MKTG 12th edition Lamb Test Bank

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TRUE/FALSE

1 : Strategic planning is the managerial process of creating and maintaining a fit between the organizations objectives and resources and the evolving market opportunities.
A : true
B : false

Correct Answer : A

2 : An operating decision is unlikely to have a great impact on the long-run profitability of a company.
A : true
B : false

Correct Answer : A

3 : A strategic business unit (SBU) is a single business or a collection of related businesses.
A : true
B : false

Correct Answer : A

4 : According to Ansoffs strategic opportunity matrix, both product development and diversification entail the creation of new products.
A : true
B : false

Correct Answer : A

5 : Market penetration refers to attracting new customers to existing products. Ideally, new uses for old products stimulate additional sales among existing customers while also bringing in new buyers.
A : true
B : false

Correct Answer : B

6 : A diversification strategy is free of risk when a firm is entering unfamiliar markets.
A : true
B : false

Correct Answer : B

7 : If an organization has an SBU that it believes has the potential to be a star (and is probably a problem child at present), building would be an appropriate goal.
A : true
B : false

Correct Answer : A

8 : Adjacent innovation involves decisions that result in brand-new markets, products, and often new businesses by acquiring new assets to develop the type of breakthrough decisions that fall

in this category.
A : true
B : false

Correct Answer : B

9 : For a star, the best marketing tactic is to protect existing market share by reinvesting earnings in product improvement, better distribution, more promotion, and production efficiency.
A : true
B : false

Correct Answer : A

10 : RegiSure is a strategic business unit that shows low growth but has a dominant market share. Because of its market share, it should receive additional financing despite its low growth.
A : true
B : false

Correct Answer : B

11 : According to the General Electric model for strategic alternatives, market conditions that have low overall attractiveness are the best candidates for investment.
A : true
B : false

Correct Answer : B

12 : According to the Boston Consulting Group model, the best strategy options in dealing with problem children are to invest heavily to gain better market share, acquire competitors to get the necessary market share, or drop the SBU.
A : true
B : false

Correct Answer : A

13 : The creation and implementation of a marketing plan allows the organization to achieve marketing objectives and succeed.
A : true
B : false

Correct Answer : A

14 : A business mission does not affect its long-run resource allocation, profitability, or survival.
A : true
B : false

Correct Answer : B

15 : Environmental scanning refers to the process of collecting and interpreting information about forces, events, and relationships in the external environment that may affect the future of the organization or the implementation of the marketing plan.
A : true
B : false

Correct Answer : A

16 : When examining an organizations internal strengths and weaknesses during SWOT analysis, the marketing manager may not focus on organizational resources such as production costs, marketing skills, financial resources, company or brand image, employee capabilities, or available technology.
A : true
B : false

Correct Answer : B

17 : A competitive advantage is a set of unique features of a company and its products that are perceived by the target market as significant and superior to those of the competition.
A : true
B : false

Correct Answer : A

18 : Imitation by competitors indicates a lack of competitive advantage and almost ensures mediocre performance.
A : true
B : false

Correct Answer : A

19 : SharpSheets is a paper manufacturing company that sells products made of recycled materials. Because no other paper manufacturing company in the market has the ability to replicate its products, it can be said that SharpSheets has a competitive advantage.
A : true
B : false

Correct Answer : A

20 : A companys skills include patents, copyrights, and technology that are superior to those of the competition.
A : true
B : false

Correct Answer : B

21 : A firms assets are functionscustomer service and promotionsthat the firm performs better than its competitors.
A : true
B : false

Correct Answer : B

22 : Imitating a rivals competitive advantage requires a company to first identify the rivals competitive advantage.
A : true
B : false

Correct Answer : A

23 : Product/service differentiation competitive advantage means that an organization provides something that is unique and valuable to buyers beyond simply offering a lower price than that of the competition.
A : true
B : false

Correct Answer : A

24 : Market segments cannot be differentiated by ethnicity and multicultural aspects.
A : true
B : false

Correct Answer : B

25 : Managers do not need to quantitatively measure whether or not an objective has been met.
A : true
B : false

Correct Answer : B

26 : An example of a market segment is a group of individuals from 11 to 16 years old who extensively use the Internet.
A : true
B : false

Correct Answer : A

27 : The term marketing mix refers to a unique blend of product, place (distribution), promotion, and pricing strategies (often referred to as the four Ps) designed to produce mutually satisfying exchanges with a target market.
A : true
B : false

Correct Answer : A

28 : The process that turns a marketing plan into action assignments and ensures that these assignments are executed in a way that accomplishes the plans objectives is called evaluation.
A : true
B : false

Correct Answer : B

29 : In terms of effective strategic planning, managers should establish new strategies but without challenging longstanding assumptions about the firm and the environment.
A : true
B : false

Correct Answer : B

30 : Strategic planning should be an annual exercise in which managers quickly review the previous plan, retain the majority of previous strategies, and make only a few changes going

forward so they can more easily track the success of new marketing tactics.
A : true
B : false

Correct Answer : B

MULTIPLE CHOICE

31 : Fourlotts Inc. is a renowned technological firm. It manages many strategic business units (SBUs) in which each SBU:
A : has its own return on investment.
B : shares the same goals and employs the same strategies as Fourlotts Inc.
C : plans collaboratively with Fourlotts Inc.s other SBUs.
D : refrains from performing manufacturing functions.

Correct Answer : A

32 : When properly created, a strategic business unit (SBU) of a large company:
A : has a specific target market.
B : plans collaboratively with other SBUs of the company.
C : has no competitors.
D : shares the mission of its parent company.

Correct Answer : A

33 : According to Ansoffs strategic opportunity matrix, a firm using the market penetration alternative would try to:
A : increase market share among existing customers.
B : attract new customers to existing products.
C : create new products for present markets.
D : introduce new products into new markets.

Correct Answer : A

34 : Magnira Inc. plans to implement a market penetration strategy to increase its market share. According to Ansoffs strategic opportunity matrix, which of the following scenarios is most likely to happen?
A : It will try to attract new customers to its products.
B : It will try to increase its market share among existing customers.
C : It will create new products for its existing customers.
D : It will move away from its core capabilities and diversify its business.

Correct Answer : B

35 : Which of the following is correct about the product development strategy of Ansoffs strategic opportunity matrix?
A : It is a marketing strategy that tries to increase market share among existing customers.
B : It is a marketing strategy that entails attracting new customers to existing products.
C : It is a marketing strategy that entails the creation of new products for present markets.
D : It is a strategy of increasing sales by introducing new products into new markets.

Correct Answer : C

36 : According to Ansoffs strategic opportunity matrix, which of the following factors is associated with market development?
A : Limit production.
B : Increase the prices of existing products.
C : Add new uses to current products.
D : Limit resources used for promotion.

Correct Answer : C

37 : Remvault Dairies witnessed a steady decline in the sales of its products due to increased competition in the local market. Remvault Dairies plans to adopt the market development strategy. In this scenario, which of the following is the best step the company can take to rejuvenate its financial losses?
A : Introduce new products into new markets.
B : Create new products for its present markets.
C : Attract existing customers rather than new customers.
D : Focus on promoting new uses for old products.

Correct Answer : D

38 : Tropical Horizons has opened spas in Thailand, Indonesia, and Malaysia and is aggressively expanding into countries around the Mediterranean. This illustrates which of the following strategies of Ansoffs strategic opportunity matrix?
A : Market penetration
B : Market development
C : Product development
D : Diversification

Correct Answer : B

39 : According to Ansoffs strategic opportunity matrix, unlike market development, product development:
A : focuses on attracting present customers to existing products.
B : involves creating new products for present markets.
C : involves entering new markets as competitors.
D : focuses on using existing assets to provide added convenience to existing customers.

Correct Answer : B

40 : Choqlate King Inc. is a large company that manufactures and sells chocolate bars. It plans to adopt a product development strategy. In this case, Choqlate King will:
A : focus on attracting new customers and retain existing ones.
B : offer chocolates at competitive prices.
C : introduce a product line of low-calorie chocolates.
D : use existing assets to provide added convenience to existing customers.

Correct Answer : C

41 : Critics of Ansoffs matrix mention that the matrix does not:
A : provide firms with different marketing strategies.
B : reflect the reality of how businesses grow.

C : indicate which types of markets can be created or entered given a companys core capabilities.
D : outline clear-cut sectors for businesses.

Correct Answer : B

42 : Using the innovation matrix, the strategic decision to implement changes that use existing assets to provide added convenience to existing customers and potentially entice customers from other brands is considered:
A : a core innovation.
B : an adjacent innovation.
C : a transformational innovation.
D : a diversification strategy.

Correct Answer : A

43 : Which of the following statements is true of the innovation matrix?
A : As a company moves away from its core capabilities, it moves through a range of innovation.
B : If an SBU of a firm is in a market with low overall attractiveness, it must be harvested.
C : Products are matched with markets to develop alternative marketing strategies.
D : Clear-cut sectors define modern businesses growth better than the fluid growth model.

Correct Answer : A

44 : In the context of the innovation matrix, decisions taken at the _____ level implement changes that use existing assets to provide added convenience to existing customers and potentially entice customers from other brands.
A : divestment
B : diversification
C : adjacent innovation
D : core innovation

Correct Answer : D

45 : In the context of the innovation matrix, which of the following decisions is designed to take company strengths into new markets?
A : Transformational innovations
B : Retroactive innovations
C : Adjacent innovations
D : Core innovations

Correct Answer : C

46 : In the portfolio matrix, a business unit that generates more cash than it needs to maintain its market share is called a:
A : star.
B : cash cow.
C : problem child.
D : dog.

Correct Answer : B

47 : A premise of the Boston Consulting Group model states which of the following?

A : Diversification strategies can be risky when firms enter unfamiliar markets, even with little or no competition in those markets segments.
B : The cash generated from cash cows should be allotted to SBUs considered to be question marks and dogs, instead of stars.
C : Management must find a balance among the SBUs that yields the overall organizations desired growth and profits with an acceptable level of risk.
D : Companies must rely on new, unfamiliar assets to develop the type of breakthrough decisions that would determine their sustainability in the future.

Correct Answer : C

48 : In the context of the Boston Consulting Groups (BCGs) portfolio matrix, which of the following is true of SBUs considered to be question marks?
A : They operate in a high-growth industry with a low market share.
B : They generate more cash than they need to maintain their market share.
C : They have low growth potential and a small market share.
D : They do not require any cash to maintain their market.

Correct Answer : A

49 : In the context of the portfolio matrix, which statement is generally true of SBUs considered to be dogs?
A : Protection of existing market share is essential for dogs.
B : Dogs have a dominant market share in low-growth markets.
C : Typical marketing strategies for dogs are to harvest or divest.
D : Dogs escalate in the market if given strong financial funding.

Correct Answer : C

50 : When an SBU has become a _____, it is essential to either invest in it heavily to gain better market share, acquire competitors to get the necessary market share, reposition its products, or drop it.
A : cash cow
B : star
C : dog
D : problem child

Correct Answer : D

51 : In the portfolio matrix, a business unit that has low growth potential and a small market share is called a:
A : dog.
B : cash cow.
C : star.
D : problem child.

Correct Answer : A

52 : In the case of SBUs that are cash cows, problem children, or dogs, the basic goal of _____ is to increase short-term cash return without increased concern for long-run impact.
A : building
B : holding

C : harvesting
D : divesting

Correct Answer : C

53 : _____ is the process of anticipating future events and determining strategies to achieve organizational objectives in the future.
A : Divesting
B : Planning
C : Holding
D : Harvesting

Correct Answer : B

54 : The strategy in which an SBU preserves market share so that it can take advantage of a very positive cash flow is called _____.
A : divesting
B : holding
C : harvesting
D : building

Correct Answer : B

55 : Which of the following statements is true about a marketing plan?
A : It is a set of orally communicated rules and is seldom written down.
B : It is developed independently of the external business environment.
C : It defines the business mission and objectives.
D : It lacks the elements of advanced strategic planning.

Correct Answer : C

56 : With reference to the General Electric model for selecting strategic alternatives, which of the following refers to how well placed in a market an organization needs to be to take advantage of opportunities?
A : Business position
B : Experience curve
C : Market attractiveness
D : Marketing myopia

Correct Answer : A

57 : Which of the following defines the key goal of an SBU that is a very successful cash cow?
A : Hold
B : Build
C : Harvest
D : Divest

Correct Answer : A

58 : If an organization has an SBU that it believes has the potential to be a star, the best allocation of future resources would be to _____ that SBU.
A : build
B : harvest

C : divest
D : hold

Correct Answer : A

59 : The basic goal of _____ is to increase the short-term cash return without too much concern for the long-run impact.
A : harvesting
B : holding
C : building
D : divesting

Correct Answer : A

60 : Delat Corp. is a large corporation that offers several product lines. On the companys website, the following text is highlighted: The aim of our business is to achieve profitability by offering our customers high-quality products that are manufactured in a cost-effective manner. Our goal is to provide value to our customers, serve the community, and preserve the environment. This text is most likely to be Delat Corp.s _____.
A : article of incorporation
B : statement of qualification
C : scenario planning
D : mission statement

Correct Answer : D

61 : Rues and West Bros., an ammunition manufacturer, defines its mission statement as being in the ammunition-production business rather than in the arms industry. In the given scenario, Rues and West Bros. is exhibiting _____.
A : marketing inertia
B : marketing myopia
C : marketing dissonance
D : marketing blockage

Correct Answer : B

62 : Which of the following does a business exhibit when it describes itself in terms of goods and services rather than in terms of the benefits customers seek?
A : Marketing myopia
B : Marketing inertia
C : Marketing dissonance
D : Marketing blockage

Correct Answer : A

63 : Addoso Inc. manufactures electronic gadgets. The marketing managers at Addoso have found that a new competitor is gaining more customers. In the context of SWOT analysis, which of the following actions should be prioritized by Addosos marketing managers?
A : They must analyze aspects of its marketing environment.
B : They must focus on organizational resources.
C : They should ignore macroenvironmental forces.
D : They should focus on lowering product prices.

Correct Answer : A

64 : In the context of SWOT analysis, which of the following can be considered a strength of an organization?
A : Imitable products and services
B : A new unserved market
C : A superior production technology
D : Increased taxes on products

Correct Answer : C

65 : In the context of SWOT analysis, marketers can identify strengths and weaknesses by focusing on:
A : employee capabilities.
B : aspects of the marketing environment.
C : demographic forces.
D : macroenvironmental factors.

Correct Answer : A

66 : Which of the following strategies can enable companies to gain a cost competitive advantage?
A : Removing frills from products
B : Focusing on serving marginal customers
C : Eliminating reverse engineering efforts
D : Developing additional, exclusive functional departments

Correct Answer : A

67 : The collection and interpretation of data about forces, events, and relationships in the external environment that may affect the organizations future or its marketing plan implementation is called:
A : SWOT analysis.
B : environmental scanning.
C : competitive advantage.
D : cost competitive advantage.

Correct Answer : B

68 : Which of the following practices can help businesses gain a cost competitive advantage?
A : Using simplified production techniques
B : Using expensive raw materials
C : Customizing products with extra features
D : Focusing on serving marginal customers

Correct Answer : A

69 : Unlike a sustainable competitive advantage, a cost competitive advantage:
A : does not ensure satisfactory profit margins.
B : requires business firms to reduce after-purchase service options.
C : involves producing goods that cannot be copied by competitors.
D : is subject to continual erosion.

Correct Answer : D

70 : Which of the following terms states that costs decline at a predictable rate as experience with a product increases?
A : Ansoffs strategic opportunity matrix
B : Experience curve
C : Marketing myopia
D : Market opportunity analysis (MOA)

Correct Answer : B

71 : Which of the following generally does NOT result in a cost competitive advantage?
A : Efficient labor
B : Government subsidies
C : Product design
D : Maintaining older service delivery methods

Correct Answer : D

72 : Which of the following is an example of a competitive advantage due to a product/service differentiation?
A : Receipt of government subsidies
B : Control of overhead costs
C : Establishment of a brand name
D : Procurement of inexpensive raw materials

Correct Answer : C

73 : Which of the following firms is most likely to realize a competitive advantage through product/service differentiation?
A : A firm that sells its products at lower costs than its competitors
B : A firm that inhibits post-sale customer service relations
C : A firm that provides highly reliable products
D : A firm that solely relies on promotional strategies to increase its sales

Correct Answer : C

74 : Nile Inc. is one of the leading shoe manufacturing companies in Baltonia. It manufactures canvas shoes that are similar to those produced by other brands. The management of the company has decided to adopt a product/service differentiation competitive strategy. In this scenario, what would Nile be likely to do?
A : Offer its products at the lowest rates in the market
B : Produce aerobic, tennis, and baseball shoes that have specialized features
C : Advertise their products through more media outlets than before
D : Sell products to markets outside Baltonia

Correct Answer : B

75 : Which of the following actions is primarily associated with a niche strategy?
A : Choosing a target market that is not crucial to the success of major competitors
B : Manufacturing products in bulk and targeting average customers
C : Selling products without extra frills or options
D : Creating cross-departmental teams across all strategic business units

Correct Answer : A

76 : Which of the following statements is true of a niche strategy?
A : Only large companies can implement a niche strategy.
B : Companies that adopt a niche strategy target a single market segment.
C : Only companies that do not have competitors can adopt a niche strategy.
D : Companies that adopt a niche strategy can only gain a price advantage over competitors.

Correct Answer : B

77 : Which of the following is characteristic of companies that embrace a niche market strategy?
A : The strategy is often adopted by small companies with limited resources.
B : The strategy is employed in a market segment that has low growth potential.
C : The strategy is used to position the company as the long-term, low-cost competitor in an industry.
D : The company typically removes frills and options from the product or service slated for its niche market.

Correct Answer : A

78 : Drafi Arts Corp. makes and sells original handicraft products. The management of the company has been successfully using a niche strategy for years. In this case, which of the following is the most likely to be true of Drafi Arts Corp.?
A : It serves only a limited geographic market.
B : It offers products at a lower price than that of the competition.
C : It develops products that are similar to those of its competitors.
D : It lowers costs by removing frills and options from its products.

Correct Answer : A

79 : Which of the following firms is most likely to follow a niche strategy?
A : Libra Inc., a motor company, adopts new production techniques to achieve economies of scale.
B : Alpha Electronics dissolves one of its strategic business units.
C : Venus Inc. sells health and beauty products similar to the ones available in the market.
D : Relish, a confectionery store, sells handcrafted chocolates in only one city.

Correct Answer : D

80 : Freulia Inc. manufactures and sells stationery and office supplies. It is beginning to lose its competitive advantage with the entry of new competitors. In this case, to gain a sustainable competitive advantage, what should Freulia do?
A : Imitate the products of its competitors
B : Depend on government subsidies
C : Develop the skills and assets of the organization
D : Aim at being the low-cost competitor in the industry

Correct Answer : C

81 : Providing something to a target market that is unique and valuable beyond simply offering a lower price than that of the competition is called _____.
A : product/service differentiation

B : a niche competitive advantage
C : a sustainable competitive advantage
D : reengineering

Correct Answer : A

82 : Which of the following is correct about a sustainable competitive advantage?
A : It is not attractive because of its durability.
B : It cannot be copied by the competition.
C : It lowers costs by removing frills.
D : It does not offer any low-priced products.

Correct Answer : B

83 : Which of the following strategies seeks to target and effectively serve a single segment of the market?
A : Niche competitive advantage
B : Sustainable competitive advantage
C : Product/service differentiation
D : Cost competitive advantage

Correct Answer : A

84 : A statement of what is to be accomplished through marketing activities is called _____.
A : the marketing mix
B : a marketing objective
C : market opportunity analysis
D : a competitive advantage

Correct Answer : B

85 : Nessca Inc. is a pharmaceutical company that designs its products to suit the needs of a group of people with similar characteristics. In this case, Nessca should target which of the following market segments?
A : A group of individuals who are diabetic
B : A group of individuals who work in the same organization
C : A group of individuals who are working professionals
D : A group of individuals who reside in the same residential area

Correct Answer : A

86 : Which of the following encompasses the activities of selecting and describing one or more target markets and developing and maintaining a marketing mix that will produce mutually satisfying exchanges with target markets?
A : Marketing strategy
B : Marketing objective
C : Marketing mix
D : Market opportunity analysis

Correct Answer : A

87 : A marketing mix typically involves:

A : distribution strategies.
B : divestiture strategies.
C : restrictive covenants.
D : federal regulations.

Correct Answer : A

88 : Which of the following is an element of a marketing mix?
A : Pricing strategies
B : Divestment strategies
C : Investment strategies
D : Trade restraint strategies

Correct Answer : A

89 : In the context of a marketing mix, the product includes:
A : the name of the brand.
B : the point of purchase.
C : the elements of advanced strategic planning.
D : personal selling.

Correct Answer : A

90 : MaxNutri Inc. sells cookies and nutrition bars. The marketers at MaxNutri are trying to come up with new and attractive packaging designs for its cookies. In this scenario, MaxNutri is working on its _____.
A : purchase strategy
B : distribution strategy
C : advertising strategy
D : product strategy

Correct Answer : D

91 : In the context of a marketing mix, which business activity is most closely related to a companys distribution strategies?
A : Attractiveness of the product packaging
B : Targeting market segments
C : Storage of raw materials
D : Selection of an advertising medium

Correct Answer : C

92 : One component of product in a marketing mix is _____.
A : sales promotion
B : the company image
C : the point of purchase
D : personal selling

Correct Answer : B

93 : Which of the following strategies in the marketing mix aims at bringing about mutually satisfying exchanges with target markets by informing, educating, persuading, and reminding them of the benefits of an organization or a product?

A : Promotion strategies
B : Distribution strategies
C : Pricing strategies
D : Product strategies

Correct Answer : A

94 : Revel Inc., a cell phone manufacturer, decides to launch its new line of smartphones on the companys official website to resolve logistics issues that the company has identified. With this modification, its customers can now buy the smartphones even if they are not available in retail locations near potential consumers. In this case, Revel Inc. focuses on the _____ element of the marketing mix.
A : evaluation
B : promotion
C : price
D : distribution

Correct Answer : D

95 : Which of the following states the function of a distribution strategy in a marketing mix?
A : Distribution strategy is about transporting raw materials or finished products.
B : Distribution strategy is about educating customers about product benefits.
C : Distribution strategy is about providing after-purchase services to customers.
D : Distribution strategy is about public relations activities.

Correct Answer : A

96 : Marketers at Libra Electronics Inc. are developing promotional strategies to increase product sales. In this case, which of the following strategies would its marketers likely use to improve product/brand awareness among the public?
A : They would limit the products availability to a few retail stores in the city.
B : They would raise the prices of the products to signify high quality.
C : They would reduce product features or options.
D : They would print pamphlets that elaborate the products features.

Correct Answer : D

97 : Varion Air, an airline company, is providing a promotional offer to mark its first anniversary. Customers will receive a complimentary ticket upon purchase of three business class tickets. In this case, which of the following is a likely outcome of its promotional strategy?
A : It will satisfy the customers and not the management of Varion Air.
B : It may be ineffective because the role of promotion in the marketing mix does not apply to services.
C : It may increase the sales of Varion Air.
D : This particular promotion will work independently of the other three elements of the marketing mix.

Correct Answer : C

98 : One component of promotion within the context of a marketing mix includes _____.
A : public relations activities
B : pricing strategies
C : after-purchase services

D : storage and transportation of finished products

Correct Answer : A

99 : The price component of a marketing mix is:
A : a competitive weapon for companies.
B : the basis for achieving a product differentiation advantage.
C : the starting point of the marketing mix.
D : the least flexible element of the marketing mix.

Correct Answer : A

100 : Synergy Corp., a large seller of energy-efficient light bulbs, uses extensive promotional strategies to stimulate sales. Marketers at Synergy Corp. have noticed that a competitor is steadily gaining market share, and they want to counter the competition immediately by increasing the sales of Synergy Corp.s bulbs. Given the situation, which of the following is the quickest step that Synergys marketers can take to stimulate the sales of its products?
A : Changing the pricing strategy
B : Creating complex production techniques
C : Entering into new supplier contracts
D : Adopting a divesting strategy

Correct Answer : A

101 : Identify which statement correctly describes the effect price has in the marketing mix.
A : It does not affect a firms competitive advantage.
B : It is the least important of the four Ps of the marketing mix.
C : It is what a buyer must give up to obtain a product.
D : It is the hardest to change among the four Ps of the marketing mix.

Correct Answer : C

102 : The total revenue of a firm is calculated by multiplying the number of units sold by the _____ of each unit.
A : profit margin
B : price
C : discount
D : overhead cost

Correct Answer : B

103 : The marketers at Gemini Inc. have prepared a marketing plan for the companys air conditioners. The managers at Gemini have outlined several activities for their subordinates based on this marketing plan and set a deadline and allocated a budget for each activity. Which of the following stages of the marketing plan is illustrated in this scenario?
A : Evaluation
B : Implementation
C : Control
D : Vertical integration

Correct Answer : B

104 : Which of the following is the process that turns a marketing plan into action assignments

and ensures that these assignments are executed in a way that accomplishes the plans objectives?
A : Implementation
B : Evaluation
C : Control
D : Marketing audit

Correct Answer : A

105 : Which of the following processes provides the mechanisms for evaluating marketing results in light of the plans objectives and for correcting actions that do not help the organization reach those objectives within budget guidelines?
A : Implementation
B : Evaluation
C : Control
D : Marketing audit

Correct Answer : C

106 : Within the context of the marketing plan, implementation involves:
A : allocating resources.
B : identifying market segments.
C : defining the business mission.
D : assessing internal capabilities of a firm.

Correct Answer : A

107 : A company is most likely to fail to achieve a marketing objective if there are changes in the environment _____.
A : before the objective is specified and after the strategy is debated
B : before the objective is specified and the strategy is implemented
C : after the objective is specified and the strategy is implemented
D : after the objective is specified and before the strategy is implemented

Correct Answer : C

108 : Which of the following activities is carried out during the implementation of a marketing plan?
A : Defining the business mission
B : Performing marketing audit
C : Setting up strategic business units
D : Creating and managing a task force

Correct Answer : D

109 : Which statement is true of implementing a task force?
A : Authority is equally vested in each of its members.
B : A task force is established to accomplish a single goal or mission.
C : It works independently of a specific deadline.
D : It is primarily used for strategic planning rather than for implementing marketing plans.

Correct Answer : B

110 : Which of these statements is correct with regard to the implementation of marketing objectives?
A : Implementation gauges the extent to which marketing objectives have been achieved during the specified time period.
B : Brilliant marketing plans succeed even without proper implementation.
C : A lot of ongoing communication is involved when executing a plan.
D : Managers hold the power to decide and implement decisions rather than delegating it.

Correct Answer : C

111 : The thorough, systematic, periodic evaluation of the objectives, strategies, structure, and performance of the marketing organization is called _____.
A : the marketing audit
B : evaluation and control
C : post-audit tasks
D : post-implementation audit

Correct Answer : A

112 : When following up on a marketing plan, the _____ process provides the mechanisms for evaluating marketing results in light of the plans objectives and for correcting actions that do not help the organization reach those objectives within budget guidelines.
A : implementation
B : control
C : environmental scanning
D : post-audit

Correct Answer : B

113 : Which of the following statements is true of a marketing audit?
A : It should be carried out on a regular schedule.
B : It is always conducted by an inside party.
C : It covers just the trouble spots of an organization.
D : It is a process for implementing a marketing plan.

Correct Answer : A

114 : Which of the following is NOT a characteristic of marketing audit?
A : It is a comprehensive process.
B : It is a systematic process.
C : It is an objective process.
D : It is an infrequent process.

Correct Answer : D

115 : Which of the following statements is true of effective strategic planning?
A : Subordinates must persuade the management to accept their demands.
B : Managers should challenge assumptions about the firm and the environment.
C : Sound strategic planning is based on a trial-and-error method of execution.
D : Strategic planning should be an annual exercise on a day specially designated for it.

Correct Answer : B

ESSAY

116 : Describe the nature of strategic planning.

Correct Answer : (Answers will vary). Strategic planning is the managerial process of creating and maintaining a fit between the organization's objectives, available resources, and the evolving market opportunities. Strategic marketing management addresses two questions: (1) what the organization's main activity is at a given time and (2) how the organization will achieve its goals. The goal of strategic planning is long-run profitability and growth. Thus, strategic decisions require a long-term commitment of resources.A strategic error can threaten a firm's survival. On the other hand, good strategic planning can help protect and grow the resources of the firm.

117 : Define the characteristics of strategic business units (SBUs).

Correct Answer : (Answers will vary). A strategic business unit (SBU) is a subgroup of a single business or collection of related businesses within a larger organization. For example, large companies may manage a number of very different businesses or SBUs that each has its own rate of return on investment, growth potential, and associated risks. Additionally, each requires its own strategies and funding. A properly created and functioning SBU:Has a distinct mission and a specific target marketControls its own resourcesHas its own competitorsHas a single business or a collection of related businessesPlans independently of the other SBUs in the total organization.In theory, an SBU should have its own resources for handling basic business functions: accounting, engineering, manufacturing, and marketing. In practice, however, because of company tradition, management philosophy, and production and distribution economies, SBUs sometimes share manufacturing facilities, distribution channels, and even top managers.

118 : Discuss the market penetration strategy of Ansoffs strategic opportunity matrix, and provide examples of how companies implement this strategy.

Correct Answer : (Answers will vary). One method for developing alternatives is Ansoff's strategic opportunity matrix, which matches products with markets. Firms can explore these four options:?Market penetration: A firm using the market penetration alternative would try to increase market share among existing customers. Fast-food giant McDonald's introduced all day Breakfast in 2015 in an attempt to encourage its breakfast-loving customers to visit the restaurant more often.Market development: Market development means attracting new customers to existing products. Ideally, new uses for old products stimulate additional sales among existing customers while also bringing in new buyers. McDonald's, for example, has opened restaurants in Russia, China, and Italy and is eagerly expanding into Eastern European countries. In the nonprofit arena, the growing emphasis on continuing education and executive development by colleges and universities is a market development strategy.Product development: A product development strategy entails the creation of new products for present markets. In 2016, Abbott Laboratories introduced a new line of healthy snacks called Curate Bars to complement its Ensure and Glucerna meal-replacement lines and its Similac infant formula line. These bars feature unique flavors, rich textures, and healthy ingredients to appeal to the growing health-conscious market.Diversification: Diversificationis a strategy of increasing sales by introducing new products into new markets. A diversification strategy can be risky when a firm is entering unfamiliar markets. However, it can be very profitable when a firm is entering markets with little or no competition.

119 : What is a mission statement, and how should a firm define its business mission? Give examples to illustrate the components of a good mission statement.

Correct Answer : (Answers will vary). The foundation of any marketing plan is a firm's mission statement, which answers the question "What business are we in?" The way a firm defines its business mission profoundly affects the firm's long-run resource allocation, profitability, and survival. The mission statement is based on a careful analysis of benefits sought by present and potential customers and an analysis of existing and anticipated environmental conditions. The firm's mission statement establishes boundaries for all subsequent decisions, objectives, and strategies.A mission statement should focus on the market or markets the organization is striving to serve rather than on the good or service offered. It should define its business in terms of the benefits customers seek. For example, Frito-Lay defines its mission as being in the snack-food business rather than in the corn chip business. The mission of sports teams is not just to play games but also to serve the interests of the fans. Business missions should not be stated too broadly. "To provide products of superior quality and value that improve the lives of the world's consumers" is probably too broad a mission statement for any firm except Procter & Gamble. Care must be taken when stating what business a firm is in.

120 : Explain what is meant by SWOT analysis.

Correct Answer : (Answers will vary). Marketers must understand the current and potential environment in which their product or service will be marketed. A situation analysis is sometimes referred to as a SWOT analysis—that is, the firm should identify its internal strengths (S) and weaknesses (W) and also examine external opportunities (O) and threats (T).When examining internal strengths and weaknesses, the marketing manager should focus on organizational resources such as production costs, marketing skills, financial resources, company or brand image, employee capabilities, and available technology.When examining external opportunities and threats, marketing managers must analyze aspects of the marketing environment. This process is called environmental scanning—the collection and interpretation of information about forces, events, and relationships in the external environment that may affect the future of the organization or the implementation of the marketing plan. Environmental scanning helps identify market opportunities and threats and provides guidelines for the design of marketing strategy. The six most often studied macroenvironmental forces are social, demographic, economic, technological, political and legal, and competitive.

121 : Discuss the three types of competitive advantages.

Correct Answer : (Answers will vary). The three types of competitive advantages are: cost, product/service differentiation, and niche.Having a cost competitive advantage means being the low-cost competitor in an industry while maintaining satisfactory profit margins. Cost leadership can result from obtaining inexpensive raw materials, creating an efficient scale of plant operations, designing products for ease of manufacture, controlling overhead costs, and avoiding marginal customers.Because cost competitive advantages are subject to continual erosion, product/service differentiation tends to provide a longer-lasting competitive advantage. The durability of this strategy tends to make it more attractive to many top managers. A product/service differentiation competitive advantage exists when a firm provides something that is unique and valuable to buyers beyond simply offering a lower price than that of the competition.A niche competitive advantage seeks to target and effectively serve a single segment of the market. For small companies with limited resources that potentially face giant competitors, niche targeting may be the only viable option. A market segment that has good growth potential but is not crucial to the success of major competitors is a good candidate for developing a niche strategy.

122 : Discuss the factors that make marketing objectives effective.

Correct Answer : (Answers will vary). A marketing objective is a statement of what is to be accomplished through marketing activities. Objectives must be consistent with and indicate the priorities of the organization. Specifically, objectives flow from the business mission statement to the rest of the marketing plan. Carefully specified objectives serve several functions. First, they communicate marketing management philosophies and provide direction for lower-level marketing managers so that marketing efforts are integrated and pointed in a consistent direction. Objectives also serve as motivators by creating something for employees to strive for. When objectives are attainable and challenging, they motivate those charged with achieving the objectives. Additionally, the process of writing specific objectives forces executives to clarify their thinking. Finally, objectives form a basis for control: the effectiveness of a plan can be gauged in light of the stated objectives.?To be useful, stated objectives should be:Realistic: Managers should develop objectives that have a chance of being met. For example, it may be unrealistic for start-up firms or new products to command dominant market share, given other competitors in the marketplace.Measurable: Managers need to be able to quantitatively measure whether or not an objective has been met.Time specific: By what time should the objective be met? "To increase sales of Purina brand cat food between January 1, 2017 and December 31, 2017."Compared to a benchmark: If the objective is to increase sales by 15 percent, it is important to know the baseline against which the objective will be measured. Will it be current sales? Last year’s sales?

123 : Discuss the process of market opportunity analysis.

Correct Answer : (Answers will vary). The target market strategy identifies the market segment or segments on which a firm should focus. A market segment is a group of individuals or organizations who share one or more characteristics. They therefore may have relatively similar product needs. This process begins with a market opportunity analysis (MOA)—the description and estimation of the size and sales potential of market segments that are of interest to the firm and the assessment of key competitors in these market segments. After the firm describes the market segments, it may target one or more of them.Target markets can be selected by appealing to the entire market with one marketing mix, concentrating on one segment, or appealing to multiple market segments using multiple marketing mixes. Any market segment that is targeted must be fully described. Demographics, psychographics, and buyer behavior should be assessed. If segments are differentiated by ethnicity, multicultural aspects of the marketing mix should be examined. If the target market is international, it is important to describe differences in culture, economic and technological development, and political structure that may affect the marketing plan.

124 : Discuss the general strategies for selecting target markets.

Correct Answer : (Answers will vary). Target markets can be selected by appealing to the entire market with one marketing mix, concentrating on one segment, or appealing to multiple market segments using multiple marketing mixes. Target markets could be eighteen- to twenty-five-year-old females who are interested in fashion (Vogue magazine), people concerned about sugar and calories in their soft drinks (Diet Pepsi), or parents who do not have the time to potty train their children (Booty Camp classes where kids are potty trained).Any market segment that is targeted must be fully described. Demographics, psychographics, and buyer behavior should be assessed. If segments are differentiated by ethnicity, multicultural aspects of the marketing mix should be examined. If the target market is international, it is especially important to describe differences in culture, economic and technological development, and political structure that may affect the marketing plan.

125 : Discuss product strategies and pricing strategies in the context of the marketing mix.

Correct Answer : (Answers will vary). Of the four Ps (product, place/distribution, price, and promotion), the marketing mix typically starts with the product. The heart of the marketing mix, the starting point, is the product offering and product strategy. It is hard to design a place strategy, decide on a promotion campaign, or set a price without knowing the product to be marketed. The product includes not only the physical unit but also its package, warranty, after-sale service, brand name, company image, value, and many other factors. Consumers buy things not only for what they do (benefits) but also for what they mean to them (status, quality, or reputation). Products can be tangible goods such as computers, ideas like those offered by a consultant, or services such as medical care.Price is what a buyer must give up to obtain a product. It is often the most flexible of the four Ps—the quickest element to change. Marketers can raise or lower prices more frequently and easily than they can change other marketing mix variables. Price is an important competitive weapon and is very important to the organization because price multiplied by the number of units sold equals total revenue for the firm.

126 : Discuss the process of implementing a marketing plan.

Correct Answer : (Answers will vary). Implementation is the process that turns a marketing plan into action assignments and ensures that these assignments are executed in a way that accomplishes the plan's objectives. Implementation activities may involve detailed job assignments, activity descriptions, time lines, budgets, and lots of communication. It requires delegating authority and responsibility, determining a time frame for completing tasks, and allocating resources. Sometimes a strategic plan also requires task force management. A task force is a tightly organized unit under the direction of a manager who, usually, has broad authority. A task force is established to accomplish a single goal or mission and thus works against a deadline.Implementing a plan has another dimension: gaining acceptance. New plans mean change, and change creates resistance. One reason people resist change is that they fear they will lose something. Misunderstanding and lack of trust also create opposition to change, but effective communication through open discussion and teamwork can be one way of overcoming resistance to change.These detailed communications may or may not be part of the written marketing plan. If they are not part of the plan, they should be specified elsewhere as soon as the plan has been communicated. Strong, forward-thinking leadership can overcome resistance to change, even in large, highly integrated companies where change seems very unlikely.

127 : Discuss how to make strategic planning effective.

Correct Answer : (Answers will vary). Effective strategic planning requires continual attention, creativity, and management commitment. Strategic planning should not be an annual exercise in which managers go through the motions and forget about strategic planning until the next year. It should be an ongoing process because the environment is continually changing and the firm's resources and capabilities are continually evolving. Managers should challenge assumptions about the firm and the environment and establish new strategies. For example, major oil companies developed the concept of the gasoline service station in an age when cars needed frequent and rather elaborate servicing. These major companies held on to the full-service approach, but independents were quick to respond to new realities and moved to lower-cost self-service and convenience store operations. Major companies took several decades to catch up. Perhaps the most critical element in successful strategic planning is top management's support and participation. Google, for example, strongly supports educational and leadership programs for employees, as well as opportunities to address management with ideas and concerns.