Essentials of Marketing 18th edition Cannon Test Bank

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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) Planning, implementation, and control are basic jobs of all managers.
   - ◎ true
   - ◎ false

2) Controlling the marketing plan is the first step of the marketing management process.
   - ◎ true
   - ◎ false

3) Strategic planning is the managerial process of developing and maintaining a match between an organization's resources and its market opportunities.
   - ◎ true
   - ◎ false

4) Finding attractive opportunities and developing profitable marketing strategies are tasks included in the marketing manager's marketing strategy planning job.
   - ◎ true
   - ◎ false

5) Marketing strategy planning is the process of deciding how best to sell the products the firm produces.
   - ◎ true
   - ◎ false

6) A marketing strategy specifies a target market and a related marketing mix.
   - ◎ true
   - ◎ false

7) A marketing strategy is composed of two interrelated parts—a market opportunity and a product.
   - ◎ true
   - ◎ false

8) A target market consists of a group of consumers who are usually quite different.
   - ◎ true
   - ◎ false

9) A marketing mix consists of the uncontrollable variables that a company puts together to satisfy a target market.
   - ◎ true
   - ◎ false

10) Target marketing aims a marketing mix at some specific target customers.
    - ◎ true
    - ◎ false

11) Mass marketing means focusing on some specific customers, as opposed to assuming that everyone is the same and will want whatever the firm offers.
    - ◎ true
    - ◎ false

12) The mass marketing approach is more production-oriented than marketing-oriented.
    - ◎ true
    - ◎ false

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13) The terms mass marketing and mass marketers mean the same thing.
- ◎ true
- ◎ false

14) "Mass marketers" like Target usually try to aim at clearly defined target markets.
- ◎ true
- ◎ false

15) The problem with target marketing is that it limits the firm to small market segments.
- ◎ true
- ◎ false

16) The basic reason to focus on some specific target customers instead of all possible customers is so that managers can develop a marketing mix that satisfies those customers' specific needs better than they are satisfied by some other firm.
- ◎ true
- ◎ false

17) The "Four Ps" of the marketing mix are Product, Position, Promotion, and Price.
- ◎ true
- ◎ false

18) The "Four Ps" of the marketing mix are People, Products, Price, and Promotion.
- ◎ true
- ◎ false

19) Product, Place, Promotion, and Price are the four major variables (decision areas) in a firm's marketing mix.
- ◎ true
- ◎ false

20) The customer is a part of the marketing mix and should be the target of all marketing efforts.
- ◎ true
- ◎ false

21) The product area of the marketing mix is concerned with developing the right physical good, service, or blend of both for the target market.
- ◎ true
- ◎ false

22) According to the text, a firm that sells a service rather than a physical good does not have a product.
- ◎ true
- ◎ false

23) The product area of the marketing mix may involve a service and/or a physical good, which satisfies some customers' needs.
- ◎ true
- ◎ false

24) Parnell's job is to get the company's products shipped to retail stores when they need them. This relates to the Place element of the 4 Ps.
- ◎ true
- ◎ false

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25) A channel of distribution is any series of firms or individuals that participate in the flow of products from producer to final user or consumer.
- ◎ true
- ◎ false

26) A channel of distribution must include an intermediary.
- ◎ true
- ◎ false

27) Chandra sells directly to customers; Mason advertises the products in local newspapers; and Malia is in charge of publicity. These are all elements of the Promotion area of the marketing mix.
- ◎ true
- ◎ false

28) Doreen is an advertising sales representative for a local newspaper. As such, she represents the public relations aspect of the marketing mix.
- ◎ true
- ◎ false

29) Personal selling involves direct personal communication to get the sale, but personal attention is seldom required after the sale.
- ◎ true
- ◎ false

30) Customer service is needed when a customer wants the seller to resolve a problem with a purchase.
- ◎ true
- ◎ false

31) A consumer products company wanted to increase sales of a new product, so it mailed coupons to households in specific geographic areas. This is a form of publicity.
- ◎ true
- ◎ false

32) Sales promotion can involve store signs, contests, catalogs, and circulars.
- ◎ true
- ◎ false

33) Sales promotion refers to those promotion activities—other than advertising, publicity, and personal selling—that stimulate interest, trial, or purchase by final customers or others in the channel.
- ◎ true
- ◎ false

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34) Personal selling and advertising are both forms of sales promotion.
- ◎ true
- ◎ false

35) The "four Ps" are used by marketing managers to deliver customer value to a target market.
- ◎ true
- ◎ false

36) Promotion is the most important of the "Four Ps."
- ◎ true
- ◎ false

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37) The marketing mix should be set before the best target market is selected.
- ◎ true
- ◎ false

38) As in the Toddler University case, the needs of a target market virtually determine the nature of an appropriate marketing mix.
- ◎ true
- ◎ false

39) Marketing plan and marketing strategy mean the same thing.
- ◎ true
- ◎ false

40) A marketing strategy and all the time-related details for carrying out the strategy make up the marketing plan.
- ◎ true
- ◎ false

41) Barbara is in charge of creating the marketing strategy and outlining how and when it will be implemented. This is a marketing plan.
- ◎ true
- ◎ false

42) Implementation means putting the marketing plan into operation.
- ◎ true
- ◎ false

43) Short-run decisions that stay within the overall guidelines set during strategy planning are called implementation decisions.
- ◎ true
- ◎ false

44) Marketing strategy planning should specify all the operational decisions to implement the plan.
- ◎ true
- ◎ false

45) Marketing analytics is used to evaluate marketing performance in order to maximize efficiency and effectiveness.
- ◎ true
- ◎ false

46) Most companies implement only one marketing strategy at a time.
- ◎ true
- ◎ false

47) A marketing program blends all of the firm's marketing plans into one "big" plan and is the responsibility of the whole company.
- ◎ true
- ◎ false

48) A successful marketing program benefits the firm by increasing customer equity.
- ◎ true
- ◎ false

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49) Marguerite always buys Dove soap. She estimates that she has spent thousands of dollars over the years purchasing this soap. The profit the company has made on Marguerite's soap purchases is her customer lifetime value.
- ◎ true
- ◎ false

50) One way to increase customer equity is to find cost-effective ways to serve current customers so they buy more.
- ◎ true
- ◎ false

51) The customer equity approach guides the marketing manager to make marketing decisions that enhance the firm's short-term profits—particularly for the next quarter or year.
- ◎ true
- ◎ false

52) Enhancing customer value by increasing customers' purchases is a potential source of new revenue.
- ◎ true
- ◎ false

53) The retention rate is the amount it costs to attract a new customer compared to the amount it costs to retain customers.
- ◎ true
- ◎ false

54) If a local deli had 3,000 customers in its first year in business and 300 of those customers returned the following year, its retention rate is five percent.
- ◎ true
- ◎ false

55) Acquisition cost is the expense that is required to acquire each new customer.
- ◎ true
- ◎ false

56) If a firm spent $5,000 in advertising to obtain 50 new customers, its acquisition cost would be $100 per customer.
- ◎ true
- ◎ false

57) The single most important factor in screening possible marketing opportunities is the long-run trends facing the company.
- ◎ true
- ◎ false

58) A breakthrough opportunity helps innovators develop long-term, hard-to-copy marketing strategies that will be very profitable.
- ◎ true
- ◎ false

59) Hiram developed a marketing strategy that brought that company profits for years, and that the competition could not easily copy. This is known as a breakthrough opportunity.
- ◎ true
- ◎ false

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60) A firm with a "competitive advantage" has a marketing mix that the target market sees as better than a competitor's mix.
- ◎ true
- ◎ false

61) Finding competitive advantages is important because they are needed for survival in increasingly competitive markets.
- ◎ true
- ◎ false

62) The marketing strategy planning process starts with a narrow look at a market and becomes broader the closer the firm comes to developing a marketing mix.
- ◎ true
- ◎ false

63) There are usually more different strategy possibilities than a firm can pursue.
- ◎ true
- ◎ false

64) Developing a set of specific qualitative and quantitative screening criteria can help a manager define in which business and markets the firm wants to compete.
- ◎ true
- ◎ false

65) A S.W.O.T. analysis is one way to zero in on a marketing strategy that is well-suited to the firm.
- ◎ true
- ◎ false

66) S.W.O.T. analysis is based on the idea that one of the best ways to develop a strategy is to identify and copy the marketing "strategies, weapons, outlook, and tactics" of the firm's most effective competitor.
- ◎ true
- ◎ false

67) A good S.W.O.T. analysis helps a manager focus on a strategy that takes advantages of the firm's opportunities and strengths while avoiding its weaknesses and threats to its success.
- ◎ true
- ◎ false

68) The letters in "S.W.O.T." analysis are an abbreviation for the first letters of the words "strengths, weaknesses, opportunities, and threats."
- ◎ true
- ◎ false

69) In developing the target market for her new store, Amy started with women, then narrowed it down to women between the ages of 20 and 40. Finally, she targeted women who would shop for larger sizes. Amy was segmenting the market for her products.
- ◎ true
- ◎ false

70) Differentiation means that the marketing mix is distinct from and better than what is available from a competitor.
- ◎ true
- ◎ false

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71) As the tire company worked on its marketing mix, it decided to copy what its competitors were doing. This is called differentiation.
- ◎ true
- ◎ false

72) Differentiation often requires a firm to fine-tune its marketing mix to meet the specific needs of its target market(s).
- ◎ true
- ◎ false

73) Differentiation emphasizes uniqueness rather than similarity.
- ◎ true
- ◎ false

74) The external market environment doesn't play a role in the marketing strategy planning process because it exists outside of the company.
- ◎ true
- ◎ false

75) The first two letters in S.W.O.T. analysis help managers examine customers, competition, and the external marketing environment.
- ◎ true
- ◎ false

76) Marketing opportunities involving increasing sales of present products in present markets are called market penetration.
- ◎ true
- ◎ false

77) As an experienced marketing manager, Kyle knew that one way to increase sales was to get more people to buy the product in its current market through more aggressive marketing efforts. This is known as increasing market penetration.
- ◎ true
- ◎ false

78) A firm that tries to increase sales by selling new products in new markets is pursuing market development opportunities.
- ◎ true
- ◎ false

79) Nike moved beyond shoes and sportswear to offer its established athletic target market a running watch with a customized Nike app. This is an example of a market development strategy.
- ◎ true
- ◎ false

80) A company has just modified and enlarged its product line to meet the changing needs of its current customers. This is an example of market development.
- ◎ true
- ◎ false

81) When Hyundai added a new sedan called Genesis to the luxury-oriented selection at its existing dealers, it was seeking market development opportunities.
- ◎ true
- ◎ false

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82) Marketing opportunities that involve moving into totally different lines of business are "diversification" opportunities.
- ◎ true
- ◎ false

83) The least risky—but most challenging—marketing opportunities are diversification opportunities.
- ◎ true
- ◎ false

84) Often, attractive opportunities are fairly close to markets the firm already knows.
- ◎ true
- ◎ false

85) When it comes to choosing among different types of opportunities, most firms tend to be production-oriented and usually think first of diversification.
- ◎ true
- ◎ false

86) Of the four types of opportunities firms can pursue, diversification is the easiest to evaluate and involves the least risk.
- ◎ true
- ◎ false

87) Advances in e-commerce, transportation, and communications have had little impact on creating international opportunities.
- ◎ true
- ◎ false

88) If customers in other countries are interested in the products a firm offers, or could offer, serving them may improve economies of scale.
- ◎ true
- ◎ false

89) Unfavorable trends in the domestic market environment may make the international marketing environment less attractive.
- ◎ true
- ◎ false

90) International opportunities should be considered in the strategy planning process, but they don't always survive as the most attractive ones that are turned into strategies.
- ◎ true
- ◎ false

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91) Marketing managers usually find that opportunities in international markets are less profitable than in domestic markets.
- ◎ true
- ◎ false

92) When a firm's domestic market is prosperous, marketing managers are less likely to pursue opportunities in international markets.
- ◎ true
- ◎ false

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

93) The three basic tasks of all managers, according to the text, are
- A) planning, staffing, and evaluating.
- B) marketing, production, and finance.
- C) execution, feedback, and control.
- D) hiring, training, and compensating.
- E) planning, implementation, and control.

94) Controlling is vital to the marketing management process because
- A) marketing managers need to control their subordinates.
- B) controlling examines a firm's strengths, weaknesses, opportunities, and threats.
- C) gathering feedback on a plan's results may lead to beneficial adjustments or entirely new plans.
- D) controlling involves identifying a target market.
- E) controlling is part of the marketing mix.

95) Which duty is l *east likely* be performed by a firm's marketing managers?
- A) planning activities
- B) directing the implementation of plans
- C) controlling plans
- D) overseeing the firm's financial statements
- E) developing marketing mixes for target markets

96) Which term refers to the managerial process of developing and maintaining a match between an organization's resources and its market opportunities?
- A) marketing mix decisions
- B) strategic (management) planning
- C) advertising and promotional activities
- D) marketing management process
- E) effective marketing strategy

97) What sets the tone and direction for the whole company?
- A) expansion plan
- B) manager's qualification
- C) marketing plan
- D) management process
- E) sales and promotion

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98) Marketing strategies
- A) are not whole-company plans.
- B) ensure that every opportunity is good for every company.
- C) do not specify target markets and related marketing mixes.
- D) ensure sales and profit for the company.
- E) provide a limited picture of what a firm will do in some market.

99) The managerial process of developing and maintaining a match between the resources of an organization and its market opportunities is called
- A) management by objective.
- B) marketing programming.
- C) marketing strategy planning.
- D) strategic (management) planning.
- E) market planning.

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100) Marketing strategy planning means
- A) finding attractive opportunities and developing profitable marketing strategies.
- B) finding attractive opportunities and selecting a target market.
- C) selecting an attractive target market.
- D) selecting an attractive marketing mix.
- E) selecting a target market and developing a marketing strategy.

101) Marketing strategies
- A) enable marketing managers to be satisfied just planning present activities.
- B) ensure that every opportunity is good for every company.
- C) do not specify target markets and related marketing mixes.
- D) provide a limited picture of what a firm will do in some market.
- E) are not whole-company plans.

102) A marketing strategy
- A) specifies a target market and a related marketing mix.
- B) provides a focused but narrow picture of what a firm will do in some market.
- C) is a market-oriented, whole-company plan.
- D) includes two interrelated parts: product mix and product development.
- E) includes the marketing mix, but does not specify customers.

103) Which term refers to a fairly homogeneous (similar) group of customers to whom a company wishes to appeal?
- A) related market
- B) target market
- C) typical market
- D) mix market
- E) trial market

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104) Herbal Essences tries to sell its hair shampoos and conditioners to young women in their late teens and early 20s. These women represent Herbal Essences' primary
A) marketing strategy.
B) "Four Ps."
C) target market.
D) marketing mix.
E) channel of distribution.

105) What term refers to the controllable variables the company puts together to satisfy a target group?
A) target marketing
B) marketing strategy
C) direct marketing
D) mass marketing
E) marketing mix

106) In contrast to mass marketing, target marketing
A) assumes all customers have the same needs.
B) assumes everyone is a potential customer.
C) focuses only on small market segments.
D) tailors a marketing mix to fit some specific group of customers.
E) makes it more likely that a firm will face direct competition.

107) The difference between target marketing and mass marketing is that target marketing
A) means focusing on a small market.
B) focuses on short-run objectives, while mass marketing focuses on long-run objectives.
C) focuses on specific customers, while mass marketing aims at an entire market.
D) does not rely on e-commerce, but mass marketing does.
E) aims at increased sales, while mass marketing focuses on increased profits.

108) In contrast to mass marketing, target marketing
A) ignores the need for the firm to obtain a competitive advantage.
B) ignores markets that are large and spread out.
C) is limited to small market segments.
D) assumes that all customers are basically the same.
E) fits a specific type of customers.

109) Target marketing
A) is a production-oriented approach to marketing.
B) is essentially the same as mass marketing.
C) considers everyone a potential customer.
D) assumes that everyone is the same.
E) specifies some particular group of customers.

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110) _____ assume(s) that everyone is the same and consider(s) everyone to be a potential customer.
A) Mass marketers
B) Target marketing
C) Mass marketing
D) Target marketers
E) Objective marketing

111) Marketing managers should view potential customers as
A) all alike.
B) all having the same needs.
C) always wanting to meet needs in the same way.
D) grouped into segments of similar consumers.
E) being of different types, but all having the same characteristics.

112) Good marketing strategy planners know that
A) firms like Nabisco and Walmart are too large to aim at clearly defined target markets.
B) target marketing does not limit one to small market segments.
C) mass marketing is often very desirable and effective.
D) the terms "mass marketing" and "mass marketer" mean basically the same thing.
E) target markets cannot be large and spread out.

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113) The marketing mix
A) includes four variables: People, Place, Promotion, and Price.
B) includes the target market.
C) helps to organize the marketing strategy decision areas.
D) includes four variables: advertising, personal selling, customer service, and sales promotion.
E) does not focus on target customers.

114) The "Four Ps" of a marketing mix are
A) Production, Personnel, Price, and Physical Distribution.
B) Promotion, Production, Price, and People.
C) Potential Customers, Product, Price, and Personal Selling.
D) Product, Price, Promotion, and Profit.
E) Product, Place, Promotion, and Price.

115) What is *most* important to remember when developing the "right" product?
A) The product must be competitive in the market.
B) The product must bring in good profit.
C) The product must be unique to the market.
D) The product must be easily available in the market.
E) The product must satisfy the customers' needs.

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116) "Product" is *not* concerned with
A) quality level.
B) branding.
C) wholesale price.
D) packaging.
E) warranty.

117) Henry Ford told prospective customers of his Model T car, "You can have any color as long as it is black." Which aspect of the marketing mix was he stressing?
A) Promotion
B) Product
C) Place
D) Price
E) People

118) The packaging design for a new flavor of Ben and Jerry's ice cream is an aspect of which component of the marketing mix?
A) Place
B) Price
C) Product
D) Promotion
E) People

119) Hyundai's 5-year/100,000-mile powertrain warranty is part of which marketing mix decision area?
A) Price
B) Target Market
C) Place
D) Product
E) Promotion

120) If HP wants to offer customers mobile phones in addition to computers, this is a change in its_____ strategy.
A) Pricing
B) Promotion
C) Personnel
D) Product
E) Placement

121) A manufacturer of cola-flavored drinks wants to add packaged fruit juices to its existing product line. The company needs to make some decisions regarding packaging and branding of the fruit juices. These decisions would fall under which variable of the marketing mix?
A) Product
B) Place
C) Promotion
D) Price
E) Personal Selling

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122) A firm's decisions regarding channel of distribution would fall under the marketing mix variable of
A) Product.
B) Place.
C) Promotion.
D) Price.
E) People.

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123) The_____ area of the marketing mix is concerned with decisions about getting the "right" product to the target market when and where it's wanted.
A) Product
B) People
C) Promotion
D) Price
E) Place

124) Hewlett-Packard sells personal computers through specialty computer stores, electronics superstores, and its own Internet site. The marketing mix variable that is being considered here is
A) Price.
B) Promotion.
C) Personnel.
D) Product.
E) Place.

125) Scott Paper uses many intermediaries to reach its target markets; Citibank uses none. Which of the marketing mix variables is being considered here?
A) Penetration
B) Product
C) Promotion
D) Place
E) Price

126) Any series of firms or individuals that participate in the flow of products from producer to final user or consumer are known as
A) customer service.
B) a packaging line.
C) a production line.
D) a channel of distribution.
E) mass marketing.

127) Herbal Essences tries to get shelf space in Target and Walmart because young women frequently shop there for hair care products. This is an example of which of the "Four Ps"?
A) Price
B) Product
C) Promotion
D) Place
E) People

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128) A detailed plan for handling transportation and storage of a new product that is now being distributed to wholesalers nationwide is an aspect of which part of the "Four Ps"?
A) Place
B) Product
C) Promotion
D) Price
E) People

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129) An office supplies producer sells a variety of office supplies to final consumers and businesses using its own mail order catalog. Here,
A) there is no channel of distribution.
B) there is no opportunity to apply target marketing.
C) no promotion is involved.
D) a production orientation is just as effective as a marketing orientation.
E) None of these of these answers are correct.

130) The_____ area of the marketing mix includes decisions related to telling the target market or others in the channel of distribution about the right product.
A) Product
B) Place
C) Promotion
D) Price
E) Communication

131) Marketing strategy decisions concerning promotion include decisions about
A) packaging and branding.
B) the kinds of intermediaries to use.
C) customer service.
D) transporting and storing.
E) discounts and allowances.

132) "Promotion" is least likely to be concerned with
A) creating billboard ads.
B) designing new products.
C) publicity.
D) television commercials.
E) personal selling.

133) Personal selling lets the salesperson adapt the firm's marketing mix to a specific customer. This is an aspect of which marketing mix variable?
A) Price
B) Place
C) Promotion
D) Product
E) People

134) _____ is direct spoken communication between sellers and potential customers.
A) Personal selling
B) Sales promotion
C) Advertising
D) Publicity
E) Mass selling

135) _____ refers to personal communication between a seller and a customer who wants the seller to resolve a problem with a purchase.
A) Advertising
B) Sales promotion
C) Publicity
D) Personal selling
E) Customer service

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136) Advertising is
A) the designing and distribution of novelties, point-of-purchase materials, store signs, contests, catalogs, and circulars.
B) direct communication between sellers and potential customers.
C) any paid form of nonpersonal presentation of ideas, goods, or services by an identified sponsor.
D) the main form of publicity.
E) All of these are included in advertising.

137) A television show, *The Unexpected*, achieved skyrocketing ratings after moralist Tom Bowman attempted to have it removed from the air. This is an example of mass selling through
A) advertising.
B) publicity.
C) unethical means.
D) personal selling.
E) media hype.

138) Catalogs, point-of-purchase materials, and free samples are all examples of
A) publicity.
B) personal selling.
C) sales promotion.
D) advertising.
E) marketing.

139) Costco Wholesale offers free samples of the products it sells throughout its stores, especially on busy weekends. Which marketing mix variable is Costco utilizing?
A) advertising
B) publicity
C) specialty services
D) personal selling
E) sales promotion

140) When Madison Reed offers "dollar-off coupons" to adult women to try to get them to try its hair coloring products, it is an example of
A) publicity.
B) sales promotion.
C) product development.
D) market penetration.
E) distribution.

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141) Ford Motor Co. "loaned" new Fiestas to social trendsetters who drove the cars as part of their Meals on Wheels responsibilities. When Ford asked them to write about their driving experiences on Facebook and Twitter, it was emphasizing which aspect of the 4 Ps?
A) Product
B) Place
C) Price
D) Promotion
E) People

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142) The owner of the new Zizzors hair salon gave coupons to potential customers walking by her store to stimulate interest and offer a trial of the new hair salon. The coupons are an example of
A) advertising.
B) publicity.
C) sales promotion.
D) a channel of distribution.
E) media.

143) To help a cosmetics company launch a new line of lipstick, tickets that can be redeemed for prizes are enclosed in some of the lipstick packages. This activity is best classified as
A) advertising.
B) publicity.
C) sales promotion.
D) personal selling.
E) mass marketing.

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144) The company 3M sent samples of Breathe Right Nasal Strips to NFL trainers. This was an example of a_____ strategy.
A) Price
B) Promotion
C) Personnel
D) Product
E) Place

145) While setting the price of a product, what must managers consider?
A) cost of the whole marketing mix
B) buying capacity of the customers
C) profit it should bring the company
D) transportation cost
E) personnel cost to the company

146) The Price area of the marketing mix
A) requires consideration of the cost of the marketing mix and the competition facing the firm when setting prices.
B) does not involve estimating consumer reaction to possible prices.
C) refers to any paid form of nonpersonal presentation of ideas, goods, or services by an identified sponsor.
D) does not include the consideration of geographic terms in price setting.
E) is not affected by competition.

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147) When developing a marketing mix, a marketing manager should remember that
- A) promotion includes only personal selling and publicity.
- B) a channel of distribution is not relevant to the mix.
- C) price includes markups, discounts, allowances, and geographic terms.
- D) product includes physical goods but not services.
- E) customers' needs are all the same.

148) When Ford Motor Co. introduced its Escape hybrid SUV, it offered a $1,000 rebate as an incentive to attract new buyers. This was an example of which aspect of the marketing mix?
- A) Price
- B) Promotion
- C) Place
- D) Product
- E) People

149) The most important variable in a firm's marketing mix is
- A) Product.
- B) Price.
- C) Promotion.
- D) Place.
- E) all four because they contribute equally.

150) An appropriate marketing mix should be determined primarily by
- A) what has worked for the company in the past.
- B) the needs of a target market.
- C) the budget available to spend.
- D) the past experiences of the marketing manager.
- E) what product the firm can produce with economies of scale.

151) The text's Toddler University example shows that
- A) parents are not price sensitive when it comes to assuring that their kids will get a good college education.
- B) the needs of a target market determine the nature of the appropriate marketing mix.
- C) a small producer can't compete effectively against large competitors.
- D) in the long run, a firm cannot make a profit without its own production facilities.
- E) sales decrease when price increases.

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152) The text's Toddler University example shows that
A) no mass market exists for general-purpose baby shoes.
B) it is the customers' needs and interests that matter.
C) a small producer can't compete effectively against large competitors.
D) no target market exists for high-quality baby shoes.
E) if the product is right, no promotion is needed.

153) The main difference between a "marketing strategy" and a "marketing plan" is that
A) time-related details are included in a marketing plan.
B) a marketing plan includes several marketing strategies.
C) a marketing strategy provides more detail.
D) a marketing strategy omits pricing plans.
E) a marketing plan does not include a target market.

154) Which item refers to a written statement of a marketing strategy and the time-related details for carrying out the strategy?
A) marketing mix
B) marketing program
C) marketing plan
D) marketing design
E) marketing direction

155) Which item is least likely to be included in a proposed marketing plan?
A) a list of what company resources (costs) would be required
B) a statement of how frequently the design of the website will be changed
C) expected sales and profit results
D) a description of the target market and marketing mix
E) expected customer satisfaction levels.

156) What is *least likely* to be included in a marketing plan?
A) the control procedures to be used
B) the costs involved
C) the results expected
D) what marketing mix is to be offered
E) operational decisions

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157) _____ refers to putting marketing plans into operation.
A) Delivery
B) Implementation
C) Operational planning
D) Strategy planning
E) Control

158) Short-run decisions to help implement strategies are best known as
A) actionable items.
B) strategic decisions.
C) marketing plans.
D) operational decisions.
E) dependencies.

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159) Managers should make operational decisions
- A) within the guidelines set down during strategy planning.
- B) with great care, as these decisions are the same as strategic decisions.
- C) for the long-run, to help formulate strategic plans.
- D) while keeping in mind that these decisions should always lead to changes in the basic strategy.
- E) on a month-to-month basis, never daily or weekly.

160) Which statement is a marketing strategy decision, rather than an operational decision?
- A) "We will change the colors of our selection of shirts at the end of the season."
- B) "We will cut prices as needed in order to protect our market share."
- C) "We will increase the number of training sessions for new sales associates from two to three."
- D) "We will hire a merchandising specialist this month to help remodel our older stores."
- E) "We will place a special ad in the Sunday newspaper promoting our upcoming sale."

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161) Which action is an operational decision rather than a strategy decision?
- A) a decision to seek distribution only through the best retailers
- B) selection of a specific target market
- C) a decision to maintain a "one price" policy
- D) selection of a specific cable TV channel on which to advertise
- E) selection of a niche market

162) Soft Feet shoe company's strategic policy states "Carry as limited a line of colors, styles, and sizes as will satisfy the target market." This policy best relates to which decision area of the marketing mix?
- A) People
- B) Place
- C) Promotion
- D) Price
- E) Product

163) One of the strategic policies of camera maker Carmine's Cameras states: "We will communicate the key benefits and value of our cameras' unique zoom lenses and demonstrate how they meet customer needs." This policy best fits which marketing mix decision area?
- A) Product
- B) Place
- C) Promotion
- D) Price
- E) People

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164) A retailer's operational decision to hire new salespeople would best relate to the marketing mix decision area of
A) Product.
B) Place.
C) Promotion.
D) Price.
E) People.

165) When fast food restaurant Tijuana Tacos had poor sales, marketing managers closed one outlet on the east side of town and opened two new locations on the south side of town. These moves represent
A) operational decisions in the product decision area.
B) strategy policies in the place area.
C) strategy policies in the product area.
D) operational decisions in the place area.
E) strategy policies in the promotion area.

166) Park's assignment is to analyze market performance for a new product to determine if the marketing mix should be changed. This activity is
A) marketing analytics.
B) marketing metrics.
C) a marketing plan.
D) publicity.
E) differentiation.

167) What is the best way for a marketing manager to measure a firm's marketing performance?
A) compare the firm's marketing plans
B) perform marketing analytics
C) develop a marketing plan
D) create a single marketing strategy
E) initiate a marketing plan

168) What blends all of a firm's marketing plans into one big plan?
A) marketing program
B) marketing mix
C) marketing statement
D) marketing overview
E) marketing flow

169) _____ is the total profits a single customer contributes to a firm over the length of the relationship.
A) Customer equity
B) Profit
C) Net worth
D) Customer lifetime value
E) A premium price

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170) Estimating a customer's lifetime purchasing potential is important because it helps marketers to
A) make a quick sale on a product.
B) decide whether to place ads online or in magazines.
C) recognize that mass marketing is the best way to reach customers.
D) select the right channel of distribution.
E) devise long-range plans and strategies for building customer relationships.

171) When a customer who buys two Apple iPhones, an Apple iMac computer, and Apple TV over a period of several years, Apple's marketing managers should recognize the
A) diversification.
B) mass marketing.
C) differentiation.
D) customer lifetime value.
E) customer feedback loops.

172) When the manager of a Friday's restaurant offers a customer a coupon for a free meal as compensation for slow service, the manager is focusing on
A) differentiation.
B) product development.
C) short-term profits.
D) a diversification strategy.
E) customer lifetime value.

173) _____ is the expected earnings stream of a firm's current and prospective customers over some period of time.
A) Profit
B) Earnings
C) Operating profit
D) Customer equity
E) Net value

174) The difference between customer lifetime value and customer equity is that
A) customer equity takes a financial approach where customer lifetime value does not.
B) customer lifetime value looks at specific target markets.
C) customer equity takes into account a firm's current and future customers and the costs associated with each.
D) customer equity reflects the total stream of purchases that a customer could contribute to a company over the length of the relationship.
E) customer lifetime value focuses on purchases over the next year, while customer equity takes into account a longer time horizon.

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175) What is *most likely* to increase a firm's customer equity?
- A) The firm offers a more costly marketing mix that attracts more customers.
- B) The firm offers customer value that is at least as good as what competitors offer.
- C) The lifetime value of the firm's individual customers increases.
- D) The competition in the firm's market increases.
- E) The firm cuts costs by reducing promotion efforts.

176) What are two of the marketing metrics used to estimate customer lifetime value?
- A) retention rate and acquisition cost
- B) revenue and profit
- C) price and quantity
- D) revenue and retention rate
- E) acquisition cost and customer satisfaction

177) Which marketing metric is *least* helpful for estimating customer lifetime value?
- A) market share
- B) average profit margin
- C) retention rate
- D) acquisition cost
- E) profits a customer contributes

178) A car dealership wants to determine the retention rate of its customers. How would the dealer determine a firm's retention rate?
- A) by determining the percentage of existing customers that a firm keeps as compared to its total number of customers
- B) by figuring out the expense to the firm of attaining a new customer
- C) by considering the revenues and costs of retaining customers over the long term
- D) by analyzing the firm's customer base as compared to the forecast in the firm's marketing plan
- E) by determining the average profit margin for each of the firm's customers per year

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179) Which piece of information would be necessary to determine a firm's retention rate?
A) how many customers returned to a company's website and bought something after an initial purchase
B) the revenue and costs that are associated with every current and future customer that visits a firm's retail location
C) how much it costs to attract each new customer for each promotion activity
D) the efforts of a company to enhance the benefits it provides for each existing customer
E) the deviation between what a firm planned and its actual overall performance

180) Deanna opened an exclusive clothing store that had 2,000 customers in its first year. Of those 2,000 customers, 500 patronized Deanna's clothing store the following year. This reflects a 25 percent
A) retention rate.
B) acquisition cost.
C) profit margin.
D) lifetime value.
E) customer equity.

181) If an ice cream stand had 4,000 customers last year, and this year 1,000 of those same customers are still going to the ice cream stand, what is the shop's retention rate?
A) 10 percent
B) 50 percent
C) 20 percent
D) 25 percent
E) 75 percent

182) What refers to the expense required to obtain a new customer?
A) retention cost
B) acquisition cost
C) customer equity
D) CLV
E) market development

183) If a firm spends $5,000 per year on advertising and attracts 50 new customers, what is the acquisition cost for each customer?
A) $100 per customer
B) $50 per customer
C) $500 per customer
D) $10 per customer
E) $20 per customer

184) An outdoor retailer spent $20,000 on Internet and print advertisements promoting its new line of sports and travel gear. From the promotion, it gained 500 new customers. This results in a(n) _____ of $40 per customer.
A) acquisition cost
B) retention rate
C) profit margin
D) lifetime value
E) customer value

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185) It is best to think of breakthrough opportunities as opportunities that
- A) appeal to the mass market.
- B) will quickly create a whole new industry of firms competing with similar marketing mixes.
- C) help innovators develop hard-to-copy marketing mixes.
- D) increase sales.
- E) will maintain profits.

186) _____ help(s) innovators develop hard-to-copy marketing strategies that will be very profitable for a long time.
- A) Opportunity segments
- B) Competitive decisions
- C) Breakthrough opportunities
- D) Competitive marketing
- E) Operational decisions

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187) Which statement best illustrates a breakthrough opportunity?
- A) A recording company's new artist gets unexpected national publicity on YouTube, and almost every teenager wants to download it on Spotify.
- B) A drug company develops a patented pill that people can take once a year and safely avoid catching a cold.
- C) A bank puts its credit card machines in convenient drive-up locations so they will be more convenient for customers.
- D) A nurse realizes that the growing number of older people will increase the demand for nursing home services, so she quits her job and goes to work for a nursing home.
- E) A wireless phone company introduces a new service that offers more free weekend minutes than any other service in its market area.

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188) What would be *most likely* to help you develop a breakthrough opportunity?

A) a two-month advantage over competitors in introducing a new product
B) an idea for a new website animation that will attract consumer attention
C) accurate marketing research information about how much of a planned product the target market is likely to buy
D) contracting with a TV station to exclusively showcase a product in the station's prime time shows for three years
E) reducing the price of a product just long enough to gain market share

189) A pharmaceutical company spent a significant amount of money developing a new drug to combat high blood pressure. The drug did not cause any of the typical side effects usually associated with blood pressure medications. It was forecasted to be a "blockbuster" medication that would achieve over $1 billion in sales. It would also be difficult for other firms to duplicate, at least in the short run, because of patent protection and the substantial research and development costs required. The introduction of this new drug would best be described as

A) diversification.
B) market development.
C) a breakthrough opportunity.
D) "hit-or-miss" marketing.
E) market penetration.

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190) _____ means that a firm has a marketing mix that the target market sees as better than a competitor's mix.

A) Competitive advantage
B) Strategic policy
C) Customer equity
D) Comparative opportunity
E) Market development

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191) Breakthrough opportunities
A) are so rare that they should be pursued even when they do not match the firm's resources and objectives.
B) seldom occur within or close to a firm's present markets.
C) are especially important in our increasingly competitive markets.
D) are those that a firm's competitors can copy quickly.
E) are best achieved by trying to hold onto a firm's current market share.

192) Developing a set of specific qualitative and quantitative screening criteria
A) increases the different opportunities—and strategy possibilities—in the market.
B) can make it difficult to zero in on the best target market and marketing mix.
C) cannot help eliminate the potential of strategies that are not well suited for the firm.
D) can help a manager define in which business and markets the firm wants to compete.
E) highlights advantages of a strategy but does not make it clear why you should select that strategy.

193) A S.W.O.T. analysis
A) seeks to improve strategy planning by "Scanning for Warnings, Omens, and Tips" about competitors' plans.
B) is not necessary if competitors have already entered the market.
C) defends against potential competitive threats by planning specific "safeguards, weapons, or tactics."
D) should help a manager develop a strategy that leads to a competitive advantage.
E) limits the competitive edge of the company.

194) A S.W.O.T. analysis
A) focuses on what a firm plans to do to "satisfy wishes of a target" customer.
B) summarizes a firm's strategy, wishes (of its customers), outlook, and tactics.
C) helps defend against potential competitors by developing a set of competitive safeguards, weapons, offensives, and tactics.
D) identifies a firm's strengths, weaknesses, opportunities, and threats.
E) seeks to reduce the risk of competitive surprises by scanning the market for signals, warnings, omens, and tips.

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195) "A firm has adequate resources." With which element of the S.W.O.T analysis tool does this statement fit?
A) strengths
B) weaknesses
C) opportunities
D) threats
E) limitation

196) "A firm is in a fast-growing industry." With which element of the S.W.O.T. analysis tool does this statement fit?
A) strengths
B) weaknesses
C) opportunities
D) threats

197) "A firm is vulnerable to recession." With which element of the S.W.O.T. analysis tool does this statement fit?
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A) strengths
B) weaknesses
C) opportunities
D) threats
E) limitation

198) "A firm is falling behind in research and development." With which element of the S.W.O.T. analysis tool does this statement fit?
A) strengths
B) weaknesses
C) opportunities
D) threats

199) _____ means that the marketing mix is distinct from what is available from a competitor.
A) Operational
B) Visible
C) Differentiation
D) Competitive
E) Diversification

200) Differentiation refers to the_____ of the firm's marketing mix to meet the needs of the target market.
A) similarity
B) uniqueness
C) unsuitability
D) willingness
E) adaptability

201) Differentiation
A) helps a firm get a competitive advantage if it just meets needs in the same way as other firms.
B) means that the marketing mix is similar to what is available from a competitor.
C) often requires that the firm fine-tune all the elements of its marketing mix to the specific needs of a distinctive target market.
D) is less obvious to target customers when there is a consistent theme integrated across the "4 Ps" decision areas.
E) can only be based on one important element of the marketing mix.

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202) The company iRobot got its start by developing high-tech robots for military uses, but it later started making futuristic robots that clean and wax floors in homes everywhere. Which of the four types of opportunity does this illustrate?
A) market penetration
B) market development
C) diversification
D) opportunity cost
E) golden opportunity

203) Of the four types of opportunities firms can pursue, market penetration often appeals to marketers because it
A) requires the creation of new products.
B) involves selling current products in familiar markets.
C) involves selling current products in unfamiliar markets.
D) doesn't require a more effective use of the marketing mix.
E) is guaranteed to succeed.

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204) Which firm is exploring a market development opportunity?
A) The Coleman camping gear company boosts sales of popular lanterns by setting up promotional displays at well-attended outdoor events.
B) Progresso targets health-conscious consumers with a new line of low-sodium soups.
C) Goodyear Tire opens two upscale hotels in Switzerland to serve families and business travelers.
D) The Up-and-Go golf cart company begins selling golf carts for use in malls, factories, and airports.
E) Mammoth Mountain Ski Resort offers horseback riding and a mountain bike park for summer visitors.

205) _____ means trying to increase sales of a firm's present products in its present markets.
A) Differentiation
B) Product development
C) Market development
D) Diversification
E) Market penetration

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206) When Crest encourages its current customers to brush more often by taking their toothbrush and toothpaste to work with them, which market opportunity is Crest pursuing?
A) market development
B) product development
C) diversification
D) market penetration
E) product penetration

207) Tetley has increased sales by developing ads that encourage its current customers to drink Tetley tea instead of coffee at morning coffee breaks. This effort focuses on
A) diversification.
B) market penetration.
C) product development.
D) mass marketing.
E) market development.

208) Tropicana is trying to get its customers to drink orange juice more often with ads that say, "It's not just for breakfast anymore." What type of opportunity is the company pursuing?
A) market penetration
B) diversification
C) market development
D) product development
E) mass marketing

209) Kraft Foods recently increased its advertising and couponing to its current cheese customers. It appears that Kraft is pursuing what kind of opportunity?
A) market penetration
B) product development
C) market development
D) mass marketing
E) diversification

210) If Frito-Lay (which has products in almost all the submarkets for snack foods) were to try to increase its share of one of its markets, it would be pursuing a_____ opportunity.
A) diversification
B) market penetration
C) product development
D) mass marketing
E) market development

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211) Coca-Cola runs an advertising campaign on morning radio shows encouraging current customers to "have a Coke in the morning" instead of their morning coffee. This is an example of
A) market development.
B) product development.
C) diversification.
D) market penetration.
E) mass marketing.

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212) A soft drink company wants to increase sales of its existing carbonated drinks by making them more convenient, so it's making the drinks available at more stores in its present areas. This is an example of
A) market penetration.
B) differentiation.
C) product development.
D) diversification.
E) market development.

213) When a customer goes online to register Adobe's Acrobat Reader, the Web page promotes other related products, including its popular Photoshop software. This is an example of
A) product development.
B) screening opportunities.
C) mass marketing.
D) differentiation.
E) market penetration.

214) _____ means trying to increase sales by selling present products in new markets.
A) Differentiation
B) Market development
C) Product development
D) Diversification
E) Market penetration

215) A company expanding globally is an example of
A) market development.
B) product development.
C) diversification.
D) market penetration.
E) mass marketing.

216) When AT&T advertises in *The Wall Street Journal* that smartphones using its technology can make calls from more than 200 countries in the world, which market opportunity is AT&T pursuing?
A) market penetration
B) product development
C) diversification
D) market development
E) product penetration

217) *The Wall Street Journal* has been trying to attract new customers by promoting its newspaper for student use in business courses. This is an example of
A) product development.
B) diversification.
C) market penetration.
D) market development.

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218) A Hilton hotel offers an inexpensive "Family Luncheon Buffet" on Sundays to get customers for its restaurant that is filled by business travelers during weekdays. This effort to get new customers for the available facility is an example of
A) a production orientation.
B) product development.
C) market development.
D) diversification.
E) market penetration.

219) Coca-Cola is taking advantage of an increased willingness of African leaders to engage in international trade by marketing its soft drinks in certain African nations. What type of opportunity is Coca-Cola pursuing?
A) market development
B) diversification
C) product development
D) market penetration
E) product reorientation

220) Avon, which in the past relied on door-to-door personal selling, is trying to reach new customers by distributing mail-order catalogs, adding toll-free telephone ordering, and opening online retail sites. Avon is pursuing a_____ opportunity.
A) market development
B) market penetration
C) target marketing
D) product development
E) mass marketing

221) A mail-order marketer of flower bulbs to gardening hobbyists decides to sell the bulbs in grocery stores, to reach nonhobbyists who might be interested in pretty flowers. This is an example of
A) market development.
B) diversification.
C) market penetration.
D) product development.
E) mass marketing.

222) An Internet-based marketer of innovative gift items decides to sell products in its own retail stores to reach consumers who don't like to buy without first seeing an item in person. This is an example of
A) market development.
B) diversification.
C) market penetration.
D) product development.
E) product expansion.

223) An Austrian wine producer, facing declining sales at home, set up a new channel of distribution to sell wine in the United States. This seems to be an effort at
A) market development.
B) diversification.
C) market penetration.
D) product development.

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224) Up-and-Go, a producer of golf carts, promotes its carts to other users by advertising them as an easy and quiet way for workers to get around malls, airports, and big factories. Up-and-Go is trying to increase its sales through
A) market penetration.
B) differentiation.
C) product development.
D) market development.
E) diversification.

225) Quick as a Wink, a fast-food restaurant, has always operated outlets in malls. With a new strategy that involves opening new outlets that sell the same menu but operate in airports, zoos, casinos, and military bases, Quick as a Wink is pursuing what type of opportunity?
A) product development
B) market development
C) differentiation
D) market penetration
E) diversification

226) In an effort to increase its total sales, Champion has started exporting its spark plugs for use by several German auto producers. Champion is pursuing a_____ opportunity.
A) diversification
B) market penetration
C) product development
D) mass marketing
E) market development

227) _____ refers to offering new or improved products for present markets.
A) Diversification
B) Market development
C) Differentiation
D) Market penetration
E) Product development

228) If McDonald's decides to test-market a hot dog in several stores to determine if it can make more profit from this menu item than from a Big Mac which market opportunity is McDonald's pursuing?
A) diversification
B) market development
C) market penetration
D) product development

229) To compete more successfully with its many competitors offering packaged cookies, Famous Amos added its own line of "extra chunky" premium cookies. This seems to be an effort at
A) combination.
B) market penetration.
C) market development.
D) product development.
E) diversification.

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230) A producer of frozen pasta dinners finds that its current target customers select among its frozen pasta dinners, going to a pizza restaurant, or staying home and eating an Italian sub sandwich. So the company set up a chain of pizza restaurants that also serve Italian sub sandwiches. This seems to be an effort at
A) market development.
B) diversification.
C) market penetration.
D) product development.

231) Wendy's continues to test possible new toppings for hamburgers, including grilled mushrooms and provolone cheese. This suggests that Wendy's is pursuing
A) marketing myopia.
B) mass marketing.
C) product development.
D) market development.
E) diversification.

232) Wendy's continues to come out with new offerings, like stuffed pitas. This suggests that Wendy's is pursuing
A) marketing myopia.
B) mass marketing.
C) product development.
D) market development.
E) diversification.

233) Converse started selling its high-top canvas basketball shoes in colors such as hot pink, lime green, and purple, to accompany their traditional colors of black and white. Converse seems to be pursuing a_____ opportunity.
A) market penetration
B) market development
C) product development
D) diversification
E) breakthrough

234) Heinz, in order to boost its sales, came up with ketchup in gross green and funky purple colors. It packaged the ketchup in EZ Squirt dispensers molded to fit little hands. This is an example of
A) product development.
B) market development.
C) diversification.
D) market penetration.
E) product penetration.

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235) In developing trails for hiking and biking to bring its winter ski customers back in the summer, Mountain High Ski Resort is pursuing what type of opportunity?
A) channel penetration
B) diversification
C) product development
D) market development
E) market penetration

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236) Zippo is pursuing_____ opportunities with its new Multi-Purpose Lighter that is designed to light candles, fireplaces, grills, and more.
A) market penetration
B) market development
C) product development
D) diversification
E) channeling

237) Hewlett-Packard decided that too many other companies were attracting its customers by advertising their computer printers as "having all of the features of Hewlett-Packard's LaserJet." So Hewlett-Packard designed a new color printer with a completely new set of features that no competitors' equipment offered. Hewlett-Packard then introduced it to the same market with the hope that it could develop a larger and more profitable share. This was an effort at
A) market development.
B) diversification.
C) market penetration.
D) product development.
E) product penetration.

238) To improve its profits, Beta Tool Corp. has redesigned its entire line of rechargeable power drills—adding several new or improved features and three new models. Apparently, Beta Tool is pursuing a_____ opportunity.
A) combiner
B) market development
C) product development
D) diversification
E) market penetration

239) Dental Supply has been successfully selling dental instruments to dentists for the past twenty years and has developed strong customer relations. When looking for new marketing opportunities, Dental Supply will *most likely* look first at
A) market penetration.
B) diversification.
C) market development.
D) product development.
E) Professional Dental Supply will look at all opportunities equally.

240) _____ means moving into totally different lines of business, perhaps entirely unfamiliar products, markets, or even levels in the production-marketing system.
A) Diversification
B) Market development
C) Product development
D) Differentiation
E) Market penetration

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241) When a firm tries to increase its total sales by offering new products to new markets, it's pursuing
A) diversification.
B) product development.
C) market development.
D) market penetration.
E) All these answers are correct.

242) When Sony Corp., an electronics producer, purchased the Pebble Beach golf course in California, it was pursuing what type of opportunity?
A) diversification
B) market development
C) market penetration
D) product development
E) product penetration

243) A cheese manufacturer started a new chain of movie theaters called Movie World. The theaters have been a major success and significantly increased the revenues of the company. This is an example of
A) diversification.
B) market development.
C) product penetration.
D) differentiation.
E) market penetration.

244) A beer distributor concerned about increasing regulation of alcoholic beverages decides to start a new business distributing children's toys. This company seems to be pursuing
A) market development.
B) diversification.
C) product development.
D) market penetration.
E) product penetration.

245) Industrial Metals Corporation has decided to manufacture and sell electric motors for fishing boats. The firm appears to be pursuing a_____ opportunity.
A) combiner
B) product development
C) market development
D) market penetration
E) diversification

246) A producer of home burglar alarms decides to start manufacturing portable video cameras for use in industrial security situations. This is an example of
A) market development.
B) diversification.
C) product development.
D) market penetration.
E) product penetration.

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247) If a soft drink producer bought out a mango juice producer in an attempt to appeal to health-conscious consumers who do not drink soft drinks, it would be pursuing a_____ opportunity.
A) market development
B) diversification
C) market penetration
D) product development
E) product penetration.

248) The most risky and challenging opportunities usually involve
A) market development.
B) product development.
C) diversification.
D) market penetration.
E) market modification.

249) Because companies are likely to be most familiar with their own operations,_____ opportunities are usually the easiest to pursue.
A) market penetration
B) product development
C) market development
D) diversification
E) All of these are equally easy.

250) Which statement about international opportunities in marketing is true?
A) There is no need to consider international opportunities when the domestic market is prosperous.
B) International trade is decreasing worldwide.
C) A product with slow sales growth in a domestic market may experience faster growth in another country.
D) Only large firms can engage in international marketing.
E) All of these statements about international opportunities in marketing are true.

251) Going global has become easier than ever for marketers, due to
A) language differences between nations.
B) cultural differences among ethnic groups around the world.
C) advances in e-commerce, transportation, and communication.
D) political and social unrest in various parts of the world.
E) a worldwide economic recession.

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252) What represents a risk of operating in a foreign market?
A) learning foreign regulations and culture
B) finding better trends in variables
C) getting an early start in a new market
D) enjoying competitive advantage at home and abroad
E) increasing ability to reach international customers

253) When a U.S. company began to sell its products in other countries, it was required to purchase more raw materials. But it found that the per item cost actually decreased. This is an example of
A) market barriers.
B) cost escalation.
C) global competition.
D) diversification.
E) economies of scale.

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Answer Key

Test name: Chapter 02

1) TRUE
2) FALSE
3) TRUE
4) TRUE

The marketing manager's marketing strategy planning job involves finding attractive opportunities and developing profitable marketing strategies.

5) FALSE
6) TRUE
7) FALSE
8) FALSE
9) FALSE
10) TRUE
11) FALSE
12) TRUE
13) FALSE
14) TRUE
15) FALSE
16) TRUE
17) FALSE
18) FALSE
19) TRUE
20) FALSE
21) TRUE
22) FALSE
23) TRUE
24) TRUE
25) TRUE
26) FALSE
27) TRUE
28) FALSE
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57) FALSE
58) TRUE
59) TRUE
60) TRUE
61) TRUE
62) FALSE
63) TRUE
64) TRUE
65) TRUE
66) FALSE
67) TRUE
68) TRUE
69) TRUE
70) TRUE
71) FALSE
72) TRUE

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73) TRUE
74) FALSE
75) FALSE
76) TRUE
77) TRUE
78) FALSE
79) FALSE
80) FALSE
81) FALSE
82) TRUE
83) FALSE
84) TRUE
85) FALSE
86) FALSE
87) FALSE
88) TRUE
89) FALSE
90) TRUE
91) FALSE
92) TRUE
93) E
Planning, implementation, and control are basic jobs of all managers.

94) C
Controlling is vital to the marketing management process because gathering feedback on a plan's results may lead to beneficial adjustments or entirely new plans.

95) D
Marketing managers oversee all aspects of the marketing management process, including planning marketing, directing the implementation of the plans, and controlling these plans. Overseeing a firm's financial statements is a duty for financial officers and accountants.

96) B
The job of planning strategies to guide a whole company is called strategic (management) planning—the managerial process of developing and maintaining match between an organization's resources and its market opportunities. This is a top-management job.

97) C
Although marketing strategies are not whole-company plans, company plans should be market-oriented. The marketing plan often sets the tone and direction for the whole company.

98) A
Marketing strategies are not whole-company plans, but company plans should be market-oriented.

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99) D
Strategic (management) planning is the managerial process of developing and maintaining a match between an organization's resources and its market opportunities.

100) A
Marketing strategy planning means finding attractive opportunities and developing profitable marketing strategies.

101) E
Marketing strategies are not whole-company plans, but company plans should be market-oriented.

102) A

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A marketing strategy has two interrelated parts (1) a target market, (2) a marketing mix.

103) B
A target market is a fairly homogeneous (similar) group of customers to whom a company wishes to appeal.

104) C
A target market is a fairly homogeneous group of customers to whom a company wishes to appeal.

105) E
A marketing mix consists of the controllable variables the company puts together to satisfy a target group.

106) D
Target marketing says that a marketing mix is tailored to fit some specific target customers.

107) C
Target marketing involves a marketing mix tailored to fit some specific target customers. In contrast, mass marketing vaguely aims at everyone with the same marketing mix.

108) E
Target marketing involves a marketing mix tailored to fit some specific target customers. In contrast, mass marketing vaguely aims at "everyone" with the same marketing mix. Mass marketing assumes that everyone is the same and considers everyone a potential customer.

109) E
Target marketing involves a marketing mix tailored to fit some specific target customers.

110) C
Mass marketing, with its typical production-oriented approach, assumes that everyone is the same and considers everyone a potential customer.

111) D
Not all potential customers have the same needs, nor do they always want their needs met in the same way. In spite of the many possible differences, there often are segments of consumers who are similar and could be satisfied with the same marketing mix.

112) B
Target marketing is not limited to small market segments, only to fairly homogeneous ones. A very large market, sometimes called the mass market, may be fairly homogeneous, and a target marketer will deliberately aim at it.

113) C
The variables of the marketing mix help organize marketing related decisions and simplify the selection of marketing mixes.

114) E
The different variables of the marketing mix are Product, Place, Promotion, and Price.

115) E
The important thing to remember is that your good or service should satisfy some customers' needs.

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116) C
Price, whether a wholesale price or a consumer price, is not part of Product.

117) B
The Product area is concerned with developing the right product for the target market. This offering may involve a physical good, a service, or a blend of both.

118) C
Packaging design is part of Product.

119) D
"Warranty" is part of Product.

120) D
The Product area is concerned with developing the right product for the target market. HP offers its customers various products.

121) A
Packaging and branding are part of Product.

122) B
Place is concerned with all the decisions involved in getting the right product to the target market's place. A product reaches customers through a channel of distribution.

123) E
Place is concerned with all the decisions involved in getting the right product to the target market's place.

124) E
Place is concerned with decisions involving when and where a product is available to consumers.

125) D
Place is concerned with decisions involving channel type, market exposure, kinds of intermediaries, kinds and locations of stores, how to handle transporting and storing, service levels, etc.

126) D
A channel of distribution is any series of firms or individuals that participate in the flow of products from producer to final user or consumer.

127) D
Place is concerned with decisions involving when and where a product is available to consumers.

128) A
Place is concerned with decisions involving channel type, market exposure, kinds of intermediaries, kinds and locations of stores, how to handle transporting and storing, service levels, etc.

129) E
There is a channel of distribution, albeit short; there is target marketing; there is promotion; and a marketing orientation is always more effective.

130) C
Promotion is that element of the marketing mix that is concerned with telling the target market or others in the channel of distribution about the right product.

131) C

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Customer service is an element of promotion. It is a key to building repeat business.

132) B
Designing new products is a function of the Product variable of the marketing mix. Promotion deals with mass selling, personal selling, advertising, publicity, and sales promotion.

133) C
Personal selling is part of Promotion.

134) A
Personal selling involves direct spoken communication between sellers and potential customers. It may happen face-to-face, over the telephone, or even via a videoconference over the Internet.

135) E
Customer service refers to personal communication between a seller and a customer who wants the seller to resolve a problem with a purchase. This is often a key to building repeat business.

136) C
Advertising refers to any paid form of nonpersonal presentation of ideas, goods, or services by an identified sponsor.

137) B
Publicity is any unpaid form of nonpersonal presentation of ideas, goods, or services, which includes getting favorable coverage in newspaper stories or on television as well as creating and placing content on the web for customers to find or pass along to others.

138) C
Sales promotion refers to those promotion activities that stimulate interest, trial, or purchase by final customers or others in the channel. This can involve use of coupons, point-of-purchase materials, samples, signs, contests, events, catalogs, novelties, and circulars.

139) E
Sales promotion refers to those promotion activities that stimulate interest, trial, or purchase by final customers or others in the channel. This can involve use of coupons, point-of-purchase materials, samples, signs, contests, events, catalogs, novelties, and circulars.

140) B
Sales promotion refers to those promotion activities that stimulate interest, trial, or purchase by final customers or others in the channel. This can involve use of coupons, point-of-purchase materials, samples, signs, contests, events, catalogs, novelties, and circulars.

141) D
Promotion tells the target customers and others in the channel about the product that has been designed for them.

142) C
Sales promotion refers to those promotional activities that stimulate interest, trial, or purchase by final customers or others in the channel. This can involve use of coupons, point-of-purchase materials, samples, signs, contests, events, catalogs, novelties, and circulars.

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143) C
Sales promotion refers to those promotional activities that stimulate interest, trial, or purchase by final customers or others in the channel. This can involve use of coupons, point-of-purchase materials, samples, signs, contests, events, catalogs, novelties, and circulars.

144) B
Sales promotion refers to those promotional activities that stimulate interest, trial, or purchase by final customers or others in the channel. This can involve use of coupons, point-of-purchase materials, samples, signs, contests, events, catalogs, novelties, and circulars.

145) A
Price setting must consider the kind of competition in the target market and the cost of the whole marketing mix. A manager must also try to estimate customer reaction to possible prices.

146) A
Price setting must consider the kind of competition in the target market and the cost of the whole marketing mix. A manager must also try to estimate customer reaction to possible prices.

147) C
A manager must know current practices as to markups, allowances, discounts, and other terms of sale while developing a marketing mix. These practices are part of price.

148) A
Current practices such as markups, discounts (including rebates), and other terms of sale are part of Price.

149) E
All the "Four Ps" are needed in a marketing mix. No single variable of the marketing mix is more important than another; they all contribute to one whole. When a marketing mix is being developed, final decisions about the Ps should be made at the same time.

150) B
The needs of a target market often virtually determine the nature of an appropriate marketing mix. Therefore, marketers must analyze their potential target markets with great care.

151) B
In order to serve the Attentive Parents target market, the owner of Toddler University came up with an appropriate marketing mix that met this target market's needs. It did this by combining "fit and function with fun and fashion."

152) B
In order to serve the "Attentive Parents" target market, the owner of Toddler University came up with an appropriate marketing mix that met this target market's needs. It did this by combining "fit and function with fun and fashion."

153) A

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A marketing plan is a written statement of a marketing strategy and the time-related details for carrying out the strategy.

154) C
A marketing plan is a written statement of a marketing strategy and the time-related details for carrying out the strategy. It should spell out the following in detail: (1) what marketing mix will be offered, to whom (that is, the target market), and for how long; (2) what company resources (shown as costs) will be needed at what rate (month by month perhaps); and (3) what results are expected (sales and profits perhaps monthly or quarterly, customer satisfaction levels, and the like).

155) B
An ideal marketing plan should answer the following questions: (1) what marketing mix will be offered, to whom and for how long; (2) what company resources will be needed at what rate; and (3) what results are expected. "How frequently the design of the website is changed" does not fall under one of these three questions.

156) E
An ideal marketing plan should answer the following questions: (1) what marketing mix will be offered, to whom and for how long; (2) what company resources will be needed at what rate; and (3) what results are expected. Operational decisions come later.

157) B
Implementation refers to the manager's job of putting marketing plans into operation.

158) D
Short-run decisions that help implement strategies are known as operational decisions.

159) A
Managers should make operational decisions within the guidelines set down during strategy planning. But operational decisions are short-run decisions to help implement strategies. They do not change the basic strategy. They are made regularly, even daily or weekly.

160) B
Operational decisions are short-run decisions that help implement strategies. Strategy decisions are long-term decisions that could contain one or more of the "Four Ps."

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161) D
Operational decisions are short-run decisions that help implement strategies. Strategy decisions are long-term decisions that could contain one or more of the "Four Ps."

162) E
"Carry as limited a line of colors, styles, and sizes as will satisfy the target market" is a strategic decision that pertains to the product variable of the marketing mix.

163) C

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Extolling the benefits and value of the special design and how it meets customer needs is a strategic decision that pertains to the promotion variable of the marketing mix.

164) C
Hiring new salespeople is an operational decision that pertains to the promotion variable of the marketing mix.

165) D
In market areas where sales potential is not achieved, adding new retail outlets and/or dropping retailers whose performance is poor are operational decisions that pertain to the place variable of the marketing mix.

166) A
Marketing analytics is the practice of measuring, managing, and analyzing market performance to maximize its efficiency and effectiveness. Marketing metrics are the numeric data that are used to perform marketing analytics.

167) B
Marketing managers use marketing metrics to perform marketing analytics, which is the practice of measuring, managing, and analyzing marketing performance to maximize its efficiency and effectiveness.

168) A
A marketing program blends all of the firm's marketing plans into one big plan.

169) D
Many firms measure the customer lifetime value or the total profits a single customer contributes to a firm over the length of the relationship.

170) E
Calculating a customer's long-range purchasing potential can help marketers recognize the importance of devising plans that build and maintain customer relationships over a lifetime.

171) D
Over a period of years, a single customer is likely to purchase multiple products from a company. The total profits a single customer contributes to the company over the length of the relationship is called customer lifetime value.

172) E
Many firms measure the customer lifetime value or the total profits a customer contributes to the firm over the length of the relationship. In this situation, the restaurant manager is willing to lose money on a future meal to encourage return visits.

173) D
Customer equity is the expected earnings stream (profitability) of a firm's current and prospective customers over some period of time.

174) C

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We can take the idea of customer lifetime value a step further by taking into account all of a firm's current and future customers and the costs associated with each. Customer equity is the expected earnings stream (profitability) of a firm's current and prospective customers over some period of time.

175) C
A focus on customer equity allows a firm's marketing strategies for each of its products to work together to increase the lifetime value of that customer to the firm.

176) A
Three marketing metrics are needed to estimate customer lifetime value: (1) retention rate; (2) acquisition cost; and (3) average profit margin.

177) A
Customer lifetime value is the total profits a single customer contributes to a firm over the length of the relationship. Three marketing metrics are needed to estimate customer lifetime value: (1) retention rate; (2) acquisition cost; and (3) average profit margin.

178) A
Retention rate refers to the percentage of customers retained as compared to the total number of customers.

179) A
The retention rate refers to the customers retained as compared to the total amount of customers. In determining its retention rate, an Internet retailer would need to know how many customers returned again to its website to make a purchase.

180) A
The retention rate refers to the customers retained as compared to the total amount of customers. If Deanna had 2,000 customers in her first year in business and 500 of those customers came back the following year, she had a 25 percent retention rate (500/2,000 = 25%).

181) D
If the ice cream stand had 4,000 customers last year and retained 1,000 of those customers, its retention rate is 25 percent (1,000/4,000).

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182) B
Acquisition cost is the expense that is required to acquire a new customer.

183) A
If a firm spends $5,000 a year on advertising and attracts 50 new customers, its acquisition cost per customer is $100 ($5,000/50).

184) A
The acquisition cost is the expense required to acquire each new customer. If the retailer spent $20,000 on promotion and gained 500 new customers, the acquisition cost for each new customer is $40 ($20,000/500).

185) C

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Breakthrough opportunities help innovators develop hard-to-copy marketing strategies that will be very profitable for a long time.

186) C
Breakthrough opportunities help innovators develop hard-to-copy marketing strategies that will be very profitable for a long time.

187) B
Breakthrough opportunities help innovators develop hard-to-copy marketing strategies that will be very profitable for a long time.

188) D
Breakthrough opportunities help innovators develop hard-to-copy marketing strategies that will be very profitable for a long time.

189) C
Breakthrough opportunities help innovators develop hard-to-copy marketing strategies that will be very profitable for a long time.

190) A
Competitive advantage means that a firm has a marketing mix that the target market sees as better than a competitor's mix. It may result from efforts in different areas of the firm, such as cost cutting in production, innovative research and development, etc.

191) C
Breakthrough opportunities help innovators develop hard-to-copy marketing strategies that will be very profitable for a long time. Even if a manager can't find a breakthrough opportunity, the firm should try to obtain a competitive advantage to increase its chances for profit or survival.

192) D
Developing a set of specific qualitative and quantitative screening criteria can help a manager define in which business and markets the firm wants to compete.

193) D
With S.W.O.T. analysis, a marketing manager can begin to identify strategies that take advantage of the firm's strengths and opportunities while avoiding weaknesses and threats. This should provide a competitive advantage.

194) D
A S.W.O.T. analysis identifies and lists the firm's strengths, weaknesses, opportunities, and threats.

195) A
A S.W.O.T. analysis identifies and lists the firm's strengths, weaknesses, opportunities, and threats. Having adequate resources is a strength any firm would like to have.

196) C
A S.W.O.T. analysis identifies and lists the firm's strengths, weaknesses, opportunities, and threats. Being in a fast-growing industry is an opportunity on which a firm should try to capitalize.

197) D
A S.W.O.T. analysis identifies and lists the firm's strengths, weaknesses, opportunities, and threats. Recessionary conditions pose a threat to nearly every firm.

198) B

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A S.W.O.T. analysis identifies and lists the firm's strengths, weaknesses, opportunities, and threats. Firms must quickly remedy the situation of lagging behind in one or more departments, which is a potential weakness.

199) C
Differentiation means that the marketing mix is distinct from and better than what is available from a competitor.

200) B
Differentiation means that the marketing mix is distinct from and better than what is available from a competitor. This means its marketing mix is unique.

201) C
Differentiation often requires that the firm fine-tune all of the elements of its marketing mix to the specific needs of a distinctive target market.

202) C
Since iRobot has started manufacturing new products for non-military uses and markets, the company is pursuing a product diversification opportunity—the type of opportunity in which businesses create new products for new markets different from the firm's current base.

203) B
Since firms prefer opportunities close to markets they already know, most managers pursue greater market penetration, which involves selling current products in familiar markets. Market penetration is appealing because firms want to increase profits and grow customer equity where they already have experience and strengths.

204) D
A market development opportunity involves trying to increase sales by selling present products in new markets. The E-Z-Go golf cart company's push to sell golf carts for new non-golf settings is an example of market development.

205) E
Market penetration means trying to increase sales of a firm's present products in its present markets, usually through an aggressive marketing mix.

206) D
Market penetration means trying to increase sales of a firm's present products in its present markets, usually through an aggressive marketing mix.

207) B
Market penetration means trying to increase sales of a firm's present products in its present markets, usually through an aggressive marketing mix.

208) A

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Market penetration means trying to increase sales of a firm's present products in its present markets, usually through an aggressive marketing mix.

209) A
Market penetration means trying to increase sales of a firm's present products in its present markets, usually through an aggressive marketing mix.

210) B
Market penetration means trying to increase sales of a firm's present products in its present markets, usually through an aggressive marketing mix.

211) D
Market penetration means trying to increase sales of a firm's present products in its present markets, usually through an aggressive marketing mix.

212) A
Market penetration means trying to increase sales of a firm's present products in its present markets, usually through an aggressive marketing mix.

213) E
Market penetration means trying to increase sales of a firm's present products in its present markets, usually through an aggressive marketing mix.

214) B
Market development means trying to increase sales by selling present products in new markets. This may involve searching for new uses for a product.

215) A
Market development means trying to increase sales by selling present products in new markets. This may involve searching for new uses for a product.

216) D
Market development means trying to increase sales by selling present products in new markets. This may involve searching for new uses for a product.

217) D
Market development means trying to increase sales by selling present products in new markets. This may involve searching for new uses for a product.

218) C
Market development means trying to increase sales by selling present products in new markets. This may involve searching for new uses for a product.

219) A
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220) A
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221) A
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223) A
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224) D
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225) B
Market development means trying to increase sales by selling present products in new markets. This may involve searching for new uses for a product.

226) E
Market development means trying to increase sales by selling present products in new markets. This may involve searching for new uses for a product.

227) E
Product development means offering new or improved products for present markets. Knowing the present market's needs, a firm may see new ways to satisfy customers.

228) D
Product development means offering new or improved products for present markets. Knowing the present market's needs, a firm may see new ways to satisfy customers.

229) D
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232) C
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233) C

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Product development means offering new or improved products for present markets. Knowing the present market's needs, a firm may see new ways to satisfy customers.

234) A
Product development means offering new or improved products for present markets. Knowing the present market's needs, a firm may see new ways to satisfy customers.

235) C
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236) C
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Product development means offering new or improved products for present markets. Knowing the present market's needs, a firm may see new ways to satisfy customers.

240) A
Diversification means moving into totally different lines of business, perhaps entirely unfamiliar products, markets, or even levels in the production-marketing system.

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246) B
Diversification means moving into totally different lines of business, perhaps entirely unfamiliar products, markets, or even levels in the production-marketing system.

247) B
Diversification means moving into totally different lines of business, perhaps entirely unfamiliar products, markets, or even levels in the production-marketing system.

248) C
Diversification means moving into totally different lines of business, perhaps entirely unfamiliar products, markets, or even levels in the production-marketing system. Products and customers that are very different from a firm's current base may look attractive but are usually hard to evaluate. That's why diversification usually involves the biggest risk.

249) A
Usually firms find attractive opportunities fairly close to markets they already know, making market penetration very attractive.

250) C
A company (of any size) facing tough competition, thin profit margins, and slow sales growth at home may get a fresh start in another country where demand for its product is just beginning to grow. International trade is increasing worldwide.

251) C
Advances in e-commerce, transportation, and communications are making it easier and cheaper to reach international customers. With a website and e-mail, even the smallest firm can provide international customers with a great deal of information—and easy ways to order—at very little expense.

252) A
There are good reasons to look for opportunities in international markets. However, marketing managers must weigh the risks of operating in foreign markets. Many firms fail because they don't know the foreign country's culture, and learning foreign regulations can be difficult and costly.

253) E
Economies of scale give a firm an advantage both in its home market and abroad.

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