

M Marketing 8th edition Grewal 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) To build a sustainable competitive advantage, companies should focus on a single strategy.
☐ true
☐ false
- 2) Establishing a sustainable competitive advantage is the key to long-term financial performance.
☐ true
☐ false
- 3) It is not always necessary to go through all the steps in the marketing planning process.
☐ true
☐ false
- 4) A mission statement describes the specific actions a firm will take to achieve its goals.
☐ true
☐ false
- 5) The step during which marketers segment the market, target those market segments, and position products is known as the control phase.
☐ true
☐ false
- 6) Aloha 'Ohana is a surfer-themed restaurant chain in Hawaii. Most of its customers are tourists. In a SWOT analysis for Aloha 'Ohana, it was determined that the Covid-19 outbreak cut back on tourism in Hawaii. This is considered a weakness for the restaurant.
☐ true
☐ false
- 7) Firms use positioning to choose the consumer groups they wish to pursue with their marketing efforts.
☐ true
☐ false
- 8) Value-based marketing requires that firms charge a price that customers perceive as giving them a good value for the product they receive.
☐ true
☐ false

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- 9) Anna manages the electrical turbine engine division of a large corporation. She makes most decisions independently, without consulting headquarters. Other departments in her company operate the same way. Anna manages a strategic business unit.
- ☐ true
 - ☐ false
- 10) A marketing plan always proceeds sequentially.
- ☐ true
 - ☐ false
- 11) Connie owns dozens of DVDs that her children enjoy. However, most of the time they now stream movies or rent them online. Connie keeps her Panasonic DVD player, but it gathers dust in her closet most of the time. She is not alone, as DVD sales have plummeted since 2008, and Panasonic's market share for DVD players has also plummeted. In Boston Consulting Group (BCG) portfolio analysis, the DVD player would be considered a dog.
- ☐ true
 - ☐ false
- 12) Within BCG's portfolio analysis method, a star represents a high-growth, high market share product.
- ☐ true
 - ☐ false
- 13) Dolores works for an online movie streaming company. Her task is to find ways to diffuse the company's current movie offerings to countries in Europe that don't currently stream movies to a large extent. She is pursuing a market development strategy.
- ☐ true
 - ☐ false
- 14) Product penetration is one of the four major growth strategies.
- ☐ true
 - ☐ false
- 15) After having success with its line of sugar-free soft drinks, a company decided to develop a line of cell phone cases. This is an example of unrelated diversification.
- ☐ true
 - ☐ false

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

- 16) If a firm wants to develop a sustainable competitive advantage, it should
- A) begin an aggressive campaign to buy up competitors.
 - B) copy the innovative features of other firms that are attractive to customers.
 - C) examine its operations and customer relations to identify significant things competitors cannot easily copy.
 - D) increase its marketing budget so that it outspends its competitors.
 - E) arrange to meet with competitors to discuss how to avoid direct competition.
- 17) A musical instrument manufacturer is considered the best in the industry in terms of human resource management and its excellent supply chain that assures the company will deliver products on time. Which macro strategy does this company demonstrate to achieve a sustainable competitive advantage?
- A) locational excellence
 - B) customer excellence
 - C) operational excellence
 - D) product excellence
 - E) planning excellence
- 18) If an automobile company succeeds at excellent supply chain management, which macro strategy is it demonstrating?
- A) location excellence
 - B) product excellence
 - C) operational excellence
 - D) operational excellence
 - E) customer excellence
- 19) When Maya arrived in the middle of the night at the W Hotel, she was exhausted and her suit was wrinkled from her 10-hour plane trip. The night clerk found someone to dry clean Maya's suit and have it ready for her morning presentation. She has been a loyal W Hotel customer ever since. W Hotels most demonstrated the macro strategy of _____ excellence.
- A) customer
 - B) operational
 - C) product
 - D) promotional
 - E) global

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- 20) When Gina and her family visited Universal Studios last month, she was amazed that every staff member she talked to was able to answer her question regardless of whether it was about a hotel, restaurant, or attractions. She was very impressed. Which type of excellence does this represent?
- A) operational
 - B) locational
 - C) customer
 - D) product
 - E) service
- 21) Some banks offer special accounts designed to attract teenagers. Savings in these accounts are generally small amounts, which cost banks more to maintain than they are worth; however, bankers know that consumers are creatures of habit and hope that these young people will become adult customers. These banks recognize
- A) that operational excellence is an important macro strategy.
 - B) the lifetime value of customers.
 - C) that product excellence leads to loyal customers.
 - D) the importance of making decisions based on short-term results.
 - E) that profit is more important than revenue.
- 22) Neiman Marcus, an upscale department store, has a well-known reputation for going the extra mile to serve its customers. This reputation for excellent customer service will *most likely* result in
- A) product design excellence.
 - B) mission statement satisfaction.
 - C) sustainable price decreases.
 - D) a sustainable competitive advantage.
 - E) producer excellence.
- 23) Firms achieve_____ through efficient procedures and excellent supply chain management.
- A) customer excellence
 - B) locational excellence
 - C) customer loyalty
 - D) value-based pricing
 - E) operational excellence

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- 24) Which macro strategy allows Amazon to guarantee free two-day shipping to its prime members?
- A) manufacturing excellence
 - B) product excellence
 - C) branding excellence
 - D) operational excellence
 - E) locational excellence
- 25) For many years, Southwest Airlines distinguished itself as the low-cost airline. Now, many other low-cost competitors have entered the market. Similarly, Southwest was one of the first airlines to offer online ticketing. Now, all airlines have online ticketing. These examples suggest that
- A) no single strategy is likely to be sufficient to build a sustainable competitive advantage.
 - B) a situation analysis does not accurately predict a firm's strengths.
 - C) customer excellence cannot be achieved.
 - D) product excellence is the only true source of a sustainable competitive advantage.
 - E) innovation is pointless because competitors will develop copycat offerings.
- 26) Customers around the world know Pepsi and consider it a primary "go-to" brand if they want a refreshing drink. This positioning reflects Pepsi's careful implementation of
- A) locational excellence strategy.
 - B) operational excellence strategy.
 - C) targeting strategy and the marketing mix.
 - D) strategic business unit control.
 - E) supply chain management.
- 27) The automobile manufacturing industry closely watches annual consumer satisfaction surveys. For years, Japanese car companies consistently had the highest levels of customer satisfaction, creating a(n)_____ for these companies.
- A) strategic marketing plan
 - B) clear mission statement
 - C) operational advantage
 - D) sustainable competitive advantage
 - E) diversification strategy

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- 28) A food truck rewards customers with five points every time they purchase a meal. Once customers earn 25 points, they receive a free meal. What tactic is this business using to achieve customer excellence?
- A) using a good physical location
 - B) relying on an effective price structure
 - C) creating customer loyalty
 - D) focusing on human resource management
 - E) developing an Internet presence
- 29) A women's clothing retailer is headquartered in France with stores located in many other countries. The company has developed a "quick response" system that allows store merchandise to be adjusted rapidly to fit changing customer preferences. Every aspect of the operation is optimized for this system, making it difficult for competitors to duplicate. The company has established
- A) customer loyalty.
 - B) locational excellence.
 - C) a diversification growth strategy.
 - D) a sustainable competitive advantage.
 - E) a related diversification opportunity.
- 30) Liang has been a loyal customer of her hair salon for years—just like most of the other patrons. She believes that her stylist, the salon owner, is the best in the business. Not only does the salon provide excellent beauty services, it also features an exceptional, talented staff that always puts the customer first. Furthermore, the salon, which is right in the heart of town, is easily accessible. Liang's salon has earned
- A) a sustainable competitive advantage.
 - B) a customer retention program.
 - C) an opportunity to grow.
 - D) situational excellence.
 - E) the benefits of a locational excellence.
- 31) Customer retention programs are based on what concept?
- A) Customer excellence is the easiest macro strategy to follow.
 - B) Customer relationships should be viewed from a lifetime value perspective rather than on a transaction-by-transaction basis.
 - C) It is important to maximize profits in the first few months of a customer relationship.
 - D) Segmentation, targeting, and positioning analysis should not be rushed.
 - E) Firms must spend large amounts of money to retain customers.

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- 32) Most banks implement customer retention programs aimed at their best customers. They do this because they know that retaining customers usually results in
- A) a product development growth strategy.
 - B) an operational advantage.
 - C) opportunities for diversification.
 - D) increased long-term profits.
 - E) more clearly defined market segments.
- 33) Some universities, recognizing the convenience of distance learning, offer fully online, accredited degree programs. These universities are *most likely* pursuing which macro strategy?
- A) customer excellence
 - B) locational excellence
 - C) operational excellence
 - D) product excellence
 - E) purchase excellence
- 34) One example of a customer loyalty program is
- A) a "frequent diner" restaurant card that offers a free appetizer for every \$100 spent.
 - B) a quantity discount offered for large purchases at an office supply store.
 - C) access to seasonal sales on top-selling items.
 - D) an "everyday low price" policy on all products at a grocery store.
 - E) an extensive customer service training program.
- 35) Evergreen Airline (EVA) seeks to differentiate itself from competing airlines, in part through innovative design of its airplane seats and in-flight entertainment systems. Through continuous innovation in these areas, EVA is pursuing a(n)_____ excellence macro strategy.
- A) customer
 - B) global
 - C) locational
 - D) operational
 - E) product

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- 36) Over the last few months, Manuel and his colleagues have analyzed the current business situation and identified target markets for his firm's personal care products. Finally, they developed the products, prices, distribution, and promotion that should appeal to each of those target markets. In doing so, Manuel has also identified what he believes is an advantage his competitors cannot match. Manuel and his colleagues have been developing
- A) a business mission statement.
 - B) a strategic vision.
 - C) team-building exercises.
 - D) a marketing strategy.
 - E) competitive assessments.
- 37) Tried-and-True Tire Store sets itself apart from competitors by the extra attention it pays to its customers. To retain customer loyalty, it provides fast, courteous service in a clean, professional-looking environment. Tried-and-True has used this strategy for over 40 years, expanding to 15 outlets. The store uses a _____ macro strategy.
- A) supply chain excellence
 - B) locational excellence
 - C) product excellence
 - D) diversification excellence
 - E) customer excellence
- 38) What is considered the *best* way to build a sustainable competitive advantage using product excellence?
- A) being the first to offer customers desired features, even if competitors can copy them easily
 - B) positioning the product using a clear, distinctive brand image
 - C) having the most features on each model
 - D) focusing on being cutting edge and continually eliminating older features that are still in use by customers
 - E) copying the market leader's features, but at a lower cost
- 39) A competitive advantage based on location is often sustainable because
- A) mobile marketing has not yet proven its value for most customers.
 - B) real estate prices have been dropping.
 - C) few marketers are aware of its importance yet.
 - D) location cannot be easily duplicated.
 - E) the Internet has diminished the importance of brick-and-mortar stores.

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- 40) Four companies dominate the cereal industry. These firms produce large volumes of product, promote heavily, and control access to the supermarket shelves through "slotting allowances," which are payments to retailers in return for shelf space. These combined factors have allowed these four firms to create _____ over the competition.
- A) identical marketing mixes
 - B) customer excellence
 - C) a sustainable competitive advantage
 - D) product excellence
 - E) locational excellence
- 41) Which actions would be the *most likely* to support and enhance an operational excellence macro strategy?
- A) Singapore Airlines installing more comfortable seats in the economy-class cabins of its airplanes
 - B) 3M Corporation implementing new software to improve communication with its suppliers
 - C) Adidas inviting customer suggestions to guide the design of the next generation of shoes
 - D) Nike opening hundreds of new company stores in high-traffic shopping areas
 - E) McDonald's lowering prices on its coffee drinks
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- 42) Because it was able to deliver merchandise overnight, in the required quantities, and at a lower delivery cost than its competitors, a sportswear company was given exclusive rights to sell clothing with school logos for the school district. The company demonstrates _____ excellence.
- A) product
 - B) place
 - C) customer
 - D) operational
 - E) locational
- 43) During which phase of the marketing planning process does a firm evaluate performance using marketing metrics?
- A) planning phase
 - B) implementation phase
 - C) production phase
 - D) control phase
 - E) strategy phase

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- 44) Marketing managers of an art gallery use marketing metrics to evaluate the performance of the strategy. What phase of the marketing plan does this demonstrate?
- A) implementation phase
 - B) advertising phase
 - C) planning phase
 - D) control phase
 - E) marketing phase
- 45) What is the third step in the marketing planning process?
- A) define the business mission
 - B) identify and evaluate opportunities
 - C) evaluate using a matrix
 - D) implement marketing mix and allocate resources
 - E) perform situation analysis
- 46) In mid-2010, Hewlett-Packard Company (HP) acquired Palm Computing Inc., a manufacturer of personal devices and smartphones. Before deciding to acquire the company, strategic planners at HP spent time thinking about how Palm and HP would "fit" together, and how the acquisition might change HP's core goals and objectives. The strategic planners were engaged in which step of the marketing planning process?
- A) perform situation analysis TBEXAM.COM
 - B) implement marketing mix and allocate resources
 - C) identify and evaluate opportunities
 - D) evaluate performance
 - E) define the business mission
- 47) After defining the business mission, what should a firm do next to develop a marketing plan?
- A) conduct an STP analysis
 - B) perform a situation analysis
 - C) develop a positioning strategy
 - D) select a target market
 - E) implement the four Ps

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- 48) A recent grad has been hired as the new marketing manager at a local candy company. Prior to taking the job, the potential employee researched the company and found its mission statement. What is one of the questions the mission statement should answer?
- A) What does the company need to do to accomplish goals and objectives?
 - B) What is the company's policy on diversifying its portfolio?
 - C) What are the specific markets the company wants to reach?
 - D) How many competitors does the company have?
 - E) Where is the company located?
- 49) It is Heinrich's job to evaluate the performance of the marketing strategy his company used to promote its new line of tennis shoes and recommend any changes the company should make. Which step of the marketing plan is Heinrich responsible for?
- A) implementation phase
 - B) production phase
 - C) control phase
 - D) planning phase
 - E) objective phase
- 50) Zelda is charged with assessing her company's external environment as part of a SWOT analysis. Zelda will study her company's
- A) strengths and weaknesses. TBEXAM.COM
 - B) sales history and profit margins.
 - C) pension and retirement plans.
 - D) product specifications.
 - E) opportunities and threats.
- 51) The Opportunities component of the SWOT analysis refers to the evaluation of which attributes?
- A) positive external
 - B) negative external
 - C) negative internal
 - D) negative global
 - E) positive internal

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- 52) Mordechai pointed out to the board of directors that having the popular teen music group as the company's celebrity endorser has boosted sales by 22% in the 12-18 age bracket. When using a SWOT analysis, the teen music group would be classified as a(n)
- A) strength.
 - B) option.
 - C) opportunity.
 - D) weakness.
 - E) threat.
- 53) Manufacturers that use just-in-time manufacturing systems coordinate closely with suppliers to ensure that materials and supplies arrive just before they are needed in the manufacturing process. While just-in-time systems can offer major advantages in terms of inventory costs, they must be carefully managed. If a firm found that its just-in-time system was badly managed, leading to frequent manufacturing delays due to missing parts, this would represent a(n)_____ in a SWOT analysis.
- A) weakness
 - B) opportunity
 - C) threat
 - D) strength
 - E) metric
- 54) For U.S. businesses with strong export capabilities, expansion of U.S. trade agreements with other countries creates
- A) weaknesses.
 - B) opportunities.
 - C) strengths.
 - D) threats.
 - E) strategic plans.
- 55) In 2006, Ford Motor Company announced it would severely cut back its automobile production. For parts companies that supply Ford its parts, this represented a(n)
- A) weakness.
 - B) opportunity.
 - C) strength.
 - D) threat.
 - E) commitment..

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- 56) In a SWOT analysis, increasing gasoline prices would represent a potential _____ for manufacturers of electric cars.
- A) internal weakness
 - B) external threat
 - C) external opportunity
 - D) operational advantage
 - E) marketing mix
- 57) Which factor, listed in a situation analysis for a major U.S. auto manufacturer, is the *best* example of a threat as identified by a SWOT analysis?
- A) The factory that manufactures a new, popular car cannot build enough vehicles to meet the demand, while other factories have excess capacity.
 - B) Recent consumer studies have indicated that Chinese consumers prefer American cars.
 - C) A New York law firm has filed a \$10 million class action suit against the company on behalf of car owners whose gas tanks exploded.
 - D) Due to outdated engine technology, the company's cars get lower gas mileage than those of major competitors.
 - E) The company has lower manufacturing costs than its key competitors, allowing it to sell its cars at low prices.
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- 58) Which factor, listed in a situation analysis for a major U.S. auto manufacturer, is the *best* example of an opportunity as identified by a SWOT analysis?
- A) The factory that manufactures a new, popular car cannot build enough vehicles to meet the demand, while other factories have excess capacity.
 - B) Recent consumer studies have indicated that Chinese consumers prefer American cars.
 - C) A New York law firm has filed a \$10 million class action suit against the company on behalf of car owners whose gas tanks exploded.
 - D) Due to outdated engine technology, the company's cars get lower gas mileage than those of major competitors.
 - E) The company has lower manufacturing costs than its key competitors, allowing it to sell its cars at low prices.

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- 59) During a SWOT analysis, a company should assess the opportunities and uncertainties of the marketplace due to changes in several CDSTEP factors. The "E" in this acronym stands for which factor?
- A) ethical
 - B) environmental
 - C) ecological
 - D) economic
 - E) elemental
- 60) The process of dividing the market into groups of customers with different needs, wants, or characteristics is called
- A) target marketing.
 - B) market segmentation.
 - C) positioning.
 - D) allocation.
 - E) value capture.
- 61) _____ involves the process of defining the marketing mix variables so that key customers have a clear, distinctive, desirable understanding of what the product does or represents in comparison with competing products.
- A) Target marketing
 - B) Market segmentation
 - C) Market positioning
 - D) Allocation
 - E) Value capture
- 62) A former advertising campaign for GEICO Insurance used the slogan "So easy, even a caveman could do it" to emphasize the ease of buying insurance on GEICO's website—implying it was simpler than using a competitor site. This campaign was part of GEICO's
- A) mission statement.
 - B) market segmentation plan.
 - C) product strategy.
 - D) customer excellence strategy.
 - E) positioning strategy.

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- 63) Jessica is asked to conduct an STP analysis for her firm. The first step she should perform in this analysis is to
- A) develop a business mission statement.
 - B) choose the best target markets.
 - C) reposition existing segments.
 - D) divide the marketplace into subgroups.
 - E) conduct a SWOT analysis.
- 64) The farm-to-table trend has led the long-standing neighborhood grocery to stock and sell a line of local, organic food products. In doing this, the grocery is most *likely* trying to
- A) gain government subsidies.
 - B) attract a different market segment.
 - C) reduce its costs.
 - D) save the environment.
 - E) offset cost-based pricing pressure.
- 65) When considering new products, marketers at Savory Seasonings ask themselves, "What would Kate think?" Kate is a fictional character representing 25- to 50-year-old educated, upper-income women who rarely watch television but read a lot. "Kate" represents Savory Seasoning's primary
- A) internal strength. TBEXAM.COM
 - B) positioning strategy.
 - C) strategic business unit.
 - D) target market segment.
 - E) sustainable competitive advantage.
- 66) After identifying various market segments that her company could pursue, Laura evaluated each segment's attractiveness based on size, income, and accessibility. Laura was involved in
- A) target marketing.
 - B) situation analysis.
 - C) diversification.
 - D) positioning.
 - E) market penetration estimation.

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- 67) Patrick Mahomes, Peyton Manning, and other athletes are paid huge sums of money by companies for celebrity endorsements. If endorsements by these athletes create a clear understanding among consumers of the companies' products in comparison to competing products, they can help with the firm's _____ strategy.
- A) product excellence
 - B) targeting
 - C) positioning
 - D) segmentation
 - E) customer excellence
- 68) _____ involves the process of defining the marketing mix variables so that target customers have a clear, distinctive, desirable understanding of what a product does or represents in comparison with competing products.
- A) Targeting
 - B) Market segmentation
 - C) A situational analysis
 - D) Market positioning
 - E) A SWOT analysis
- 69) Starbucks is known for understanding its customers. As such, it has developed multiple varieties of products that match the needs and wants of its different market segments. By offering everything from espresso drinks to teas to pastries, Starbucks is engaging in a(n) _____ strategy.
- A) value-based promotions
 - B) market segmentation
 - C) positioning
 - D) operational excellence
 - E) target marketing
- 70) Many small businesses whose competitors are national franchises advertise "we are locally owned" or "we have been here since 1951." This is part of these firms'
- A) business mission.
 - B) market segmentation strategy.
 - C) positioning strategy.
 - D) customer excellence strategy.
 - E) target market.

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- 71) Among Internet users, some do research online, some shop, some look for entertainment, and many do all three. Each of these groups have different wants and needs and would be called a
- A) strategic group.
 - B) strategic business unit.
 - C) market segment.
 - D) cash cow.
 - E) marketing metric.
- 72) Harriet has been directed by her regional marketing manager to cut prices on seasonal items, place an ad in the local paper, and tell distributors to reduce deliveries for the next month. Which step of the strategic marketing planning process is Harriet engaged in?
- A) evaluate performance
 - B) define the business mission
 - C) perform situation analysis
 - D) implement marketing mix and allocate resources
 - E) identify and evaluate opportunities
- 73) Suppose your university made a sizable investment in its career services—additional counselors, increased efforts to bring in recruiters, and other services aimed at helping students find jobs. In terms of implementing the marketing mix, the university is enhancing the
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- A) segmentation strategy.
 - B) place strategy.
 - C) place delivery.
 - D) promotion communication.
 - E) product value
- 74) Creating value for a consumer product via place decisions involves
- A) putting the product in the front of the store.
 - B) designing creative displays to capture consumers' attention.
 - C) pricing products differently at different stores.
 - D) making sure the product is available where and when customers will want it.
 - E) focusing exclusively on Internet sales to reduce supply chain costs.

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- 75) In recent years, cellular (mobile) service providers have worked hard to eliminate "dead zones," providing customers with service wherever they traveled. By working to make the network available in more locations, cellular service companies were focusing on_____ value creation.
- A) product
 - B) price
 - C) promotion
 - D) place
 - E) financial
- 76) The idea of value-based marketing requires firms to charge a price that
- A) covers costs and generates a modest profit.
 - B) includes the value of the effort the firm put into the product or service.
 - C) captures the value customers perceive that they are receiving.
 - D) prioritizes customer excellence above operational excellence.
 - E) matches competitors' prices.
- 77) An e-book distributor makes sure its customers can download their selections of e-books easily from its website from wherever they are, whenever they want. In so doing, it is focusing on creating value through
- A) product. TBEXAM.COM
 - B) place.
 - C) promotion.
 - D) price.
 - E) process.
- 78) In value-based marketing, the promotion element of the four Ps communicates the_____ to customers through a variety of media.
- A) mission statement
 - B) operational excellence strategy
 - C) value proposition
 - D) relative market value
 - E) target market definition

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- 79) When marketers use a variety of communication disciplines—advertising, personal selling, sales promotion, public relations, direct marketing, and online marketing including social media—in combination to communicate a value proposition to the customer, it is referred to as
- A) integrated marketing communications.
 - B) multimedia marketing.
 - C) diverse marketing communications.
 - D) comprehensive promotion.
 - E) managed marketing communications.
- 80) Businesses use metrics in order to
- A) lower production costs.
 - B) eliminate inventory costs.
 - C) evaluate a strategy and quantify a trend.
 - D) recognize a market and develop a new product.
 - E) implement personal selling strategies.
- 81) Johann sees that his company's quarterly sales and profits are significantly above projections and says, "That's great. Let's keep doing what we've been doing." Johann is ignoring the _____ step of the marketing planning process.
- A) evaluate performance
 - B) define the business mission
 - C) perform situation analysis
 - D) implement marketing mix and resources
 - E) identify and evaluate opportunities
- 82) The first objective in the evaluate performance phase of the marketing planning process is to
- A) determine whether to raise or lower prices.
 - B) adjust advertising allocations.
 - C) find ways to cut costs.
 - D) review implementation programs and results using metrics.
 - E) consider changing the target market.

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- 83) As it pertains to the marketing plan, understanding the causes of performance, regardless of whether that performance exceeded, met, or fell below the firm's goals is important because it
- A) enables firms to make appropriate adjustments.
 - B) allows managers to demonstrate their effectiveness.
 - C) offers insights into crafting an appropriate mission statement.
 - D) should always be followed by eliminating underperforming SBUs.
 - E) allows firms to better assess customer loyalty.
- 84) After conducting STP analysis for her custom auto parts store and developing strategies for each of the four Ps, Santina now has to make_____ decisions.
- A) competitive response
 - B) resource allocation
 - C) market growth
 - D) product line
 - E) mission statement
- 85) Stanley owns four dry cleaning stores in the suburbs of Orlando, Florida. He recently updated his STP analysis and has finished adjusting his marketing mix based on the results. His next strategic marketing decision will *most likely* involve determining
- A) how Disney World crowds will impact his business.
 - B) which employees to promote or fire.
 - C) how to allocate resources among his four stores.
 - D) what new government regulations might create opportunities or threats.
 - E) when to shift from a customer excellence to an operational excellence strategy.
- 86) Which statement regarding marketing metrics is true?
- A) Metrics are used at the beginning of the planning process.
 - B) They are only reliable for comparing results among SBUs.
 - C) They cannot be used to project the future.
 - D) They quantify a trend, dynamic, or characteristic.
 - E) They make it difficult for a firm to appropriately adjust to its marketing plan.
- 87) Nadia has been asked to determine the company's relative level of sales and profits. She can achieve this by measuring
- A) the factors that resulted in the company's sales and profits.
 - B) the amount of sales and profits for the current year.
 - C) the projected amount of sales and profits for the upcoming year.
 - D) the amount of sales and profits compared to a competitor.
 - E) the annual sales goals established by upper management.

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- 88) The percentage of a market accounted for by a specific product or service within the total volume for that purchase is known as
- A) market penetration.
 - B) market share.
 - C) sales target.
 - D) portfolio share.
 - E) market growth rate.
- 89) A product that is in a high-growth market but has a low market share would be classified as a _____ on the BCG matrix.
- A) dancer
 - B) dog
 - C) cash cow
 - D) star
 - E) question mark
- 90) Cash cows are high market share products that occur in what type of market?
- A) high growth
 - B) primary growth
 - C) low growth
 - D) secondary growth
 - E) relative growth
- 91) Yummy Yogurt has developed a new flavor of yogurt that its research has determined is becoming very popular. The sales of the flavor are slow, but the company believes the market is growing rapidly. This product represents a _____ on the BCG matrix.
- A) ladder
 - B) dog
 - C) cash cow
 - D) star
 - E) question mark
- 92) In most companies, portfolio management is typically done at the SBU or _____ level of the firm.
- A) corporate
 - B) product line
 - C) customer care
 - D) sales representative
 - E) accounting

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- 93) A(n)_____ is a group of products that consumers may use together or perceive as similar in some way.
- A) SBU
 - B) STP
 - C) product line
 - D) market segment
 - E) promotional service
- 94) Patricia is assessing her firm using the Boston Consulting Group (BCG) approach. She is assessing the products' strength in a particular market and is looking at the sales of each of the products compared to the sales of the largest competitor in the industry. Patricia is determining
- A) the firm's relative market share.
 - B) the market growth rate.
 - C) a source of competitive advantage.
 - D) the impact of population shifts on future demand.
 - E) cash equivalent values for each product.
- 95) To determine how attractive a particular market is using the BCG portfolio analysis,_____ is(are) established as the vertical axis.
- A) competitive intensity
 - B) sales dollars
 - C) market size
 - D) market growth rate
 - E) market profit potential
- 96) In BCG portfolio analysis, products in low-growth markets that have received heavy investment and now have excess funds available to support other products are called
- A) stars.
 - B) cash cows.
 - C) question marks.
 - D) dogs.
 - E) anchors.

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- 97) The global athletic footwear market is expected to experience only very slow growth over the next several years. Nike is the market leader. According to Boston Consulting Group portfolio analysis, how should Nike treat its athletic shoe business?
- A) Nike will probably have to invest heavily in the athletic shoe business, including extensive promotions and new production facilities.
 - B) Nike should consider exiting the athletic shoe market.
 - C) Nike should stop investing in its athletic shoe business; it has already reaped all the benefits it is likely to receive.
 - D) Nike's athletic shoe business still requires some investment, but it is likely to produce excess resources that can be invested in other divisions of the company.
 - E) Nike should invest in the athletic shoe market only if it helps boost the sales of other products in fast-growing markets.
- 98) The growth rate for the iMac desktop, which has a small relative market share in the desktop market, has slowed down in recent years. Although sales have dropped by approximately 3 percent, it remains popular among graphic designers. Given these conditions, in which quadrant of the BCG matrix would the iMac *most likely* fall?
- A) upper left quadrant because although its growth rate has dropped, it still remains popular among graphic designers
 - B) upper right quadrant because although it has a small relative market share, it is part of a high-growth market TBEXAM.COM
 - C) lower left quadrant because although its sales have dropped, it still has high market share among graphic designers
 - D) upper left quadrant because it is a heavy resource investment
 - E) lower right quadrant because it is in a low-growth market and has a relatively low market share
- 99) Jason was thrilled to learn his company has decided to invest a great deal of money in the product he is managing. He knows that even with its recent high rate of growth and the fact that it dominates its market, he needs more money to establish it firmly. Using the BCG portfolio analysis, Jason's product would be classified as a(n)
- A) star.
 - B) cash cow.
 - C) question mark.
 - D) dog.
 - E) anchor.

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- 100) Using the BCG portfolio analysis, a "dog" should be phased out unless
- A) its marketing manager is a champion of the product.
 - B) additional resources could increase its relative market share slightly.
 - C) it complements or boosts the sales of another product.
 - D) the market has a small chance of rebounding.
 - E) None of the choices is correct. Dogs should be phased out.
- 101) In the context of the BCG matrix, which group requires the most significant resources to maintain its market share?
- A) dogs
 - B) stars
 - C) guppies
 - D) question marks
 - E) cash cows
- 102) What is one of the four major growth strategies that marketers typically utilize?
- A) market penetration
 - B) target development
 - C) segment analysis
 - D) market assimilation
 - E) product growth
- 103) Anibel decides to add new sales representatives and increase advertising to increase sales in her existing market for her line of security systems. Anibel is pursuing a _____ growth strategy.
- A) segment development
 - B) market development
 - C) market penetration
 - D) diversification
 - E) product development
- 104) A _____ growth strategy employs the existing marketing offering to reach new market segments.
- A) product proliferation
 - B) market development
 - C) market penetration
 - D) diversification
 - E) product development

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- 105) If an automobile dealership employs its existing offering to reach new market segments, which growth strategy is it using?
- A) market penetration strategy
 - B) diversification strategy
 - C) product development strategy
 - D) market development strategy
 - E) market share strategy
- 106) Weber Enterprises sells its business language dictionary to college students throughout the United States. Joseph Weber, the owner, wants to start selling the book to international students abroad. Weber wants to pursue a _____ growth strategy.
- A) product proliferation
 - B) market development
 - C) market penetration
 - D) diversification
 - E) product development
- 107) After success with its Netflix series *Jessica Jones* and *Daredevil*, Marvel launched two additional series, *Iron Fist* and *Luke Cage*. By doing this, Marvel employed a _____ strategy.
- A) product development
 - B) customer development
 - C) market growth
 - D) segment development
 - E) diversification
- 108) A small, local, heating and air-conditioning business views the nearby military base as a potential source of growth since the company already installs and services the type of equipment the military would require. The company is considering a _____ growth strategy.
- A) product proliferation
 - B) market development
 - C) market penetration
 - D) diversification
 - E) product development

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- 109) Many states create licensing requirements for a variety of professionals (such as lawyers and accountants) designed to restrict entry into their market by professionals from other states. This practice limits _____ growth strategies for these types of businesses.
- A) product proliferation
 - B) market development
 - C) market penetration
 - D) diversification
 - E) product development
- 110) Marketers who design and offer new products and services to their existing customers are pursuing a _____ growth strategy.
- A) product proliferation
 - B) market development
 - C) market penetration
 - D) diversification
 - E) product development
- 111) Customer relationship software allows bank service representatives to quickly determine which types of accounts, loans, and credit cards a customer currently has. With this information, the service representative can determine what *other* bank services that same customer could potentially enroll in or purchase. This growth strategy is an example of _____.
- A) product proliferation.
 - B) market development.
 - C) market penetration.
 - D) diversification.
 - E) product development.
- 112) Ishiko phoned her insurance agent to renew her auto insurance policy. On that same call, the agent attempted to sell her one of the firm's new life insurance policies. The agent was pursuing a _____ growth strategy.
- A) product development
 - B) market development
 - C) product penetration
 - D) diversification
 - E) product proliferation

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- 113) Introducing newly developed products or services to a market segment the company is not currently serving is called
- A) product development.
 - B) market development.
 - C) market penetration.
 - D) diversification.
 - E) product proliferation.
- 114) The many successful movies produced by Pixar are evidenced not only in the movies themselves, but in the various merchandise that features the characters from each movie. This merchandise can range from clothing to electronics to household items. Which type of growth strategy does this merchandise represent?
- A) market development
 - B) product development
 - C) logistic analysis
 - D) market penetration
 - E) related diversification
- 115) Abercrombie & Fitch, a clothing retailer, includes a "SHARE" link on the product pages of its website. This link encourages an Abercrombie customer to post a link (perhaps showing a new style of jeans) on Facebook or Twitter. Abercrombie & Fitch hopes that the customer's friends (who are probably very much like current customers) will click the link, visit the page, and make purchases. This is an example of a _____ growth strategy.
- A) product proliferation
 - B) market development
 - C) market penetration
 - D) diversification
 - E) product development
- 116) Sodexo is a food services corporation that caters to school cafeterias, university dining halls, mess halls at military bases, and other large-scale food service facilities. If Sodexo were to begin selling individual frozen meals in supermarkets, it would be pursuing a _____ growth strategy.
- A) product development
 - B) market development
 - C) market penetration
 - D) diversification
 - E) product proliferation

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- 117) Henson Electric is interested in diversifying into the frozen foods industry. The board of directors sees this as a risky move since the company can't capitalize on any of its existing markets or core strengths. Which type of growth strategy is Henson Electric considering?
- A) product development
 - B) market development
 - C) market penetration
 - D) unrelated diversification
 - E) related diversification
- 118) In 2007, Apple first introduced the iPhone, which combined a cellular telephone, a camera, and Internet access. By doing this, the company pursued a(n)_____ growth strategy.
- A) market development
 - B) market penetration
 - C) operational excellence
 - D) customer excellence
 - E) product development

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

- 119) Why would a firm want to achieve a sustainable competitive advantage?
- 120) The text states, "Viewing customers with a lifetime value perspective rather than on a transaction-by-transaction basis is key to modern customer retention programs." Create an example demonstrating a lifetime value perspective. Why is customer retention almost always a profitable marketing strategy?

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- 121) One of the benefits of taking marketing courses is the opportunity to apply marketing concepts to marketing yourself. When selling yourself, you are a product, including all the skills, aptitudes, and attitudes you bring to the market. What can you do to give yourself a sustainable competitive advantage in the marketplace?
- 122) Suppose that you and a friend decide to turn your favorite sports activity—inline skating—into a business. You plan to design a line of fashionable clothing that integrates elbow and kneepads. For each of the four macro strategies, briefly describe the most important thing your company should do if you intend to focus on that strategy. Your answers should be specific to the inline skating business.
- 123) Give an example of a loyalty program you use. How does this program help the company gain your business, and what other benefits does it provide to the company?
- 124) A marketing professor has been asked to participate in the university's strategic marketing planning process. During the planning phase of the process, what questions will that professor likely ask? Be specific to the university's strategic marketing planning process.
- 125) Describe the three phases of the marketing plan, and the steps involved in each stage.

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- 126) Every summer, university administrators attempt to estimate how many students will show up in the fall. When August arrives, they hire part-time instructors and reassign faculty to teach the courses students want. In the spring, administrators often go on a retreat to consider how to do things differently next year. What phase of the strategic planning process do they engage in during each of the three seasons (summer, fall, and spring)?
- 127) Conduct a brief SWOT analysis of your prospects of finding a good job related to your major when you graduate (if you already have such a job, think about finding a job with more responsibility. Be sure to include at least one factor representing each of the four major sections of a SWOT analysis, and be sure to label each factor to indicate which of those four sections it belongs in.
- 128) Nike, the prominent athletic shoe manufacturer, relies heavily on athlete sponsorships to build demand for its products. Spectators at major sporting events—both those attending in person and those watching at home—frequently see the Nike "swoosh" logo worn by elite athletes. Given the vast worldwide audience for Olympics broadcasts, an Olympic year gives Nike increased exposure. On a Nike situation analysis in an Olympic year, would you consider this exposure to be a strength or an opportunity? Explain your reasoning; be specific.
- 129) A marketing professor, Dr. Porter, has been asked to participate in the university's strategic marketing planning process. After completing the planning phase of the process, Dr. Porter has been asked to assist with the STP analysis. What questions will she ask during the STP analysis? Be specific to the university's strategic marketing planning process.

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- 130) You and your friend Maria work in different parts of a large firm. In a recent analysis, your area was labeled a "cash cow" and hers was labeled a "question mark." What things would you do differently in your area than Maria would do in hers?
- 131) Boston Consulting Group's portfolio analysis classifies a company's products or product lines into a two-by-two matrix. What are the bases of classification and what are the products or product lines in each of the four quadrants called? What marketing strategies are usually considered for each of the four classifications?
- 132) Your new sales manager, who previously worked for Boston Consulting Group, directs each sales rep to "toss out the dogs," "exploit the stars," and "milk the cows." Translate this into everyday English: What is the sales manager asking the sales reps to do?
- 133) In July 2010, Microsoft discontinued the Kin, its social networking phone, after just six weeks of disappointing sales. During what step of the strategic marketing planning process would Microsoft have made the decision to stop offering the product?

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- 134) After finishing his marketing degree, Antonio inherited the family Burgers 'N More restaurant. The restaurant is a small, local institution that beach visitors have been coming to for decades. Antonio wants to make his business grow and is considering either a market penetration or market development strategy. Describe what Antonio will likely do if he pursues either strategy.
- 135) The Arbor is a one-location nursery business, selling plants and flowers for home gardeners. The new owners want to grow through either a product development or diversification strategy. What will the owners likely do if they pursue either strategy?
- 136) When catalog companies send sale catalogs to their current customers, which type of growth strategy are they pursuing?
- 137) Explain how Marvel, the superhero entertainment giant, employed a market penetration strategy using its existing marketing mix and focusing its efforts on existing customers.
- 138) When musicians and their concert promoters offer CDs of a live concert immediately after the concert ends, what type of growth strategy are they pursuing?

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Answer Key

Test name: Chapter 02

1) FALSE

In most cases, a single strategy, such as low prices or excellent service, is not sufficient to build a sustainable competitive advantage. Firms require multiple approaches to build a "wall" around their position that stands as high as possible.

2) TRUE

Over time, advantages will erode because of competitive forces, but by focusing on strategies to keep competitors at bay, marketers can sustain their competitive advantage, minimize competitive pressure, and boost profits for a longer time. Thus, establishing a sustainable competitive advantage is key to long-term financial performance.

3) TRUE

It is not always necessary to go through the entire process for every evaluation. For instance, a firm could evaluate its performance in Step 5, and then go directly to Step 2 to conduct a situation audit without redefining its overall mission.

4) FALSE

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A mission statement is a broad description of a firm's objectives and the scope of activities it plans to undertake.

5) FALSE

STP takes place during the implementation phase of the marketing plan.

6) FALSE

A pandemic is an external factor with possible negative results, so it is a threat.

7) FALSE

A firm uses targeting to determine which segments to pursue, and it uses positioning to decide how it should position its products and services to best meet the needs of its chosen targets.

8) TRUE

If a price is set too high, it will not generate much volume. If a price is set too low, it may result in lower-than-optimal margins and profits. Therefore, price should be based on the value that the customer perceives.

9) TRUE

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A strategic business unit is a division of the firm that can be managed and operated somewhat independently from other divisions and may have a different mission or objectives.

10) FALSE

Although it seems like the marketing planning process follows a set sequence, in actuality, it can move back and forth among the five identified steps.

11) TRUE

Panasonic's DVD player has low relative market share in a low-growth market, which is the definition of a dog.

12) TRUE

Stars occur in high-growth markets and are high market share products and appear in the upper left quadrant within the BCG matrix.

13) TRUE

A market development strategy offers existing products and services to new customers.

14) FALSE

The four major growth strategies are market penetration, product development, market development, and diversification. TBEXAM.COM

15) TRUE

In an unrelated diversification, the new business lacks any common elements with the present business.

16) C

A sustainable competitive advantage comes from doing things that add value and that are not easily imitated by competitors. The other options do not achieve this objective.

17) C

Operational excellence is achieved through efficient operations and excellent supply chain and human resource management.

18) C

Customer excellence focuses on retaining loyal customers and excellent customer service. Operational excellence is achieved through efficient operations and excellent supply chain and human resource management. Product excellence is achieved by having products with high perceived value and effective branding and positioning. Locational excellence is achieved by having a good physical location and Internet presence.

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19) A

The W Hotel clerk went beyond typical service to offer excellent customer service, which is one way to pursue a customer excellence strategy.

20) C

A customer excellence macro strategy, which is one way to pursue a sustainable competitive advantage, focuses on retaining loyal customers and excellent customer service.

21) B

Viewing customers with a lifetime value perspective rather than on a transaction-by-transaction basis is key to modern customer retention programs.

22) D

This is a good example of a potential sustainable competitive advantage based on customer service (i.e., a customer excellence strategy). A sustainable competitive advantage is an advantage over the competition that is not easily copied and can be maintained over a long period of time.

23) E

Operational excellence is achieved through efficient operations and excellent supply chain and human resource management.

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24) D

Operational excellence is achieved through efficient operations and excellent supply chain and human resource management. Amazon has the technology to coordinate a supply chain that achieves this.

25) A

The example shows that competitors strive to copy good ideas. But that doesn't mean innovation is pointless—being the first to do something can still give you an advantage if you do it best, or if you innovate in ways that are difficult to imitate. What this example shows is that you cannot come up with a single idea, stay with it long term, and expect to sustain a competitive advantage. You must always look for multiple sources of advantage.

26) C

Customers around the world know Pepsi and consider it a primary "go-to" brand if they want a refreshing drink. This positioning reflects Pepsi's careful targeting and marketing mix implementation.

27) D

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High levels of customer satisfaction can lead to customer loyalty, a source of sustainable competitive advantage.

28) C

One way to achieve customer excellence is to achieve customer loyalty. A rewards program is one way to achieve loyalty. The business creates an emotional attachment to the product.

29) D

The company has established an advantage that is difficult to copy—this is a sustainable competitive advantage.

30) A

For a firm to develop a sustainable competitive advantage, it must offer at least one of the following: customer excellence, operational excellence, product excellence, and locational excellence. Liang's salon implements all four macro strategies and has thus earned a sustainable competitive advantage.

31) B

Viewing customers with a lifetime value perspective rather than on a transaction-by-transaction basis is key to modern customer retention programs. While it is true that STP should not be rushed, this is not the focus of customer retention programs. Maximizing profits at the expense of relationships is almost the opposite of customer retention programs, since it focuses on quick profits at the possible expense of larger profits in the long run. The other two incorrect choices may be true in a few instances, but they are often not true; customer excellence can be extremely difficult to achieve, and customer retention does not necessarily demand high levels of spending.

32) D

Viewing customers with a lifetime value perspective rather than on a transaction-by-transaction basis is key to modern customer retention programs. Customer retention programs recognize that it is often worth spending something in the short term to keep a customer in the long term.

33) B

Locational excellence refers to having a good physical location and Internet presence. Online courses are available anywhere, as long as the student has Internet access and a computer or mobile device.

34) A

A "frequent diner" program gives a customer an incentive to visit the restaurant more often, even if competitors try to win customers away with special menus or other offers, because the customer wants to earn the rewards that come with frequent visits.

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35) E

Product excellence entails having products with high perceived value and effective branding and positioning. The innovations described are in the area of the product offering, and so they represent product excellence.

36) D

The question describes the situation analysis, STP, and positioning steps of developing a marketing strategy, as well as a potential sustainable competitive advantage.

37) E

Tried-and-True uses a macro strategy that focuses primarily on customer excellence, based on the fact that it has provided fast, courteous service for more than 40 years and has retained loyal customers as a result.

38) B

The incorrect options all describe ways to create new product models that are probably easy for competitors to copy (or that, in one case, copies competitors' offerings). A clear, distinct positioning, though, offers a more sustainable advantage through product excellence.

39) D

It would be difficult and expensive for competitors to duplicate having a wide variety of stores located in prime areas. While some of the other answers are true statements, they don't explain why a locational excellence strategy tends to be sustainable.

40) C

These four companies have a sustainable competitive advantage over other competing firms because it's so difficult for these firms to break into the cereal market.

41) B

By improving communication with its suppliers, 3M would probably improve efficiency of the supply chain, which is how firms achieve operational excellence. The ability to offer lower prices, as in the McDonald's example, is a potential benefit enjoyed by firms that achieve operational excellence, but lower prices do not help create operational excellence.

42) D

Operational excellence is achieved through efficient operations and excellent supply chain and human resource management. Getting customers the merchandise they want, when they want it, in the required quantities, and at a lower price are all elements of operational excellence.

43) D

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During the control phase, a firm evaluates the performance of the marketing strategy using marketing metrics and takes any necessary corrective actions.

44) D

In the planning phase, marketing executives, in conjunction with other top managers, define the mission of the business and evaluate the situation by assessing how various players affect the firm's potential for success. In the implementation phase, marketing managers identify and evaluate different opportunities through segmentation, targeting, and positioning (STP). In the control phase, managers evaluate the performance of the marketing strategy and take any necessary corrective actions.

45) B

The steps, in order, are: (1) define the business mission, (2) perform a situation analysis, (3) identify and evaluate opportunities, (4) implement marketing mix and allocate resources, and (5) evaluate performance.

46) E

By considering questions of "fit" and changing objectives, the planners are considering HP's business mission and how the acquisition might change it.

47) B

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A situation analysis is the second step of the marketing planning process.

48) A

The mission statement should answer two main questions: What type of business are we? What do we need to do to accomplish our goals and objectives?

49) C

In the control phase, the performance of the marketing strategy is evaluated using marketing metrics and any necessary corrective actions are performed.

50) E

The external components of a SWOT analysis are opportunities and threats.

51) A

A SWOT analysis assesses the internal environment with regard to its Strengths and Weaknesses and the external environment with regard to its Opportunities and Threats. Strengths and opportunities pertain to positive attributes of the firm or environment, and weaknesses and threats pertain to negative aspects.

52) A

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A company's strengths refer to the positive internal attributes of the firm. In this example, the use of music is a strength of the company's marketing efforts.

53) A

The management of the just-in-time system is an internal issue; if it is being done badly, that makes it a weakness.

54) B

Expansion of trade agreements is an external factor that could be favorable for firms to take advantage of. An external positive factor is an opportunity.

55) D

For parts companies, Ford's actions represent external factors. A possible cutback in orders is a negative factor. An external negative factor is a threat.

56) C

Higher gas prices should make consumers more likely to consider buying electric cars, so this is a positive factor. It is external to the firm since it is beyond the firm's control. An external positive factor is an opportunity.

57) C

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A threat is an external negative event. Being the target of a lawsuit is certainly a negative event, and the law firm is external to the company. Problems in balancing manufacturing capacity are internal to the firm and so are weaknesses. Potential demand in China is a positive external factor—an opportunity. A lower cost structure is a positive internal factor—a strength. The gas mileage issue might sound like a threat in that competitive offerings are superior, and competitors are external to the firm; however, the example states that gas mileage is inferior due to outdated technology, which is an issue internal to the firm.

58) B

An opportunity is an external positive event. Potential demand in China could be a positive thing for the company, and since it deals with Chinese consumers it is an external factor. A lower cost structure is a positive internal factor—a strength. The remaining factors are negative, and so cannot be opportunities.

59) D

CDSTEP stands for cultural, demographic, social, technological, *economic*, and political forces.

60) B

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The process of dividing the market into groups of customers with different needs, wants, or characteristics—who therefore might appreciate products or services geared especially for them—is called market segmentation.

61) C

Market positioning involves the process of defining the marketing mix variables so that target customers have a clear, distinctive, desirable understanding of what the product does or represents in comparison with competing products.

62) E

GEICO is seeking to define itself in customers' minds as a very easy way to save money on insurance, in order to distinguish it from its competitors. This is the nature of positioning.

63) D

With STP, the firm first divides the marketplace into subgroups or segments, determines which of those segments it should pursue or target, and finally decides how it should position its products and services to best meet the needs of those chosen targets. Business mission development and SWOT analysis take place before STP analysis starts, and targeting and positioning are later stages in STP analysis.

64) B

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The grocery was probably trying to attract the customers interested in organic food products; since this is not a product line it used to carry in the past, now that it does, these customers represent a different market segment for the grocery.

65) D

Kate was created to help Savory Seasoning's marketers understand its major target market segment. The segment is more than just a demographic. It includes elements of Kate's behavior (reading instead of watching TV). Kate isn't Savory Seasoning's positioning—rather, the company needs to position its products to help women like Kate understand the value Savory Seasoning's products can offer them.

66) A

A key component of target marketing is the evaluation of potential target segments' attractiveness.

67) C

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Positioning is the creation of a clear, distinct, desirable understanding of what the product does or represents compared to competitors. Celebrity endorsers are often used to convey this message.

68) D

This is the definition of *market positioning*, which is the final activity in STP analysis.

69) C

After determining which segments represent effective targets, Starbucks positions itself as a firm that develops a variety of products that match the wants and needs of the different market segments—espresso drinks, coffees, teas, bottled drinks, pastries, and cooler foods.

70) C

These firms are positioning themselves against the competition, emphasizing their local presence in order to suggest that this local experience helps them do a better job of serving consumers.

71) C

Each of these groups might be a market segment consisting of consumers who respond similarly to a firm's marketing efforts.

72) D

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Harriet is dealing with implementation of the marketing mix—price cuts (price), advertising (promotion), and distribution changes (place).

73) E

The product the students buy—an education and a degree—is enhanced by the ability to find a good job after graduation. Thus, this additional investment is related to the product value.

74) D

Value creation through place has to do with making sure the product is available when and where the customer wants it. Some of the other options (like the creative displays, or putting the product in the front of the store) may cause more consumers to notice the product, but they do not ensure that the product is always available to the customer.

75) D

By making sure the mobile network is available to use where and when customers want it, cellular service companies are working on place value creation.

76) C

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Value-based marketing is related to customers' perceived value. If a price is set too high, it will not generate much volume. If a price is set too low, it may result in lower-than-optimal margins and profits. Therefore, price should be based on the value that the customer perceives.

77) B

Place refers to making the product or service readily accessible when and where the customer wants it.

78) C

The value proposition is the value of the firm's offering, as explained to the target market. Promotion is responsible for communicating this value proposition via a variety of media.

79) A

Integrated marketing communications (IMC) represents the promotion P of the four Ps. It encompasses a variety of communication disciplines—advertising, personal selling, sales promotion, public relations, direct marketing, and online marketing including social media—in combination to provide clarity, consistency, and maximum communicative impact.

80) C

A metric is a measuring system that quantifies a trend, dynamic, or characteristic. Metrics are used to evaluate the results of a strategy. TBEXAM.COM

81) A

Johann should still evaluate performance, even if results were good. There's always a chance that he was successful due to luck, not due to the quality of his plan. There's also a chance that he did well, but that he could have done even better with a stronger plan.

82) D

The starting point for evaluating performance is to compare goals to actual performance and, for any goals not met, to review implementation programs using metrics looking for explanations.

83) A

Once the causes of above- or below-goal performance are understood, firms can decide how the marketing plan should be adjusted. Some of the other answers might be true in some cases, but not in every case.

84) B

Santina has chosen a target market, determined positioning strategies, and developed marketing mixes. She now has to consider available resources and determine how they will be allocated across the different options available for implementation.

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85) C

Stanley should already have considered a strategy shift in an earlier step of the planning process and should have evaluated the impact of Disney World and of possible government regulation in a situation analysis. After STP analysis, he should be considering his implementation plan for the four Ps and deciding how to allocate resources. In this case, he could invest equally in all four stores, or he could adjust his allocations according to the situation at each store.

86) D

A metric is a measuring system that quantifies a trend, dynamic, or characteristic. Metrics are used to evaluate the results of the strategy at the final step of the planning process. They explain why things happened and also project the future. They make it possible to compare results across regions, strategic business units (SBUs), product lines, and time periods. Using metrics to understand the causes of performance make it possible for firms to appropriately adjust their marketing plans.

87) D

In addition to assessing the absolute level of sales and profits, a firm may wish to measure the relative level of sales and profits. For example, a relative metric of sales or profits is its increase or de-crease over the prior year. In addition, a firm may compare its growth in sales or profits relative to other benchmark companies.

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88) B

In general, market share is the percentage of a market accounted for by a specific entity and is used to establish the product's strength in a particular market.

89) E

This is the definition of a *question mark*. If the product is infused with resources, it has the potential to become a star.

90) C

Stars occur in high-growth markets and are high market share products. Cash cows are in low-growth markets but are high market share products. Question marks appear in high-growth markets but have relatively low market shares. Dogs are in low-growth markets and have relatively low market shares.

91) E

Question marks appear in high-growth markets but have relatively low market shares.

92) B

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In general, marketing resources are allocated to SBUs or product lines. The corporate level is too high unless it is a very small company with just a single product line, and the sales representative level is generally too low.

93) C

A product line is a group of products that consumers may use together or perceive as similar in some way.

94) A

A company's relative market share is determined by comparing its sales to the sales achieved by the largest firm in the industry.

95) D

The BCG matrix uses market growth rate on the vertical axis and relative market share on the horizontal axis. The other factors are not unimportant—they are simply not part of BCG portfolio analysis.

96) B

Cash cows are product lines with high relative market share as the result of past investment, but in low-growth markets. They typically generate excess cash that can be used to support other product lines.

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97) D

A market leader in a low-growth market is, in BCG terms, a cash cow. This means that, although Nike certainly wants to maintain its market leadership position, the athletic shoe business can be expected to generate excess resources that can be invested in other areas of the company. This question deals with the athletic shoe market as a whole—note that there could be niches that are growing rapidly, and where heavier investment might be warranted.

98) E

The iMac would be best classified as a dog (lower right quadrant) because it is in a low-growth market and has relatively low market share. However, unlike most dogs, Apple should not get rid of the iMac because doing so would risk alienating its loyal customers (such as graphic designers).

99) A

A product with high relative market share in a high-growth market, in BCG analysis, is called a star. Stars typically require investment in order to continue to grow and to maintain or improve their market positions.

100) C

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Dogs can be worth keeping if they assist with the sales of another more successful product.

101) D

Question marks appear in high-growth markets but have relatively low market shares; thus, they are often the most managerially intensive products in that they require significant resources to maintain and potentially increase their market share.

102) A

The four growth strategies are market penetration, market development, product development, and diversification.

103) C

Anibel is trying to sell more of her current products to current customers, which is a market penetration strategy.

104) B

A market development strategy employs the existing marketing offering to reach new market segments, whether domestic or international.

105) D

A market penetration strategy uses the ~~existing marketing~~ mix and focuses on existing customers. A market development strategy uses the existing offering to reach new market segments. A product development strategy offers a new product or service to the current target markets. A diversification strategy introduces a new offering (that may be related or unrelated to their current offerings) to a new market.

106) B

A market development strategy employs the existing marketing offering to reach new market segments, whether domestic or international.

107) A

When a firm employs a product development strategy, it offers a new product or service to a firm's current target market.

108) B

B&D seeks to install equipment and services that it already has and offers to the military, which represents a new type of customer. A market development strategy employs the existing marketing offering to reach new market segments, whether domestic or international.

109) B

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By restricting the ability of lawyers and other professionals to easily expand their businesses across state lines, states are preventing these professionals from selling existing services to new customers. These would limit market development opportunities.

110) E

A product development strategy offers a new product or service to a firm's current target market.

111) C

A market penetration strategy employs the existing marketing mix and focuses the firm's efforts on existing customers. Such a growth strategy might be achieved by attracting new consumers to the firm's current target market or encouraging current customers to patronize the firm more often or buy more merchandise on each visit.

112) A

The agent is trying to sell new types of insurance to a current customer, which is a product development strategy.

113) D

A diversification strategy introduces a new product or service to a market segment that currently is not served.

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114) E

In a related diversification opportunity, the current target market and/or marketing mix shares something in common with the new opportunity. In other words, the firm might be able to purchase from existing vendors, use the same distribution and/or management information system, or advertise in the same newspapers to target markets that are similar to their current consumers. Pixar has pursued related diversification with its toys and home décor, for example.

115) C

In this situation, Abercrombie & Fitch is trying to sell more of its existing products to its current target market, which is a market penetration strategy. Market development would involve attracting new market segments, but the company is assuming that the friends of current customers will be similar to those customers (and thus part of the same market segment).

116) D

Individually packaged frozen meals, unlike bulk foods, would be a new product area for Sodexo. Consumers in grocery stores would also be a new market, since Sodexo currently serves schools, universities, and the military. Thus, with a new market and a new product, this would be an example of diversification.

117) D

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In an unrelated diversification, the new business lacks any common elements with the present business. Unrelated diversifications do not capitalize on either core strengths associated with markets or with products.

118) E

Apple's iPhone was a new product for its existing customers; when a firm introduces a new product to its existing target market, this is known as a product development strategy.

119) Short Answer

Establishing a sustainable competitive advantage makes it hard for competitors to enter a market or attract a firm's customers. The advantage should be difficult to copy and should be something that can be maintained over time.

120) Short Answer

Answers to the first part will vary but should demonstrate how much business a customer brings in over a lifetime. For example, a customer spending \$4 at Starbucks, five days per week, for 20 years equals \$20,800. Customer retention is profitable because it costs more to get new customers than to retain existing ones.

121) Short Answer

A sustainable competitive advantage is something you can persistently do better than the competition. Skills including statistical analysis, ability to use technology, communication, and accounting are all important and valuable. Aptitudes including rational thinking and problem solving are lifelong abilities that can benefit any organization. Attitudes such as persistence, a sense of humor, and teamwork are valuable in any business environment. But, as best-selling author Stephen Covey suggests, we must always "sharpen the saw," meaning continually grow and learn in order to be successful and maintain a sustainable competitive advantage.

122) Short Answer

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There are many correct answers; here is a sample. To make this question easier, you could ask the student to provide an idea for just one or two of the macro strategies.

- ☐ Product excellence: Focus on continually improving the products and making them the most advanced ones on the market, perhaps using stylish yet durable fabrics that won't be damaged in a fall. Then work to develop a clear positioning statement for your brand.
- ☐ Customer excellence: Offer outstanding service, perhaps including live chat on the website as well as no-hassle returns if the customer changes his or her mind about a purchase.
- ☐ Operational excellence: Develop close relationships with suppliers of fabric and other raw materials and with retailers.
- ☐ Locational excellence: In addition to having a top-notch website, try to get your products into as many retail stores as possible, probably focusing on sporting goods stores.

123) Short Answer

Answers will vary. Customer loyalty programs create an emotional attachment to the product or service. They constitute part of an overall customer relationship management program. They allow firms to identify members through a loyalty card or membership information the customer provides when they make a purchase. Using that purchase information, analysts determine which types of merchandise certain groups of customers are buying and thereby tailor their offering to better meet the needs of their loyal customers.

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124) Short Answer

Answers will vary, but should begin with a discussion of creating or revising the university's mission statement, leading to questions such as: What type of university are we? What does the university need to accomplish its goals and objectives? Additionally, discussion of the mission statement will likely lead to questions concerning how the university can build a sustainable competitive advantage. Your professor will also assist with the situation analysis, which will include internal examination of the current status of the university, asking questions such as: What are the university's strengths and weaknesses? Questions about external forces, threats, and opportunities will also be asked during the SWOT analysis.

125) Short Answer

Planning phase: Define business mission and objectives. Conduct a situation analysis (SWOT).
Implementation phase: Identify and evaluate opportunities. Implement marketing mix and allocate resources.

Control phase: Evaluate performance using marketing metrics.

126) Short Answer

Summer—planning; fall—implementation; spring—control.

127) Short Answer

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To make sure the students clearly classify the factors, you might want to provide an answer space with four sections; in each one, include a blank line for the name of the section and additional space for the factor.

Students will come up with a variety of answers depending on their individual situations. They will probably need to do some speculation for opportunities and threats. Here is a sample:

- ☐ Strengths—students might mention internship experience, past work experience, classes taken, personal characteristics, or personal contacts
- ☐ Weaknesses—possibilities include lack of experience, inability to relocate, or a low GPA
- ☐ Opportunities—could include expected growth in the field, a new firm starting up in the area that will be hiring, or a shortage of graduates in the field
- ☐ Threats—could include the recession, a glut of graduates in the field, or reduced demand for professionals in the field

128) Short Answer

A reasonable argument can be made for this being a strength or an opportunity, so this is about the rationale offered. This could be viewed as a strength in that Nike's logo is ubiquitous and well recognized, and customers in Nike's target markets will be reminded of the many sports for which Nike offers shoes and apparel. It could also be viewed as an opportunity to strengthen Nike's position overseas (due to international viewership) and to increase awareness of the breadth of Nike's products (due to increased viewership of niche sports that ordinarily don't get much attention).

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129) Short Answer

STP analysis includes segmentation, targeting, and positioning. Dr. Porter will ask questions such as: What basis for segmentation should be used? Should the university's market be divided based on age, income, geographic area, or maybe educational interests? After segmentation, which segments can be pursued profitably, or targeted?

Many market segments will likely be identified, but she will often have to ask, "Can we effectively and efficiently reach that group of potential consumers?" (For example, one university considered providing educational services to a local prison but ran into a host of problems making it impossible to target that market.)

Last, Dr. Porter will ask questions about how the university intends to position itself in the various market segments: What products or services are going to be promoted? How are the university's products and services different from what competitors are offering? Where and how can the university build on existing strengths?

130) Short Answer

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There are many possible answers, but students should be able to describe both cash cows and question marks as well as understand the different kinds of strategies, the use of resources, and the future of each unit.

131) Short Answer

The two bases of classification are relative market share (high-low) and market growth rate (high-low). This leads to four quadrants labeled stars, cash cows, dogs, and question marks.

- ☐ Stars: high market share/high growth rate. Usually require continued promotion efforts and expansion of production capacity.
- ☐ Cash cows: high market share/low growth rate. Sources of funding for other parts of the firm. They typically require modest promotional and production support.
- ☐ Dogs: low market share/low growth rate. Candidates to be phased out unless they are needed to complement or boost sales of other products.
- ☐ Question marks: low market share/high growth rate. Candidates for strategic marketing planning, assessing potential for growth.

132) Short Answer

Your sales manager wants you to stop selling those products that are in slow-growth markets and in which the company has a small relative market share. The manager also wants you to spend more time and effort selling products that are in high-growth markets and in which the company has a high market share. Finally, you should continue to sell but not put additional effort into high relative market share, low-market-growth products, referred to as cash cows.

133) Short Answer

Step 5—Evaluate performance using marketing metrics.

Some students might also answer "Control phase." Strictly speaking, this is a phase and not a step; however, Step 5 is the only step of the process that fits into the Control phase, so you may want to accept both as correct answers.

If you want to make this question more difficult, you can add to the question the following: What should Microsoft have done before deciding to discontinue the product? The Microsoft should have determined the causes for the disappointing sales to determine whether or not another action (perhaps a different target market, a price adjustment, or a revised promotion plan) could put sales back on track.

134) Short Answer

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If Antonio pursues a market penetration strategy, he will likely expand advertising and promotion, maybe adding billboards, promoting specials, adding hours, and likely expanding the restaurant to serve more customers.

If Antonio pursues a market development strategy, he will attempt to serve new market segments. Since his product is a restaurant, market development would likely include opening additional locations in other areas, offering the same menu.

135) Short Answer

If they pursue a product development strategy, they will offer new products or services to the firm's current target market. A nursery could logically provide a landscape design consulting service, landscape maintenance service, soil and pest testing service, or add additional products such as indigenous plants. If they pursue a diversification strategy, they would market new products or services to a market segment they are not currently serving. Targeting landscape design or maintenance services for commercial customers would be one type of diversification.

136) Short Answer

Market penetration, because the companies are trying to sell additional products (marked down) to current customers.

137) Short Answer

Answers will vary but should include the following: To further penetrate its current customer base, the super-hero entertainment giant Marvel has expanded its movie offerings. Marvel has helped bring the X-Men, Spiderman, Superman, Iron Man, and other popular characters to the big screen. These films have grossed massive profits. Marvel has further increased its market penetration by expanding the distribution of its films. Today, Marvel movies can be seen in theaters, accessed on Xfinity, and viewed on DVDs available in discount stores, grocery stores, and a host of other stores, including book and comic stores.

138) Short Answer

Product development, because the CD is a new product (just recorded) and it's being sold to current customers.