has more value than other products in its category.

competitive advantage

A product holds a competitive advantage over competing products if consumers believe it has more value than other products in its category.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Developing a Sustainable Competitive Advantage

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

112. Whether or not a firm will use advertising, sales promotion, personal selling, or public relations is outlined in the _____ section of the marketing plan.

promotion

The promotion section of the marketing plan details how the organization will communicate the value of its product.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

113. Distribution strategies fall within the _____ marketing mix element.

place

The distribution section of the marketing plan describes how the firm will deliver value to its customers; distribution strategies fall within the place marketing mix element.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

114. Typically, the least-risky option for entering international markets is _____.

exporting

Although it has a lower return on investment, exporting is the least-risky strategy for entering international markets.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

115. _____ helps to overcome barriers such as increased regulation, rising research and development costs, and shortened product lifestyles, which is why the use of this market-entry strategy has increased significantly in recent years.

Licensing

Licensing is a legal process in which one firm pays to use or distribute another firm's resources, including products, trademarks, patents, intellectual property, or other proprietary knowledge. The use of licensing has increased significantly in recent years.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

116. If Camille decided she wanted to open a Starbucks store overseas, she would be using the market-entry strategy known as _____.

franchising

Franchising is a contractual arrangement in which the franchisor (Starbucks) provides a franchisee (Camille) the right to use its name, marketing, and operational support in exchange for a fee and, typically, a share of the profits.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

117. The market-entry strategy whereby a foreign company partners with a domestic firm to create a new entity and thus allows the domestic firm to enter the foreign company's market is referred to as _____ _____.

joint venture

Joint ventures are riskier than exporting, licensing, or franchising because a new firm is created by the domestic firm and a foreign company.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

118. The riskiest method of entering an international market is _____ _____.

direct ownership

Direct ownership is the riskiest method of entering an international market and requires far more resources and commitment than any of the other options. In addition, it can be difficult to manage local resources from afar.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

119. The practice of measuring, managing, and analyzing marketing performance is called marketing _____.

analytics

Marketing analytics is the practice of measuring, managing, and analyzing marketing performance. Its goal is to maximize marketing effectiveness and optimize return on investment.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

120. Organizations use _____ _____ _____ _____ to measure the firm's effectiveness in using the resources allocated to its marketing effort.

return on marketing investment

Return on marketing investment (ROMI) is a measure of the firm's effectiveness in using the resources allocated to its marketing effort.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

121. The percentage of the total market sales captured by a brand, product, or firm is called _____ _____.

market share

Market share is the percentage of the total market sales captured by a brand, product, or firm. Market share provides marketers with a quick look at how they are performing relative to their competitors.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

122. The positive gain from a business operation after subtracting all expenses is referred to as _____.

profit *or*
profits

Profit is the positive gain from a business operation after subtracting all expenses.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

123. Strategic planning is a process that is done only once, when the firm is defining its objectives and setting a course for achieving those objectives.

FALSE

Firms must continually undertake the task of strategic planning. Shifting conditions, including changing customer needs and competitive threats, ensure that what worked in the past will not always work in the future, thus requiring firms to modify their strategies.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-01 Discuss the importance of strategic planning for marketing.
Topic: Strategic Planning

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

124. The mission statement should be customer oriented and focused on satisfying basic customer needs and wants.

TRUE

The mission statement should be customer oriented and answer two questions: Who is our customer? and What is our value to the customer?

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-02 Analyze the characteristics of an effective mission statement.
Topic: The Mission Statement

125. An action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketing strategy is the business plan.

FALSE

The marketing plan is an action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketingstrategy.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: The Marketing Plan

126. Each component of a marketing plan should be grounded in the firm's overall mission.

TRUE

Each component of a marketing plan should be grounded in the firm's overall mission, which is ideally defined in a clear and succinct mission statement.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: The Marketing Plan

127. If done correctly, the executive summary should be a comprehensive document outlining every aspect of the marketing plan, down to the last detail.

FALSE

The executive summary serves as the elevator pitch for the marketing plan. It provides a one-page to two-page synopsis of the marketing plan's main points.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

128. The situation analysis section of the marketing plan consists of a market summary, a SWOT analysis, and a competition analysis.

TRUE

A situation analysis is the systematic collection of data to identify the trends, conditions, and competitive forces that have the potential to influence the performance of the firm and the choice of appropriate strategies. It consists of a market summary, a SWOT analysis, and a competition analysis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

129. The is the group of consumers or organizations that are interested in and able to buy a particular product.

FALSE

A is the group of consumers or organizations that are interested in and able to buy a particular product.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

130. The projection of how many units of a product the company expects to sell during a specific time period is contained in the expense forecast.

FALSE

The sales forecast projects how many units of a product the company expects to sell during a specific time period.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-03 Outline the five main components of the marketing plan.
Topic: Elements of the Marketing Plan

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

131. The BCG Matrix divides products into four categories: stars, question marks, cows, and skunks.

FALSE

The BCG Matrix combines the two elements of market growth and relative market share to produce four unique product categories (stars, cash cows, question marks, and dogs), each of which requires a different marketing strategy.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: The BCG Matrix

132. The group of products on the BCG Matrix that represents products that have a small market share in industries with low growth rates is called dogs.

TRUE

The BCG Matrix combines the two elements of market growth and relative market share to produce four unique product categories (stars, cash cows, question marks, and dogs). Dogs represent products that have a small market share in industries with low growth rates.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: The BCG Matrix

133. The internal considerations of a SWOT analysis are opportunities and threats.

FALSE

The internal considerations of a SWOT analysis are strengths and weaknesses.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: SWOT Analysis

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

134. The latest Surgeon General warning regarding diets high in fat, calories, and sodium would be considered a threat to fast-food restaurants like McDonald's and Burger King.

TRUE

Threats are current and potential external factors that may challenge a firm's short- and long-term performance. The consumer trend of eating healthier and consuming less fast food would be a threat to fast-food firms.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: SWOT Analysis

135. Positioning refers to the activities a firm undertakes to create a certain perception of its product in the eyes of the target market.

TRUE

Success within the target market depends, to some degree, on how the firm positions its product and the activities a firm undertakes to create a certain perception of its product in the eyes of the target market.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Positioning

136. Market penetration strategies focus on selling existing goods and services to new customers.

FALSE

Market penetration strategies emphasize selling more of existing goods and services to *existing* customers. A market development strategy focuses on selling to *new* customers.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

137. A marketing strategy that involves creating new goods and services for existing markets is a product development strategy.

TRUE

Product development strategies involve creating new goods and services for existing markets.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

138. The fact that Procter & Gamble has broadened its product offerings to include household cleaning products, laundry products, snack products, and hair care products is an example of diversification.

TRUE

Diversification strategies seek to attract new customers by offering new products that are unrelated to the existing products produced by the organization.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

139. Janie thinks that Kleenex is the best brand of facial tissue on the market and refuses to buy any other brand. For Janie, Kleenex has established a competitive advantage over the competing products.

TRUE

The superior position a product enjoys over competing products if consumers believe it has more value than other products in its category is referred to as a competitive advantage.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Developing a Sustainable Competitive Advantage

140. Selling domestically produced products to foreign markets is the least-risky option for entering international markets.

TRUE

Typically, the least-risky option for entering international markets is exporting, which is selling domestically produced products to foreign markets.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

141. The use of licensing to enter international markets has increased significantly in recent years due to several factors, including more regulation and rising research and development costs.

TRUE

The use of licensing to enter international markets has increased significantly in recent years due to several factors, including more regulation, rising research and development (R&D) costs, and shortened product life cycles.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

142. Franchising is an attractive method of entering foreign markets because franchisors assume the majority of the capital costs and human resource issues.

FALSE

In a franchise situation, it is the *franchisee* that assumes the majority of the capital costs and human resource issues.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

143. Direct ownership is the riskiest method of entering an international market.

TRUE

Because it requires a domestic firm to actively manage a foreign company or overseas facilities, direct ownership is the riskiest method of entering an international market.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

144. Marketing strategy becomes more accountable when organizations base decisions on analytics.

TRUE

Use of marketing analytics enables organizations to measure and evaluate marketing outcomes. Marketing strategy becomes more accountable when organizations base decisions on analytics.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

145. Return on marketing investment (ROMI) indicates the rate at which spending on marketing contributes to expenses.

FALSE

Return on marketing investment (ROMI) indicates the rate at which spending on marketing contributes to .

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

146. If a firm wanted to know how it is performing relative to its competitors, it would conduct a revenue analysis.

FALSE

Market share analysis indicates market share, which is the percentage of the total market sales captured by a brand, product, or firm. Market share provides marketers with a quick look at how they are performing relative to their competitors.

AACSB: Reflective Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

147. What are the three components that are analyzed as part of the situation analysis section of the marketing plan?

The market summary describes the current state of the market that is made up of the consumers that are interested and able to purchase a product and/or service. The SWOT analysis evaluates a firm's internal strengths and weaknesses, and its external opportunities and threats. The competition analysis identifies the company's competitors, which consist of businesses that compete directly in its industry, as well as indirect competitors that grab market share.

AACSB: Analytical Thinking
Blooms: Remember

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Difficulty: 1 Easy
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.
Topic: SWOT Analysis

148. How are target market and positioning connected?

After segmenting the markets, a business chooses specific customer groups to direct its marketing activity toward. Target groups are considered the best customer segments to market and sell to. Successful targeting of markets is dependent on the success a firm has in positioning to these customer groups. Positioning is how the business uses the marketing mix to get consumers to perceive that they need the product or service.

AACSB: Analytical Thinking
Blooms: Analyze
Difficulty: 2 Medium
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Positioning

149. List and describe the international market entry strategies.

A company can produce products domestically and then ship them outside the United States, which is exporting. Licensing is where a firm pays a fee to use or distribute another firm's resources, such as designs, trademarks, patents, and other intellectual property. A contractual arrangement that involves a franchisee that gets the right to use a brand and/or product of a franchisor for a fee is a franchise. A joint venture is where a domestic firm partners with a foreign company to create a new firm, allowing the domestic firm to enter the foreign company's market. A company can directly manage a foreign subsidiary, which establishes a position in a foreign market through direct ownership.

AACSB: Analytical Thinking
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

150. Describe the marketing analytics tools of revenue analysis, market share analysis, and profitability analysis.

Revenue analysis measures and evaluates revenue from specific products or regions. This information can help the firm’s marketers select what merchandise to sell and how to allocate promotional resources. Market share analysis indicates market share, which is the percentage of the total market sales captured by a brand, product, or firm. Market share provides marketers with a quick look at how they are performing relative to their competitors. Profitability analysis measures how much profit the firm generates. It can also be broken down to measure the profit contribution of regions, channels, or customer segments.

AACSB: Analytical Thinking
Blooms: Understand
Difficulty: 2 Medium
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.
Topic: Marketing Analytics

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

151. Using the Marketing Growth Strategies covered in Figure 2.4, why did Taco Bell introduce a breakfast menu? Why does Taco Bell also continually add items to its lunch/dinner menu and offer many short-term special menu items including special Mountain Dew flavors?

Taco Bell added a breakfast menu to diversify to attract new markets with new products. The company now can serve consumers that are seeking breakfast selections and the locations are now open additional hours to serve breakfast. The fast-food chain continually adds new items to its menu as part of its product development and diversification strategies. Taco Bell seeks to sell its existing customer base new products and also entices new customers by changing its menu.

AACSB: Knowledge Application
Blooms: Apply
Difficulty: 3 Hard
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.
Topic: Elements of a Marketing Strategy

152. You started an energy drink company in the United States that has been very successful. Your sales and profits have leveled off lately, and you and your management team are now researching introducing your drinks outside the United States. What market-entry strategies will you analyze if you want to keep your risk and initial investment low?

The least-risky strategies that do not involve a large investment and have a higher chance for success are exporting, licensing, and franchising. Exporting involves producing the product in the United States and then selling the products overseas through a distribution network. The energy drink company can license its formula to a foreign company for a fee and then the foreign company can produce and sell the drink in its marketplace. A franchisee in a foreign country can use the name, marketing, and product for a royalty payment, and then sell the product in its market.

AACSB: Analytical Thinking
Blooms: Analyze
Difficulty: 2 Medium
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.
Topic: Market Entry Strategies

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Chapter 02 Test Bank Summary

Category	*# of Questions*
AACSB: Analytical Thinking	91
AACSB: Knowledge Application	19
AACSB: Reflective Thinking	42
Accessibility: Keyboard Navigation	141
Blooms: Analyze	8
Blooms: Apply	18
Blooms: Remember	78
Blooms: Understand	48
Difficulty: 1 Easy	78
Difficulty: 2 Medium	50
Difficulty: 3 Hard	24
Learning Objective: 02-01 Discuss the importance of strategic planning for marketing.	6
Learning Objective: 02-02 Analyze the characteristics of an effective mission statement.	8
Learning Objective: 02-03 Outline the five main components of the marketing plan.	37
Learning Objective: 02-04 Explain three tools and techniques for the situation analysis: market summary, SWOT analysis, and competition analysis.	19
Learning Objective: 02-05 Explain the basic tools and techniques of marketing strategy: segmentation, strategic direction, and the marketing mix.	36
Learning Objective: 02-06 Discuss the strategic decisions involved in reaching international consumers.	27
Learning Objective: 02-07 Describe the use of four key marketing analytics: return on marketing investment (ROMI), revenue analysis, market share analysis, and profitability analysis.	19
Topic: Break-Even Analysis	3
Topic: Define a Marketing Strategy	2
Topic: Developing a Sustainable Competitive Advantage	4
Topic: Elements of a Marketing Strategy	28
Topic: Elements of the Marketing Plan	24
Topic: Market Entry Strategies	27
Topic: Marketing Analytics	19
Topic: Positioning	4
Topic: Strategic Planning	6
Topic: SWOT Analysis	10
Topic: The BCG Matrix	8

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank

Topic: The Marketing Plan 9

Topic: The Mission Statement 8

Copyright © 2016 McGraw-Hill Education. All rights reserved. No reproduction or distribution without the prior written consent of McGraw-Hill Education.

Marketing 2nd edition Hunt Test Bank