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CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) 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

2) The mission statement should be focused on the firm's product and how that product can generate a profit.
   - ◎ true
   - ◎ false

3) An action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketing strategy is the marketing plan.
   - ◎ true
   - ◎ false

4) Each component of a marketing plan should be grounded in the firm's overall mission.
   - ◎ true
   - ◎ false

5) The executive summary should be the first item of the marketing plan that is created.
   - ◎ true
   - ◎ false

6) The situation analysis section of the marketing plan consists of a market summary, a SWOT analysis, and a competition analysis.
   - ◎ true
   - ◎ false

7) The *zone* is the group of consumers or organizations that are interested in and able to buy a particular product.
   - ◎ true
   - ◎ false

8) The projection of how many units of a product the company expects to sell during a specific time period is contained in the sales forecast.
   - ◎ true
   - ◎ false

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9) The BCG Matrix divides products into four categories: stars, question marks, cows, and skunks.
   - ◎ true
   - ◎ false

10) 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

11) The external considerations of a SWOT analysis are opportunities and threats.
   - ◎ true
   - ◎ false

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12) 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

13) 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

14) Market penetration strategies focus on selling existing goods and services to existing customers.
- ◎ true
- ◎ false

15) A marketing strategy that involves creating new goods and services for existing markets is a product development strategy.
- ◎ true
- ◎ false

16) 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

17) Nessa thinks that Biolage is the best brand of shampoo on the market and refuses to buy any other brand. For Nessa, Biolage has established a competitive advantage over the competing products.
- ◎ true
- ◎ false

18) Selling domestically produced products to foreign markets is the least-risky option for entering international markets.
- ◎ true
- ◎ false

19) 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

20) Franchising is an attractive method of entering foreign markets because franchisors assume the majority of the capital costs and human resource issues.
- ◎ true
- ◎ false

21) Marketing strategy becomes more accountable when organizations base decisions on analytics.
- ◎ true
- ◎ false

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22) Return on marketing investment (ROMI) indicates the rate at which spending on marketing contributes to expenses.
- ◎ true
- ◎ false

23) If a firm wants to know how it is performing relative to its competitors, it should conduct a revenue analysis.
- ◎ true
- ◎ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

24) The process of thoughtfully defining a firm's objectives and developing a method for achieving those objectives is called
- A) functional planning.
- B) business development.
- C) marketing development.
- D) strategic planning.
- E) business planning.

25) Ceylan owns a calligraphy service. She is thinking about how she wants to move forward in her business—whether to keep it small or expand into other areas. By thinking about her firm's objectives and developing a method for achieving those objectives, Ceylan is engaged in
- A) functional planning.
- B) business development.
- C) marketing development.
- D) strategic planning.
- E) business planning.

26) 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) annually, to make sure all items are covered
- E) never; it is unnecessary to develop a strategic plan

27) Which statement about strategic planning is accurate?
- A) The strategic plan is shaped by the organization's marketing mix.
- B) Strategic planning, even if done well, does not increase the likelihood of success.
- C) Strategic planning helps ensure marketers will select the right marketing mix strategies.
- D) Strategic planning principles are applicable only to business situations.
- E) Strategic planning is best used as a one-time process completed when a firm outlines its objectives.

28) A concise affirmation of a firm's long-term purpose is its
- A) executive summary.
- B) long-range plan.
- C) mission statement.
- D) organizational directive.
- E) marketing plan.

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29) Mulan is developing the mission statement for her new company. She is aware that a good mission statement should be oriented around the company's
A) marketing plan.
B) financial plan.
C) customer.
D) industry.
E) product.

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

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

32) Sky Industries is in the process of revising the firm's long-term purpose, so it has rewritten its_____ in order to better align with the firm's goals and its customers' needs, and to motivate employees.
A) long-range plan
B) organizational directive
C) executive summary
D) marketing plan
E) mission statement

33) A good mission statement should
A) focus on the product.
B) have fewer than 10 goals.
C) focus on satisfying organizational needs.
D) highlight every goal of the company.
E) emphasize the firm's weaknesses.

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34) The manager of a local sushi place in town is asked by his owner to develop a situational analysis of the business. The owner is sure that this type of analysis is pertinent in helping to make strategic decisions that will need to be made within the next year. This situational analysis will have a section that will help the owner of the business understand
A) the firm's financial projections.
B) how the firm implements its strategy.
C) the firm's strengths and weaknesses.
D) information on past business experiences.
E) the executive summary.

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35) Talise's pet grooming business is booming. She is wondering whether it would be a good business move to open a second location across town. What part of the marketing plan would help Talise identify the market trends, conditions, and competitive forces that would help her make a decision?
A) a control strategy
B) a situation analysis
C) the executive summary
D) a marketing strategy
E) a financial overview

36) 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 mission statement
B) the executive summary
C) the situation analysis
D) the business plan
E) the marketing plan

37) The five key components of the marketing plan are
A) executive summary, situation analysis, positioning, financials, and implementation.
B) executive summary, situation analysis, marketing strategy, financials, and controls.
C) executive summary, market positioning, marketing strategy, financials, and implementation.
D) mission statement, situation analysis, marketing strategy, financials, and controls.
E) mission statement, situation analysis, promotion strategy, financials, and controls.

38) Manu is writing the marketing plan for a new product line. He analyzed the environment for the products, defined the target markets and outlined the positioning and marketing mix, made financial projections, and summarized the plan's main points. What did Manu forget to include?
A) executive summary
B) situation analysis
C) marketing strategy
D) financials
E) controls

39) An action-oriented document that guides the firm's marketing strategy is the
A) marketing plan.
B) organizational plan.
C) promotional plan.
D) business plan.
E) strategic plan.

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40) What document provides a one- to two-page summary of the marketing plan's main points?
A) the mission statement
B) the SWOT analysis
C) the organizational summary
D) the strategic plan
E) the executive summary

41) Which person is *most likely* preparing an executive summary?
A) Norris is reading through the marketing plan to create a synopsis of the plan's main points.
B) Based on the firm's target market, Cathy is developing strategies to reach that market.
C) Joaquim is creating a report outlining how many units of product the firm expects to sell along with the expenses the firm will incur to do so.
D) Dennis is outlining exactly how the marketing plan will be carried out.
E) Wei is creating a report on the firm's weaknesses and strengths.

42) What element of the marketing plan helps firms understand where they are currently and how best to move forward?
A) the executive summary
B) the marketing strategy
C) the financials
D) the situation analysis
E) the controls

43) The situation analysis is composed of which three subsections?
A) market summary, financials, and controls
B) SWOT analysis, competition analysis, and financials
C) market summary, competition analysis, and financials
D) market summary, SWOT analysis, and competition analysis
E) SWOT analysis, target market, and controls

44) Hema wants to perform a situation analysis of her business to help her make strategic decisions for the future. While the situation analysis will help Hema identify many things, it won't address which area?
A) current competitive forces
B) market conditions
C) the firm's strengths and weaknesses
D) the firm's financial projections

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45) 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 environment in which a particular product will be sold.
C) the entire product offering of a firm that must be promoted.
D) the competitive forces that impact how a product will be sold.
E) the collective form of promotions for any given product.

46) In writing the situation analysis for the marketing plan, Tasha is focusing on the current state of the market. This section is part of the
A) marketing strategy.
B) executive summary.
C) competition analysis.
D) SWOT analysis.
E) market summary.

47) Once the situation analysis is complete, marketers focus on defining their
A) strategic plan.
B) marketing strategy.
C) mission statement.
D) competition.
E) SWOT analysis.

48) 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.

49) A loan officer is reading the marketing plan for Rocha's Auto Repair—a new firm looking to secure a business loan. What section of the marketing plan will give the loan officer a bottom-line numerical estimate of the firm's profitability?
A) the financials section
B) the executive summary
C) the situation analysis
D) the control section
E) the market summary

50) According to your text, what three elements should be contained within all companies' financial projections?
A) short-term debt, long-term debt, and sales forecast
B) balance sheet, profit and loss statement, and net worth
C) sales forecast, expense forecast, and break-even analysis
D) sales forecast, profit and loss statement, and balance sheet
E) expense forecast, sales forecast, and net worth

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51) Which forecast projects how many units of a product the company expects to sell during a specific time period?
A) distribution forecast
B) production forecast
C) sales forecast
D) expense forecast
E) break-even analysis

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

53) What two forecasts are used in a break-even analysis?
A) sales and expense
B) revenue and production
C) market share and sales
D) production and sales
E) profit and loss

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

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55) The final section in most marketing plans is the
A) situation analysis.
B) financial section.
C) marketing strategy.
D) executive summary.
E) controls section.

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56) The controls section of the marketing plan should contain
A) implementation, organizational structure, and contingency planning.
B) implementation, feedback, and review.
C) marketing strategy, organizational structure, and feedback.
D) implementation, evaluation, and contingency planning.
E) organizational structure, administrative oversight, and evaluation.

57) 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 shows how the company will be affected if the marketing plan does not achieve results
E) 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

58) 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 contingency plan
B) the organizational structure
C) the situation analysis
D) the implementation plan
E) the strategic plan

59) Morris Manufacturing estimated that it would sell 20 percent more of its most popular product this year. However, economic conditions in the country that supplies some of the component parts for the product caused the cost of these parts to almost double. Morris Manufacturing, therefore, changed course and focused instead on selling more of its domestic products that do not use these component parts. This change of course for the company would be outlined in the firm's
A) contingency plan.
B) organizational structure.
C) situation analysis.
D) implementation plan.
E) strategic plan.

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60) What two elements are combined on the BCG matrix to produce its four unique product categories?
A) market growth and relative market share
B) market size and product demand
C) market growth and number of competitors
D) supply and demand
E) relative market share and number of competitors

61) According to the BCG matrix, products that are typically new to the market and require significant marketing investment in promotion, product management, and distribution are classified as
A) question marks.
B) skunks.
C) dogs.
D) stars.
E) cash cows.

62) Which product would *most likely* be considered a *dog*?
A) microwave oven
B) compact disc
C) lawn mower
D) laptop computer
E) iPad

63) According to the BCG Matrix, what defines a *cash cow*?
A) products that have a large market share in an industry with high growth rates
B) products that have a small market share in an industry with low growth rates
C) products that have a small market share in an industry with steady growth rates
D) products that have a small market share in an industry with high growth rates
E) products that have a large market share in an industry with low growth rates

64) The internal considerations in a SWOT analysis are
A) a firm's revenue and market share.
B) the firm's current and future competition.
C) a firm's strengths and weaknesses.
D) a firm's market share and growth potential.
E) a firm's opportunities and threats.

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

66) The owner of a late-night sandwich shop located on a college campus recently conducted a SWOT analysis. What would be a weakness for this shop?
A) The owner finds it hard to staff the late-night shifts, which are his busiest times.
B) The owner is worried about the trend toward healthier eating.
C) A graduate of the college, the owner is well liked in the community.
D) A new sandwich shop has opened up down the street.
E) The owner is concerned that the weak economy will lead to fewer students dining out.

67) Consider findings from a recent SWOT analysis performed by Hannah's flower shop. Which finding represents a *threat*?
A) Hannah has a good business relationship with local catering companies.
B) The summer drought has produced fewer flowers.
C) A new funeral home just opened up in town.
D) Hannah has to spend a lot of time training her employees on how to care for the flowers and plants.
E) Hannah has a hard time finding good employees after the summer staff goes back to school.

68) 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) threats.
C) opportunities.
D) obstacles.
E) weaknesses.

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69) Freidrich owns a gift and card shop and is currently preparing a market summary. To be most effective, the competition section of his market summary should
A) list only indirect competitors.
B) focus only on competitors that sell the same product as his shop.
C) list possible tactics to obtain a larger market share.
D) list only direct competitors.
E) list both direct and indirect competitors.

70) In 1996, McDonald's started offering the Arch Deluxe. From the beginning the product failed to sell well. Further compounded by low growth in fast-food sales, McDonald's discontinued the product. Under the BCG Matrix the Arch Deluxe would be considered a
A) question mark.
B) cash cow.
C) skunk.
D) dog.
E) star.

71) You currently work for the Burlington Boxers, a minor league baseball team. The team's attendance is down this year even though the team is playing better than it ever has before. What part of the promotional mix would you suggest the team adjust in order to increase attendance?
A) profit
B) position
C) product
D) promotion
E) place

72) Which marketing objective meets the criteria of being specific, measurable, and realistic?
A) Over the next year, Music to My Ears hopes to sign new artists to its recording label.
B) Thomas has told all his sales representatives that they need to sell more product in the next six months.
C) Tieve thinks her ice cream store should be able to decrease its expenses this year.
D) The sales representatives at Barely Used Autos are told they must each sell 100 more cars in the next two weeks.
E) Float Your Boat Shop wants to sell 9 more fishing boats in the next 12 months.

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73) The three basic characteristics of a quality marketing objective is that it be
A) far reaching, thorough, and measurable.
B) specific, tailored, and recognizable.
C) broad, detailed, and measurable.
D) vague, simplistic, and easy to understand.
E) specific, measurable, and realistic.

74) 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) leveraging.
B) zoning.
C) positioning.
D) targeting.
E) labeling.

75) The marketing strategy that emphasizes selling more of existing goods and services to existing customers is called
A) product development.
B) market penetration.
C) market development.
D) diversification.
E) positioning.

76) Which statement describes a market penetration strategy?
A) Gorgeous Gems is selling its new line of necklaces to a new market overseas.
B) Toys for Guys sells its toys in Florida, but now it wants to sell them all over the United States.
C) Fancy Lighting wants to sell its existing products in new retail outlets.
D) The Fishbowl is now adding a line of aquarium accessories to sell to its existing customers.
E) Rita's Italian Restaurant is thinking of how it can sell more of its current menu to the regular customers that dine in her restaurant at lunchtime.

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77) When the makers of Fresher orange juice noticed that sales of its product were stabilizing, they decided to offer a new product, one that also contained pineapple juice. They called the product Fresher Blend and they marketed it to their original orange juice customers in hopes of increasing sales. This is an example of what kind of marketing strategy?
A) positioning
B) product development
C) market development
D) diversification
E) market penetration

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78) What is a market development strategy?
A) selling unrelated products to existing customers
B) selling new products to new customers
C) selling more of current products to existing customers
D) selling existing products to new customers
E) selling new products to existing customers

79) Which marketing strategy would be employed by a firm that is seeking to expand to foreign markets?
A) market penetration
B) positioning
C) product development
D) diversification
E) market development

80) Which marketing strategy would Davey's Donuts be using if it decided to begin selling its doughnuts in Puerto Rico for the first time?
A) product development
B) market development
C) market penetration
D) positioning
E) diversification

81) What is diversification as a marketing strategy?
A) selling more of existing goods and services to existing customers
B) selling existing goods and services to new customers
C) selling new goods and services to new customers
D) offering new products that are unrelated to the existing products produced by a company
E) creating new goods and services for existing markets

82) If Eveready Battery Company, the makers of Energizer batteries, began selling home alarm systems, this would be an example of
A) market development.
B) product development.
C) diversification.
D) positioning.
E) market penetration.

83) The superior position a product enjoys over competing products because consumers believe it has more value than other products in its category is referred to as a
A) value proposition.
B) marketing advantage.
C) competitive advantage.
D) product plus.
E) strategic edge.

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84) If J.D. Power ranked the Toyota Prius as the best hybrid cars for the money, this would represent a(n)_____ for Toyota.
A) core benefit
B) value edge
C) marketing tactic
D) competitive advantage
E) market position

85) Which element of the marketing mix relates to services like warranties and guarantees that accompany a good or service?
A) place
B) promotion
C) product
D) position
E) price

86) Which element of the marketing mix details how the organization will communicate the value of its product?
A) place
B) product
C) price
D) position
E) promotion

87) 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) place.
C) product.
D) price.
E) promotion.

88) Which element of the marketing mix includes the distribution activities necessary to get the product into the hands of the customer?
A) price
B) promotion
C) place
D) position
E) product

89) When a company determines how much a customer will pay for a product, it falls under the_____ section of the marketing plan.
A) product
B) promotion
C) place
D) position
E) pricing

90) Satisfying Smoothie Shoppe noticed that its sales were declining. The manager decided to add a line of fresh salads to the menu in order to boost sales. This is an example of what type of marketing strategy?
A) positioning
B) diversification
C) market penetration
D) market development
E) product development

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91) For a cost, Theodosia can open up a Jimmy John's store in her hometown of Detroit, Michigan. The parent company has agreed to let Theodosia use its company name. Additionally, the company will give her support for her operational and marketing efforts. What type of market entry strategy is this?
A) licensing
B) franchising
C) joint venture
D) direct ownership
E) contract manufacturing

92) Typically the *least* risky option for entering international markets is typically
A) exporting.
B) licensing.
C) joint venture.
D) direct ownership.
E) franchising.

93) Selling domestically produced products to foreign markets is called
A) franchising.
B) exporting.
C) licensing.
D) international marketing.
E) countertrade.

94) The greatest percentage of U.S. exporters come from
A) distributors.
B) small companies.
C) the top three largest U.S. firms.
D) Fortune 500 companies.
E) multinational corporations.

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

96) Why has the use of licensing to enter international markets increased significantly in recent years?
A) less regulation
B) rising research and development costs
C) less competition
D) increased viewership of sporting events
E) longer product life cycles

97) Which statement identifies a risk of licensing in an international market?
A) The licensor doesn't know enough about the brand.
B) The licensor may misuse trademarks.
C) The licensor has to pay the licensee money to enter the arrangement.
D) The licensor may end up creating its own competition.
E) Locally owned licensees don't know much about the local customers.

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98) For a fee, Gena can open a Subway shop in her hometown of Munich. The parent company has agreed to let Gena use its company name and will give her marketing and operational support. What type of arrangement is this?
A) direct ownership
B) joint venture
C) contract manufacturing
D) franchising
E) licensing

99) Why is franchising an attractive method of entering a foreign market?
A) because the franchisor does not have to put up any capital to get the business off the ground
B) because the franchisor has no liability if the business fails
C) because the franchisee assumes the majority of the capital costs and human resource issues
D) because there are very few risks involved in franchising
E) because the franchisee has no liability if the business fails

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

101) Compare each descriptor to determine which one accurately characterizes 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) a contractual arrangement where a foreign firm agrees to manufacture products for a domestic firm
C) 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
D) 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
E) an arrangement in which a domestic firm actively manages a foreign company or overseas facilities

102) Which method of entering a foreign market has a domestic firm actively managing a foreign company or overseas facility?
A) contract manufacturing
B) direct ownership
C) joint venture
D) exporting
E) licensing

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103) Which method of entering a foreign market carries with it the *most* risk?
A) licensing
B) direct ownership
C) exporting
D) joint venture
E) contract manufacturing

104) Compare the actions of the following companies to determine which one represents a direct ownership strategy.
A) A U.S. clothing firm, Modern Attire, builds and operates an assembly plant in the Philippines.
B) A U.S. pharmaceutical company partners with a Spanish cosmetic company to create a new entity, selling antiaging products.
C) Tasty Tea allows would-be entrepreneurs to use its name and marketing and operational support in exchange for a fee.
D) A U.S-based manufacturer of pipe fittings sells its products to companies located in Germany.
E) Coldrock Ice Cream has set up a legal agreement with Best Burgers to sell its ice cream in all Best Burger restaurants.

105) Which form of entering a foreign market requires the greatest commitment?
A) exporting
B) licensing
C) contract manufacturing
D) joint venture
E) direct ownership

106) The practice of measuring, managing, and analyzing marketing performance is referred to as
A) diversification.
B) situation analysis.
C) marketing analytics.
D) positioning.
E) market segmentation.

107) The measure of a firm's effectiveness in using the resources allocated to its marketing effort is called
A) gross margin.
B) marketing revenue analysis.
C) gross expenditures.
D) return on marketing investment.
E) market share analysis.

108) In calculating return on marketing investment (ROMI), gross margin represents
A) the difference between price and cost.
B) the amount of money spent on marketing activities during a specific time.
C) the difference between sales and expenses.
D) the amount of money generated for each $1 of marketing expense.
E) the number of times an ad is run multiplied by the cost of running the ad.

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109) Which metric is a measure of actual revenue relative to the objectives of the organization?
A) profit margin
B) gross margin
C) profit analysis
D) revenue analysis
E) sales analysis

110) What measure allows marketers to analyze the success of specific products and regions to pinpoint what is working and what is not?
A) marketing expenditures
B) gross margin
C) profit margin
D) return on marketing investment
E) revenue analysis

111) Wen 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. What would Wen use to do this?
A) return on marketing investment
B) profitability analysis
C) market share analysis
D) gross margin
E) revenue analysis

112) Which marketing analytics tool is used to measure the percentage of total market sales captured by a brand, product, or firm?
A) return on marketing investment
B) revenue analysis
C) gross margin
D) profitability analysis
E) market share analysis

113) To be most effective, market share data should be analyzed
A) relative to marketing expenditures.
B) in isolation, apart from other measurements.
C) along with gross margin.
D) relative to revenue and profitability.
E) along with historical sales data.

114) What term is used for the positive gain from a business operation after all of the expenses have been subtracted?
A) earnings
B) total sales
C) gross margin
D) revenue
E) profit

115) 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) profit margin.
D) profitability return on investment.
E) market share analysis.

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116) 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) continuing sales to established customers and new sales from expanding markets
E) customer acquisition and individual customer profitability

117) As it relates to profitability, customer acquisition measures
A) the profit the firm earned from each customer.
B) the time it takes for new customers to become repeat customers.
C) how much the firm spent to gain new customers.
D) how much the firm spent to keep loyal customers.
E) the increase in market share due to an increase in a firm's customer base.

FILL IN THE BLANK. Write the word or phrase that best completes each statement or answers the question.

118) The process of thoughtfully defining a firm's objectives and developing a method for achieving those objectives is referred to as_____.

119) 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?

120) 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.

121) A good mission statement should focus on meeting the needs of the_____ rather than on specific products.

122) The primary strategic planning tool for guiding the firm's marketing strategy is the_____ plan.

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

124) The key component of the marketing plan that summarizes the plan's main points is called the_____.

125) The three subsections of the_____ are a market summary, SWOT analysis, and a competition analysis.

126) A firm looking to describe the current state of the market in its situation analysis is most likely developing a_____.

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127) 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.

128) 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.

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

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

131) On the BCG Matrix, products that have a large market share in an industry with low growth rates are referred to as_____.

132) On the BCG Matrix, products that have a low market share in an industry with high growth rates are referred to as_____.

133) Carlos 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.

134) In a SWOT analysis, threats are a(n)_____ consideration. (internal/external)

135) A quality marketing objective should have three basic characteristics. It should be specific, measurable, and_____.

136) The group of customers toward which an organization has decided to direct its marketing efforts is known as the_____ market.

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

138) A marketing strategy that emphasizes selling more of existing goods and services to existing customers is a_____ strategy.

139) Arm & Hammer baking soda is best known for its use in baking. The company, however, wanted 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.

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140) Friday Fitness Club was originally geared toward men who primarily wanted to lift weights. The owner developed an ad campaign designed to inform women of the benefits of weightlifting in hopes of increasing memberships at the club. In this example, the manager is using a_____ strategy.

141) A firm is seeking to attract new customers by offering new products that are unrelated to the existing products produced by the organization. This strategy is called_____.

142) The_____ element of the marketing mix comprises a detailed description of not only the good or service itself, but also any warranties or guarantees.

143) 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.

144) A firm that is deciding whether it will use advertising, sales promotion, personal selling, or public relations is concerned with the_____ element of the marketing mix.

145) Distribution strategies fall within the_____ marketing mix element.

146) As a market entry strategy,_____ 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.

147) If Jacinta decided she wanted to open a Burger King store overseas, and, for a fee, paid Burger King to use its name and business format, she would be using the market-entry strategy known as_____.

148) 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_____.

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149) The riskiest method of entering an international market is_____.

150) The practice of measuring, managing, and analyzing marketing performance is called marketing_____.

151) Organizations use_____ to measure the firm's effectiveness in using the resources allocated to its marketing effort.

152) The percentage of the total market sales captured by a brand, product, or firm is called_____.

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153) The positive gain from a business operation after subtracting all expenses is referred to as_____.

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

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

155) How are target market and positioning connected?

156) List and describe the international market entry strategies.

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

158) Using the four basic categories of marketing growth strategies, identify what strategy is being implemented for a fast-food hamburger restaurant that (1) introduces a breakfast menu, and (2) adds items such as chicken sandwiches to its lunch/dinner menu to offer its existing customers more choices.

159) 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 consider if you want to keep your risk and initial investment low?

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160) Lifetime Motors is an upscale auto dealership. The company is thinking of expanding its operations and has conducted a SWOT analysis which revealed the following:

- Lifetime Motors has a good reputation in the market.
- Lifetime Motors does not have enough sales staff to cover the weekend hours that the store is open.
- The recent downturn in the economy has caused many people to buy less expensive cars.
- Another luxury car dealer in town has just opened for business.

The major brand that Lifetime Motors carries has recently come out with a luxury SUV that has received several awards.

What is a SWOT analysis? Identify each of the findings of Lifetime Motors' SWOT analysis.

161) Bowser's Bowling and Arcade increased the amount of money it spent on marketing and advertising in order to attract new customers. It is now reviewing its current profitability numbers and has found that its profit has not increased. What measure of profitability is the company looking at and does increased advertising always lead to more profit?

162) Chao is thinking of opening a florist shop in her small town. Since there is only one florist in town now, Chao thinks that she won't have much competition. Based on what your text says regarding a competition analysis, do you think Chao's assessment is true? What other types of competition might Chao face?

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Answer Key

Test name: Chapter 02

1) 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.

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

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

4) 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.

5) 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. Although the executive summary comes first in the marketing plan, most firms complete this part of the plan last.

6) 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.

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

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

9) 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.

10) 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.

11) TRUE

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The external considerations of a SWOT analysis are opportunities and threats; the internal considerations of a SWOT analysis are strengths and weaknesses.

12) 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.

13) 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.

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

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

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

17) 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.

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

19) 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.

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

21) TRUE
Use of marketing analytics enables organizations to measure and evaluate marketing outcomes. Marketing strategy becomes more accountable when organizations base decisions on analytics.

22) FALSE
Return on marketing investment (ROMI) indicates the rate at which spending on marketing contributes to *profits*.

23) FALSE

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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.

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

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

26) A
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.

27) C
Strategic planning is not a one-time process. Firms must continually modify their strategies as conditions shift. Strategic planning helps ensure that the organization will have the needed resources—financial, human, and operational—to succeed. Such planning helps marketers select and execute the right marketing-mix strategies to maximize success. The strategic plan is shaped by the organization's mission.

28) C
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.

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

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

31) E
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.

32) E
The mission statement should: (1) be focused on a limited number of goals; (2) be customer-oriented and focused on satisfying basic customer needs and wants; and (3) capture a shared purpose and provide motivation for the employees of the firm.

33) B
A good mission statement should be focused on a limited number of goals. Companies whose mission statements contain 10 or more goals are typically focusing on small, less-meaningful objectives.

34) C

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The situation analysis is composed of three subsections: market summary, SWOT analysis, and competition analysis. The SWOT analysis is an evaluation of a firm's strengths, weaknesses, opportunities, and threats.

35) B
A situation analysis is a systematic collection of data to identify market trends, conditions, and competitive forces. Its purpose is to identify factors that have the potential to influence the firm's performance and the choice of appropriate strategies. Organizations must clearly understand their current situation to make strategic decisions about how best to move forward.

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

37) B
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.

38) E
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. Manu forgot to determine how to monitor and adjust the plan, or controls.

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

40) E
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.

41) A
The executive summary in an organization's marketing plan serves as the plan's elevator pitch. It provides a one- to two-page synopsis of the marketing plan's main points. Norris is creating an executive summary.

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

43) D
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.

44) D

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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.

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

46) E
The market summary portion of the situation analysis focuses on the current state of the market.

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

48) A
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.

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

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

51) C
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.

52) E
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.

53) A
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.

54) A
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.

55) E
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.

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

57) C

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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.

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

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

60) A
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.

61) A
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.

62) B
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.

63) E
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.

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

65) B
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.

66) A
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 the shop.

67) B
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 Hannah’s business.

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

69) E

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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.

70) D
Dogs are products that have small market share in industries with low growth rates.

71) D
The promotion section should outline the key strategies for communicating the value of the product to targeted customers.

72) E
The marketing objective for Float Your Boat Shop is specific (9 more boats sold in the next 12 months), measurable (based on the previous year's sales data, the shop will know if it sold 9 more boats), and realistic (9 boats in a year is not unattainable). The other choices are each lacking in one or more of the specific measurements.

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

74) C
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.

75) B
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.

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

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

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

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

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

81) D
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.

82) C

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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 Eveready sells batteries, the decision to sell home alarm systems would be a way for Eveready to diversify.

83) C
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.

84) D
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.

85) C
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.

86) E
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.

87) E
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.

88) C
Distribution strategies fall within the place marketing mix element.

89) E
The pricing section of the marketing plan specifies how much money customers must pay for the product and explains why the firm selected that price.

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

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91) B
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.

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

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

94) B

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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.

95) A
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.

96) B
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.

97) D
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.

98) D
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.

99) C
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.

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

101) C
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.

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

103) B
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.

104) A
Direct ownership is when a domestic firm actively manages a foreign company or overseas facility—in this case, an assembly plant.

105) E

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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.

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

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

108) A
Gross margin equals the difference between price (the amount paid by the customer) and cost (the amount required to produce the good or service), which is expressed as a percentage. Gross margin is calculated by subtracting the cost of goods sold per unit from the selling price of the item, divided by the selling price.

109) D
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.

110) E
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.

111) C
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.

112) E
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.

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113) D
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.

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

115) A
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.

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

117) C
Customer acquisition measures how much the firm spent to gain new customers. Customer-acquisition costs typically include spending on marketing advertising, public relations, and sales.

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

119) 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?

120) 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.

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

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

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

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

125) 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.

126) 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.

127) 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.

128) break-even

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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.

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

130) 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.

131) 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.

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

133) 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 Carlos.

134) 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.

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

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

137) 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.

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138) 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.

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

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

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141) 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.

142) 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.

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

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

145) 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.

146) 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.

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

148) 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.

149) 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.

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150) 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.

151) 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.

152) 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.

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

154) Short Answer
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.

155) Short Answer
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.

156) Short Answer
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.

157) Short Answer
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.

158) Short Answer

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A fast-food hamburger restaurant that adds a breakfast menu is using diversification to attract new markets with new products but is also engaged in product development by creating new goods and services for its existing market. When the fast-food chain adds new items, such as chicken sandwiches, to its menu, it is again using product development and diversification strategies. The restaurant is seeking to sell its existing customer base new products and also entices new customers by changing its menu.

159) Short Answer
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.

160) Short Answer
A SWOT analysis is an evaluation of a firm's strengths, weaknesses, opportunities, and threats. Lifetime Motors' good reputation represents a strength for the company. The fact that the company cannot cover its busy weekends with ample staff is a weakness. The weak economy represents a threat to Lifetime Motors as customers may forego purchasing a luxury vehicle for a less expensive option elsewhere. Having another luxury car dealer in the same market is a threat for Lifetime Motors, as this company has the potential to steal business away from Lifetime Motors. The fact that one of Lifetime Motors' brands has introduced a new SUV with high ratings is an opportunity for Lifetime Motors to sell more of this item and reap the profits.

161) Short Answer
Marketers often use two important metrics to evaluate profitability: customer acquisition and customer profitability. In this case, the company is looking at customer acquisition which measure how much a firm spent to gain new customers. Customer-acquisition costs typically include spending on marketing advertising, public relations, and sales. It's important to measure customer-acquisition costs, because sometimes additional customers don’t equal additional profit—which seems to have happened in this case. The firm’s goal should be to allocate marketing resources to obtain additional customers at a low cost.

162) Short Answer

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A thorough competition analysis will take into consideration both direct and indirect competitors. Direct competitors would be in the same business as Chao—such as the other florist in town. While, at first, this may seem like Chao will have little competition, she must also consider that flowers may be purchased directly from a variety of florists on the Internet and that flowers are often available in grocery and convenience stores. In thinking about indirect competition, Chao must consider businesses who may not be in the flower business but who could still compete with her. For example, a garden center that sells flowering plants might be a competitor if it convinces customers to grow their own flowers rather than buy them. Likewise, a business that sells candy might convince customers that candy is a better gift than flowers for Valentine's Day. A good study of the competition provides a thoughtful analysis of both the direct and indirect competitors.

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