

Test Bank for Foundations of Marketing 9th Pride

TEST BANK SAMPLE PREVIEW

PUBLISHER

Cengage

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2022

ISBN

9780357129463

RESOURCE TYPE

Test Bank

Chapter 01: Customer-Driven Strategic Marketing

True / False

1. Marketing consists primarily of selling and advertising.

- a. True
- b. False

ANSWER: False

2. The broadest and simplest definition of marketing states that it is the development and efficient distribution of products for consumer segments.

- a. True
- b. False

ANSWER: False

3. Customers are the focal point of all marketing activities.

- a. True
- b. False

ANSWER: True

4. A target market is a specific group of customers on whom an organization focuses its marketing efforts.

- a. True
- b. False

ANSWER: True

5. Organizations have to define their products as what they make or produce.

- a. True
- b. False

ANSWER: False

6. The marketing mix consists of three major variables: product, price, and distribution.

- a. True
- b. False

ANSWER: False

7. In marketing, a product can be a good or a service but not an idea.

- a. True
- b. False

ANSWER: False

8. Marketing efforts do not involve the design and development of products.

- a. True
- b. False

ANSWER: False

9. Products can be goods, services, or ideas.

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- a. True
- b. False

ANSWER: True

10. Services are provided by applying human and mechanical efforts to people or objects to provide intangible benefits to customer.

- a. True
- b. False

ANSWER: True

11. A primary goal of marketing managers is to create and maintain the right mix of these variables to satisfy the company's needs for a general product type.

- a. True
- b. False

ANSWER: False

12. Promotion can help sustain interest in established products that have long been available.

- a. True
- b. False

ANSWER: True

13. The distribution variable in a marketing mix is directed toward making products available in the quantities desired to as many target market customers as possible and keeping the total inventory, transportation, and storage costs as low as possible.

- a. True
- b. False

ANSWER: True

14. Customers are interested in a product's price because they are concerned about the value obtained in an exchange.

- a. True
- b. False

ANSWER: True

15. Price is seldom used as a competitive tool.

- a. True
- b. False

ANSWER: False

16. For an exchange to occur, at least one of the parties must be willing to give up his or her "something of value."

- a. True
- b. False

ANSWER: False

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17. The outcomes of a marketer's decisions and actions may be affected by the variables in the marketing environment.

- a. True
- b. False

ANSWER: True

18. Changes in the marketing environment always hurt marketing efforts.

- a. True
- b. False

ANSWER: False

19. The marketing environment is a set of static, unchanging surroundings.

- a. True
- b. False

ANSWER: False

20. The marketing concept stresses that a business organization can best achieve its goals by providing customer satisfaction through coordinated activities.

- a. True
- b. False

ANSWER: True

21. Achievement of the firm's overall goals is part of the marketing concept.

- a. True
- b. False

ANSWER: True

22. The marketing concept is a philosophy that a business organization should employ to satisfy customers' needs while achieving the overall goals of the organization.

- a. True
- b. False

ANSWER: True

23. The marketing concept is a philanthropic philosophy aimed at helping customers at the expense of the business organization.

- a. True
- b. False

ANSWER: False

24. The marketing concept is a management philosophy, not a second definition of marketing.

- a. True
- b. False

ANSWER: True

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25. Profit, even at the expense of customers' satisfaction, is the major thrust of the marketing concept.

- a. True
- b. False

ANSWER: False

26. The marketing concept directly affects marketing activities but should have negligible impact on other organizational activities.

- a. True
- b. False

ANSWER: False

27. The marketing concept stresses that an organization can best achieve its objectives by being customer-oriented.

- a. True
- b. False

ANSWER: True

28. The marketing concept developed out of a sequence of three eras: the production orientation, the market orientation, and the industrial orientation.

- a. True
- b. False

ANSWER: False

29. During the market orientation, businesspeople realized that if they could produce products efficiently, customers would buy them.

- a. True
- b. False

ANSWER: False

30. During the market orientation, businesspeople realized that products, which by this time could be made relatively efficiently, would have to be promoted through much personal selling and advertising.

- a. True
- b. False

ANSWER: False

31. A market orientation requires the organizationwide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organizationwide responsiveness to it.

- a. True
- b. False

ANSWER: True

32. To implement the marketing concept, an organization must first establish an information system to discover customers' real needs and then use the information to create products to satisfy those needs.

- a. True

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b. False

ANSWER: True

33. To satisfy customers' objectives as well as its own, a company must coordinate all its activities.

a. True

b. False

ANSWER: True

34. At the most basic level, profits can be obtained through relationships by acquiring new customers, enhancing the profitability of existing customers, and extending the duration of customer relationships.

a. True

b. False

ANSWER: True

35. Customer relationship management is the use of information about customers to create marketing strategies that develop and sustain desirable customer relationships.

a. True

b. False

ANSWER: True

36. Value = customer costs – customer benefits.

a. True

b. False

ANSWER: False

37. Basic and extended warranties can reduce risk, a major customer cost.

a. True

b. False

ANSWER: True

38. Customer benefits include time and effort.

a. True

b. False

ANSWER: False

39. The process people use to determine the value of a product is not highly scientific.

a. True

b. False

ANSWER: True

40. Marketing costs consume about one-quarter of a buyer's dollar.

a. True

b. False

ANSWER: False

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41. Marketing costs consume about one-half of a buyer's dollar.

- a. True
- b. False

ANSWER: True

42. For a business organization to remain healthy and to survive, it must sell products and make profits.

- a. True
- b. False

ANSWER: True

43. Knowing about marketing can help you evaluate the types of corrective measures needed to stop questionable marketing practices.

- a. True
- b. False

ANSWER: True

44. Payton is a salsa dancer who wants to become a professional. Every time she has a performance, she places a flyer in the local community center and encourages her friends to tell others about the performance. Payton is engaging in marketing activities.

- a. True
- b. False

ANSWER: True

45. Economic conditions, competitive structure, and government regulations may prevent a manager from adjusting the marketing mix frequently or significantly.

- a. True
- b. False

ANSWER: True

46. There are four conditions that must be met before an exchange can take place. Once these conditions are met, an exchange will always take place.

- a. True
- b. False

ANSWER: False

47. Marketing activities can occur even when an exchange doesn't take place.

- a. True
- b. False

ANSWER: True

48. The reason the marketing concept is named this way is that it pertains solely to marketing.

- a. True
- b. False

ANSWER: False

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49. Relationship marketing focuses on satisfying customers to generate the most profit.

- a. True
- b. False

ANSWER: False

50. When assessing value, customers consider nonmonetary costs such as time and effort.

- a. True
- b. False

ANSWER: True

51. To reduce customer costs and thereby increase their sense of value, companies can increase product availability.

- a. True
- b. False

ANSWER: True

52. The impact of environmental forces on value can be extensive as market changes can easily influence how stakeholders perceive certain products.

- a. True
- b. False

ANSWER: True

53. Customers can derive benefits from the act of shopping and selecting products.

- a. True
- b. False

ANSWER: True

54. Developing and maintaining favorable relations with stakeholders is not relevant to the long-term growth of an organization and its products.

- a. True
- b. False

ANSWER: False

55. Government agencies and colleges and universities do not need to engage in marketing activities.

- a. True
- b. False

ANSWER: False

56. Marketing is the business function responsible for creating revenue to sustain the operations of the organization and provide financial returns to investors.

- a. True
- b. False

ANSWER: True

Multiple Choice

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57. Marketing is the process of

- a. promoting products through personal selling and advertising to develop and maintain favorable relationships with customers and stakeholders.
- b. creating, distributing, promoting, and pricing products to facilitate satisfying exchange relationships with customers and to develop and maintain favorable relationships with stakeholders in a dynamic environment.
- c. delivering a standard of living to a society.
- d. creating, distributing, promoting, and pricing goods, services, and ideas to facilitate the achievement of the firm's objectives.
- e. focusing on customers' needs.

ANSWER: b

58. The focal point of all marketing activities is

- a. products.
- b. the marketing mix.
- c. profits.
- d. sales.
- e. customers.

ANSWER: e

59. Organizations should define themselves not according to the products they produce but according to

- a. how profitable they are.
- b. the price of their stock.
- c. the abundance of their product selection.
- d. how they treat employees.
- e. how they satisfy customers.

ANSWER: e

60. The definition of marketing implies that ____ should receive benefits from exchange relationships.

- a. only customers
- b. only businesses
- c. company management
- d. both customers and businesses
- e. only the most important customers

ANSWER: d

61. The primary value that a marketer expects to receive from a customer in an exchange relationship is

- a. the price charged for the product.
- b. customer satisfaction.
- c. references to other potential customers.
- d. quality merchandise that meets expectations.
- e. few returns of the merchandise purchased.

ANSWER: a

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62. A target market

- a. involves a large number of customers.
- b. is a specific group of customers on whom an organization focuses its marketing efforts.
- c. already has several competitors vying for customers' business.
- d. is the same as a salesperson's prospective client list.
- e. is a customer group classified as people with similar demographic characteristics.

ANSWER: b

63. Just Crack an Egg is aimed at people concerned with on-the-go lifestyles. These people represent the Just Crack an Egg

- a. marketing mix.
- b. marketing strategy.
- c. target market.
- d. marketing tactic.
- e. consumer advocates.

ANSWER: c

64. The primary value that a customer expects to receive from a marketer in an exchange relationship is

- a. a reward or benefit greater than the costs incurred in the transaction.
- b. the price charged for the product.
- c. customer satisfaction.
- d. quality merchandise that meets expectations.
- e. a discounted price.

ANSWER: a

65. Distribution, price, promotion, and product are all elements of

- a. marketing strategy.
- b. the marketing mix.
- c. a target market.
- d. a consumer good.
- e. a business strategy.

ANSWER: b

66. A marketing manager decides what combination of variables is needed to satisfy customers' needs for a general type of product. What are the essential variables that the marketing manager combines?

- a. Product, price, distribution, and promotion variables
- b. Marketing environment variables
- c. Product and promotion variables
- d. Product, price, and customer variables
- e. Product, price, customer, and promotion variables

ANSWER: a

67. The marketing mix is built around the

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- a. product.
- b. company.
- c. customer.
- d. employee.
- e. retail outlet.

ANSWER: c

68. The product variable of the marketing mix can include all of the following *except*

- a. creation of brand names.
- b. consumer perception of the product price.
- c. development of product packaging.
- d. warranty issues
- e. repair services.

ANSWER: b

69. The three basic forms that a product can take are

- a. markets, products, and images.
- b. goods, ideas, and intangibles.
- c. brands, services, and tangibles.
- d. services, ideas, and goods.
- e. ideas, services, and things.

ANSWER: d

70. A physical product you can touch is a(n)

- a. service.
- b. good.
- c. idea.
- d. concept.
- e. philosophy.

ANSWER: b

71. The application of mechanical and human efforts to either people or objects to provide intangible benefits to customers is known as a(n)

- a. issue.
- b. experience
- c. idea.
- d. good.
- e. service.

ANSWER: e

72. Which of the following companies is the *best* example of a service marketer?

- a. Apple
- b. Sony

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- c. Forever 21
- d. UPS
- e. General Electric

ANSWER: d

73. Never Again MSD is a group that works to change attitudes and laws about gun control. Never Again MSD primarily markets

- a. goods
- b. ideas.
- c. services.
- d. political figures.
- e. applications.

ANSWER: b

74. The United Methodist Church has used advertising for many years, airing TV commercials that show children answering questions. The Church is using marketing to promote its

- a. goods.
- b. services.
- c. experiences.
- d. production.
- e. ideas.

ANSWER: e

75. Which of the following is most likely to be an idea marketer?

- a. Car salesperson
- b. Airline pilot
- c. Attorney
- d. Abuse counselor
- e. Orthodontist

ANSWER: d

76. Deciding to add gel insoles to its running shoes would be a change in the ____ element of the marketing mix for Nike.

- a. price
- b. good
- c. product
- d. promotion
- e. distribution

ANSWER: c

77. Making modifications to packaging or brand names involves the ____ component of the marketing mix.

- a. price
- b. promotion

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- c. market
- d. distribution
- e. product

ANSWER: e

78. Issues of inventory levels and storage costs are both concerns relating to the ____ variable of the marketing mix.

- a. distribution
- b. product
- c. exchange
- d. price
- e. promotion

ANSWER: a

79. Amos Holden runs a successful wholesale business that sells equipment to restaurants throughout the Southwest. He is considering purchasing his own fleet of trucks to deliver the equipment instead of relying on a shipper as he is currently doing. This most closely represents a decision about

- a. which market he should target.
- b. the best way to distribute his products.
- c. how to effectively promote his business.
- d. the product he provides to his customer.
- e. which supplier he should use.

ANSWER: b

80. Consumers buying products online have dramatically affected the ____ variable of the marketing mix.

- a. product
- b. price
- c. distribution
- d. research
- e. promotion

ANSWER: c

81. Changing the hours of operation for a service business involves the ____ component of the marketing mix.

- a. product
- b. price
- c. distribution
- d. promotion
- e. marketing concept

ANSWER: c

82. Which of the following scenarios involves the distribution element of the marketing mix?

- a. Deciding whether or not a certain product should continue to be sold
- b. Determining whether an advertising message would be more effective on television or in magazines

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- c. Choosing between a company jet or the airlines for executive travel
- d. Deciding whether or not to have retail outlets in addition to a website
- e. Developing a new warranty policy for an existing product

ANSWER: d

83. The element of the marketing mix used to increase awareness of a product or company is
- a. information.
 - b. product.
 - c. price.
 - d. distribution.
 - e. promotion.

ANSWER: e

84. When Shaw Industries develops new carpet fibers that are highly stain-resistant and durable, it must educate consumers about the product's benefits. This calls for activity in which of the following marketing mix variables?
- a. Price
 - b. Promotion
 - c. Distribution
 - d. Product
 - e. Packaging

ANSWER: b

85. United Airlines introduced a new “basic economy” seat category to better compete with discount airlines like Southwest and Spirit. Which of the following aspects of the marketing mix is United likely altering?
- a. Price
 - b. Promotion
 - c. Distribution
 - d. Product
 - e. Target market

ANSWER: a

86. When SmartSheet, a producer of software, delayed the introduction of its new spreadsheet app to modify the package, its scheduled TV advertisements announcing the new product needed to be revised. In this case, a change in the ____ variable caused changes in the ____ variable of the marketing mix.
- a. distribution; promotion
 - b. distribution; product
 - c. product; price
 - d. product; promotion
 - e. promotion; price

ANSWER: d

87. Marketing facilitates exchange relationships between buyers and sellers. What is marketing's intended outcome for this relationship?

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- a. Profits for the seller
- b. A good bargain on the product for the buyer
- c. Reducing the seller's inventory
- d. One party having to compromise in the exchange
- e. Satisfaction for both the buyer and seller

ANSWER: e

88. Which of the following statements about marketing environment forces is NOT true?

- a. They do not influence customers' reactions to a firm's marketing mix.
- b. They influence customers by affecting their lifestyles, standards of living, and preferences and needs for products.
- c. They fluctuate quickly and thereby create threats to a firm's marketing mix.
- d. They may create opportunities as well as threats.
- e. They influence whether and how a marketing manager performs certain marketing activities.

ANSWER: a

89. The forces of the marketing environment include

- a. political, legal and regulatory, sociocultural, technological, economic, and competitive.
- b. sociocultural, legal, regulatory, economic, pricing strategies, and competitive.
- c. legal, regulatory, political, sociocultural, pricing strategies, and technological.
- d. legal and regulatory, competitive and noncompetitive forces that affect most lifestyles.
- e. political, legal and regulatory, pricing strategies, fairly static components.

ANSWER: a

90. A marketing manager for a small laptop manufacturer is analyzing the potential effects of political, legal, sociocultural, and economic forces on the firm's operations. The marketing manager is examining the ____ that influence(s) the firm's strategy.

- a. operating situation
- b. marketing environment
- c. surroundings
- d. economic conditions
- e. trends

ANSWER: b

91. Which of the following is the *least* controllable factor in developing a marketing mix?

- a. Product adaptations
- b. Pricing strategies
- c. Government regulations
- d. Advertising campaigns
- e. Retail locations

ANSWER: c

92. Coca-Cola has in recent years developed or acquired new non-cola products to appeal to changing consumer preferences for less sugar in their products. The most likely factor in this change is changes in

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- a. the sociocultural forces of the marketing environment.
- b. the economic forces of the marketing environment.
- c. the technological forces of the marketing environment.
- d. the marketing mix.
- e. the marketing concept.

ANSWER: a

93. The marketing environment is *best* described as being
- a. composed of controllable variables.
 - b. composed of variables independent of one another.
 - c. an indirect influence on the performance of marketing activities.
 - d. dynamic and changing.
 - e. slow, with infrequent fluctuations.

ANSWER: d

94. The marketing concept is best defined as
- a. a second definition of marketing.
 - b. a philosophy stating that an organization should try to satisfy customers' needs through a coordinated set of activities that allows the organization to achieve its goals.
 - c. the performance of business activities that direct the flow of goods and services from producer to customer or user.
 - d. a philosophy stating that an organization should attempt to accomplish its goals with no regard for the needs of customers.
 - e. the inclusion of marketing activities in the activities of an organization.

ANSWER: b

95. According to the marketing concept, an organization should try to
- a. consider short-run objectives and cash flow needs before developing new products.
 - b. define its business as "making a product."
 - c. provide products that satisfy customers' needs and allow the organization to achieve its goals.
 - d. put most of its emphasis on marketing activities and be less concerned with finance, accounting, and personnel.
 - e. view selling activities as the major means of increasing profits.

ANSWER: c

96. The marketing concept is a management philosophy that affects
- a. only marketing activities.
 - b. all efforts of the organization.
 - c. mainly the efforts of sales personnel.
 - d. mainly customer relations.
 - e. only business organizations.

ANSWER: b

97. The marketing concept focuses on

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- a. achieving the goals of top executives.
- b. creating maximum visibility for the firm.
- c. maximizing sales in a way that helps to achieve organizational objectives.
- d. maximizing market share in a way that helps to achieve organizational objectives.
- e. satisfying customers' needs in a way that helps to achieve organizational objectives.

ANSWER: e

98. The marketing concept is a philosophy that states that an organization should try to satisfy customers' needs and also

- a. increase market share.
- b. increase sales.
- c. achieve the organization's goals.
- d. produce high-quality products.
- e. coordinate its activities to increase production.

ANSWER: c

99. Which one of the following statements by a company president best reflects the marketing concept?

- a. We have organized our business to make certain that customers get what they want.
- b. We believe that the marketing department must organize to sell what we produce.
- c. We have organized an aggressive sales force in our company to promote our products.
- d. We try to produce only high-quality, technically efficient products.
- e. We try to encourage company growth.

ANSWER: a

100. The marketing concept affects

- a. just the marketing department.
- b. all organizational activities.
- c. only marketing and finance.
- d. only production and marketing.
- e. few decisions in an organization.

ANSWER: b

101. ACE Manufacturing Company is not attracting sufficient customers. It has long defined itself as being a maker of shelving products. To improve its sales and long-term viability, it should perhaps consider redefining itself as

- a. an employer of shelving makers.
- b. helping customers satisfy their needs with ACE shelving products.
- c. helping the environment with shelving products.
- d. housing the homeless with shelving products.
- e. selling shelving products.

ANSWER: b

102. The marketing concept is

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- a. a management philosophy.
- b. synonymous with exchange.
- c. a component of the marketing mix.
- d. a function of the marketing environment.
- e. focused solely on satisfying customer objectives.

ANSWER: a

103. During the Industrial Revolution, most firms operated using a(n) ____ orientation.

- a. market
- b. societal
- c. sales
- d. evolutionary
- e. production

ANSWER: e

104. During the Industrial Revolution, demand for manufactured goods was

- a. weak.
- b. nonexistent
- c. declining.
- d. strong.
- e. mediocre.

ANSWER: d

105. During the 1920s, competition increased and businesspeople realized they had to do more than just focus on manufacturing, which led to the ____ orientation.

- a. production
- b. market
- c. revolutionary
- d. sales
- e. reduction

ANSWER: d

106. T-Mobile implemented a program of texting its current customers to find out what changes they would like to see in the services provided. The firm is exhibiting characteristics associated with which of the following orientations?

- a. Production
- b. Sales
- c. Market
- d. Social
- e. Development

ANSWER: c

107. A market orientation is an organization-wide effort that includes all of the following activities except

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- a. researching customers' needs.
- b. focusing just on the marketing department.
- c. generating marketing intelligence for use in the organization.
- d. being responsive to customers' ever-changing wants and needs.
- e. disseminating marketing intelligence across departments within the organization.

ANSWER: b

108. Which of the following *best* describes the acceptance of the marketing concept by all organizations?

- a. The marketing concept has yet to be fully accepted by all organizations.
- b. All organizations fully utilize the marketing concept to run their businesses.
- c. Nearly half of all organizations are still in the sales orientation and have not implemented the marketing concept.
- d. Most organizations have really not accepted the marketing concept because of its many costs and problems.
- e. Although American organizations fully accept the marketing concept, many foreign companies do not.

ANSWER: a

109. Which of the following is *not* an example of the implementation of the marketing concept?

- a. Jimmy Dean's Sausage introduces turkey sausage patties for a healthier alternative to pork.
- b. Ford asks customers to vote online for a new color for next year's Ford Focus.
- c. McDonald's reduces the labor costs to produce its sausage-egg biscuits.
- d. Linx offers rewards for users who can find flaws in its new software.
- e. Volkswagen introduces pop-up rollover bars in its convertibles to protect its consumers in the event of a serious collision.

ANSWER: c

110. HealthCare Guardian Insurance rolls out an innovative nurse-on-call information system available online. The product is not widely accepted because patients don't see the need for such a service. This situation represents a failure in which aspect of implementing the marketing concept?

- a. An information system to determine customer needs
- b. The organizational structure
- c. Top-management commitment
- d. Technological advancement
- e. Scanning corporate capabilities

ANSWER: a

111. Sara Lee introduced a new bread made with light whole wheat and packaged in smaller loaves as a response to the number of health-conscious customers who live alone. In this case, Sara Lee was most likely following the _____.

- a. selling concept
- b. production concept
- c. customer concept
- d. marketing concept
- e. retailing concept

ANSWER: d

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112. Today, establishing long-term, mutually beneficial arrangements in which both the buyer and seller focus on value enhancement through the creation of more satisfying exchanges is known as

- a. marketing synthesis.
- b. relationship marketing.
- c. a marketing orientation.
- d. the marketing concept.
- e. strategic marketing.

ANSWER: b

113. A junior marketing executive at HealthyStart Cereals suggests increasing the package size and price of its best-selling brand without increasing the amount of cereal inside the box. Her superior warns that this might be a bad idea because HealthyStar's long-term survival, like most companies, depends on

- a. cost-cutting measures.
- b. continually selling to new customers and markets.
- c. creating and maintaining satisfying exchange relationships.
- d. high-volume, low-margin sales.
- e. increasing shelf space for their brands.

ANSWER: c

114. To build long-term customer relationships, marketers are turning to

- a. stakeholder analytics.
- b. marketing research.
- c. data analytics.
- d. marketing research and data analytics.
- e. the marketing environment and a sales orientation.

ANSWER: d

115. Long-term relationships with profitable customers is the key objective of

- a. personal selling.
- b. customer relationship management.
- c. production oriented firms.
- d. e-marketing.
- e. distribution channels.

ANSWER: b

116. Initiatives intended to improve an organization's positive impact on the natural environment are called

- a. environmental marketing
- b. green marketing
- c. socially-responsible marketing
- d. energy-conscious marketing
- e. socially-conscious marketing

ANSWER: b

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117. If a family spends \$2,000 a month on goods and services, how much of that \$2,000 goes for marketing activities?

- a. \$2,000
- b. \$1,500
- c. \$1,000
- d. \$500
- e. \$0

ANSWER: c

118. For most firms, the costs of marketing activities consume approximately what portion of the consumer's dollar?

- a. One-half
- b. One-fifth
- c. One-fourth
- d. One-third
- e. One-sixth

ANSWER: a

119. In today's market environment, you might pay \$16 for a vinyl LP record by your favorite musical artist. Approximately how much of that price goes to activities related to marketing (promotion, distribution, profit margins)?

- a. \$10.25
- b. \$4.00
- c. \$5.10
- d. \$8.00
- e. \$12.75

ANSWER: d

120. Marketing activities are

- a. used by all sizes of organizations including for-profit, nonprofit, and government agencies.
- b. limited to use by larger for-profit and nonprofit organizations.
- c. implemented only to increase profits for the organization and to expand the scope of its customer base.
- d. used by all types and sizes of businesses but are not used by nonprofit organizations.
- e. used by small businesses and small nonprofit organizations the most.

ANSWER: a

121. The fact that today's consumer can shop for a new car by accessing automakers' websites, configuring a vehicle, and getting instant feedback on its cost as well as getting reviews and comparison information from sites like Autobytel and Edmunds relates to the fact that

- a. marketing costs consume a sizable portion of consumer dollars.
- b. marketing is important to the economy.
- c. marketing knowledge enhances consumer awareness.
- d. marketing promotes the welfare of customers and society.
- e. marketing connects people through technology.

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ANSWER: e

122. Marketing knowledge and skills

- a. are not necessary for a nonprofit organization.
- b. are valuable personal and professional assets.
- c. constitute the marketing mix.
- d. were most important during the production era.
- e. are most valuable for advertising executives but less important for wholesalers and distributors.

ANSWER: b

123. The public is becoming more aware of how marketers' activities affect the welfare of consumers and society. As a result, more firms are working to

- a. raise prices in order to increase their profits so that they can contribute to philanthropic causes.
- b. reduce the quality of their products in order to save money and provide less expensive products to their consumers.
- c. reduce their profits by donating more time and money to improve social welfare and environmental conditions.
- d. enact laws requiring companies to work toward the welfare of customers and society
- e. create a responsible approach to developing long-term relationships with customers and society.

ANSWER: e

124. Without _____, businesses would find it difficult, if not impossible, to buy more raw materials, hire more employees, attract more capital, and create additional products that, in turn, make more profits.

- a. marketing
- b. distribution
- c. promotion
- d. profits
- e. production

ANSWER: d

Scenario 1.1

Use the following to answer the questions.

Green Hills Cemetery in upstate New York offers a full-service funeral and burial that is non-toxic to the environment. All materials used in the burial are natural and will decompose with no negative impact. Green Hills' service is relatively new in the United States, but services of this type are common in Great Britain. A typical burial in Green Hills' cemetery includes a casket made from bamboo, wicker, paper, or other natural material. There are no headstones of stone or concrete that will detract from the landscape, but trees and plants as "markers" are allowed. The cost for a burial at Green Hills is approximately \$3,000, compared to about \$6,000 at most traditional cemeteries. Although business was slow at first, Green Hills is now experiencing an increase in the number of burials, due to referrals and a newly-developed website. The owners of Green Hills were previously in the cemetery business, and are active conservationist and wanted to make their business more sustainable. After conducting research and finding that there were natural burial sites in Great Britain, they wanted to provide an alternative to other environmentally-conscious Americans like themselves.

125. Refer to Scenario 1.1. A new website has helped Green Hills' pre-planned funeral business grow. This would come under which of the following marketing mix variables?

- a. Product
- b. Price

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- c. Distribution and price
- d. Promotion and distribution
- e. Promotion and price

ANSWER: d

126. Refer to Scenario 1.1. Green Hills' main competitive advantage over traditional cemeteries comes from its attention to which element in the marketing mix?

- a. Product
- b. Packaging
- c. Promotion
- d. Distribution
- e. Marketing research

ANSWER: a

127. Refer to Scenario 1.1. The customers of Green Hills Cemeteries are most likely choosing the Green Hills business because of its _____, which is evidence of a _____.

- a. pricing; sales orientation
- b. environmental consciousness; market orientation
- c. novelty; production orientation
- d. environmental consciousness; business orientation
- e. pricing; profit orientation

ANSWER: b

128. Refer to Scenario 1.1. Green Hills' competitors, the traditional cemeteries, focus on advertising and personal selling of their services. This indicates a(n) _____ orientation.

- a. environmental
- b. market
- c. production
- d. sales
- e. marketing concept

ANSWER: d

Scenario 1.2

Use the following to answer the questions.

Stay & Play Hotel is a full-service pet salon and boarding kennel. Stay & Play has an interactive website where customers can directly book a grooming appointment, obedience class, or overnight accommodations for their dog or cat. Stay & Play has several less common services, such as a 600-square-foot swimming pool, complete with slide and dog-friendly graduated steps to help them exit the pool. Customers can also drop their dog or cat off each morning for pet day care. Stay & Play has a pick-up and delivery service, webcams in every kennel so that pet families can view their pets while away, and pet "furniture" so that the cats and dogs can lie on sofas just like at home. Stay & Play is also open 24 hours a day, 365 days each year so that customers can pick up their pet at any time.

The cost for an overnight stay at Stay & Play averages \$50, compared to competing kennels at about \$30. The day care costs are \$25 for either a dog or cat. The majority of Stay & Play' competitors don't offer the day care service, and require a two-day minimum for overnight stays.

Informal discussions with customers led to the addition of pet day care and 24-hour hours of operation. Previously, Stay & Play was more interested in competing based on its prices.

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129. Refer to Scenario 1.2. The fact that Stay & Play is open 24 hours each day is part of the _____ marketing mix variable while the swimming pool is part of the _____ variable.

- a. product; distribution
- b. price; product
- c. distribution; promotion
- d. distribution; product
- e. distribution; environment

ANSWER: d

130. Refer to Scenario 1.2. Previously, Stay & Play was most likely using a _____ orientation, while now it is now in the process of employing the _____.

- a. sales; marketing concept.
- b. sales; marketing mix.
- c. promotion; marketing concept.
- d. sales; promotion orientation.
- e. sales; product orientation.

ANSWER: a

131. Refer to Scenario 1.2. If Stay & Play employs the philosophy of building a relationship with its dog and cat customers, and their owners, it will be implementing the _____.

- a. marketing environment.
- b. marketing mix.
- c. sales concept.
- d. production concept.
- e. marketing concept.

ANSWER: e

132. You will give the keynote address at the annual meeting of the American Cereal Makers Association. You realize most of the attendees think marketing is just advertising. So, you decide to start your keynote address by defining what marketing is in order to set the proper context for your speech.

You define marketing as:

- a. the process of creating, distributing, promoting, and pricing goods, services, and ideas to facilitate satisfying exchange relationships with customers.
- b. the process of persuading or seeking to persuade a customer or organization to take a preferred course of action.
- c. the process of speaking or writing in support or defense of a firm's products or services.
- d. the process or practice of calling public attention to a firm's goods and services through communications in print media, social media or other forms of information distribution.
- e. the process of proving that a product or service offered by an organization meets or exceeds customers' expectations.

ANSWER: a

133. The majority of the heads of marketing for most multinational corporations would likely describe marketing as a very complex discipline. They will give a long list of variables and factors that influence a company's marketing success. Most of these variables and factors are part of what is called the marketing _____.

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environment.

The U.S. unemployment rate would fall under which set of forces in the marketing environment?

- a. Technological forces
- b. Political forces
- c. Economic forces
- d. Competitive forces
- e. International trade forces

ANSWER: c

134. Your competition is beating you on price in your most important product market. In response, you decide to launch a new ad campaign focusing your customers on the price attribute of your marketing mix. You need a catchy slogan that conveys the attractiveness of your product's pricing.

Which of the following slogans should you use to convey this message most effectively?

- a. "Every Day You Get Our Best"
- b. "Growing and Protecting Your Wealth"
- c. "Expect More. Pay Less"
- d. "There Is No Substitute"
- e. "Always On Time . . . Or You Don't Pay A Dime"

ANSWER: c

135. You believe one of the most effective ways to remind your staff about key marketing concepts and objectives is to give them desk plaques with simple phrases. You want to create a phrase that reminds them that their primary focus should be creating customer value.

Which of the following phrases best tells the story of what customer value is?

- a. "Customer Benefits = Customer Value – Customer Costs"
- b. "Customer Value = Customer Benefits + Customer Costs"
- c. "Customer Costs > Customer Benefits = Customer Value"
- d. "Customer Value = Customer Benefits – Customer Costs"
- e. "Customer Value = Customer Benefits = Customer Costs"

ANSWER: d

136. Your company provides oil exploration services to major oil companies in Russia. The United States government just announced it is imposing economic sanctions on Russia because of the military actions it has taken in Ukraine.

This situation is an example of which of the following types of forces that constantly influence a company's dynamic marketing environment?

- a. Technological force
- b. Sociocultural force
- c. Political force
- d. Legal and regulatory force
- e. Ethical force

ANSWER: c

137. To fully appreciate what an effective marketing concept means to the firm, the marketer must first

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understand that _____ is the major focus of the marketing concept. This in turn should enable the firm to _____. Ultimately, this all leads to _____.

- a. customer satisfaction; earn long-term profits; increased shareholder value
- b. securing management; earn long-term profits; management continuity
- c. employee satisfaction; earn long-term profits; positive labor relations
- d. selling products; earn long-term profits; organizational stability
- e. regulatory compliance; earn long-term profits; reduced regulatory costs

ANSWER: a

138. The successful marketer understands that the key to her success is the relationships her firm is able to develop with current customers and potential customers. Moreover, her goal is to achieve the full potential of each of these relationships for the benefit of the firm.

This marketer clearly understands

- a. that the only way for the firm to increase profits is to constantly acquire new customers.
- b. that customers' needs, desires and habits are homogeneous.
- c. that customer loyalty leads to increasing long-term profitability for the firm.
- d. that data is of limited use in helping the firm understand the needs of customers.
- e. that customer lifetime value includes only the value of what customers purchase from the firm.

ANSWER: c

139. Honda conducts extensive consumer research and discovered that Latinos are reportedly 15% more likely to buy a Japanese auto brand, like Nissan, Honda, or Toyota, than any other group ethnic group. Honda is interested in the Latino market because it represents 20% to 30% of the brands' overall customers. Due to its extensive use of research and customer insight, Honda has been the top-selling brand for Latinos for over 10 years thanks to effective marketing, like its partnership with the "La Reina de la Cancion" singing competition and an advertising campaign on Spanish-language TV. Based on this information, which orientation best applies to Honda?

- a. Environmental orientation
- b. Target market orientation
- c. Sales orientation
- d. Production orientation
- e. Market orientation

ANSWER: e

140. H&M conducted marketing research to identify explanations for the sales declines its retail stores are experiencing across the United States. The research focused on understanding the shopping habits and desires of a key target market—the Millennial generation. The results indicate that Millennials are more interested in supporting organizations that stand for something—or support a cause or contribute to providing social justice. The information can assist H&M in reorganizing their company, developing new products and communicating with their target audiences to be more effective. Based on this information, which orientation best applies to H&M?

- a. Sales orientation
- b. Target market orientation
- c. Market orientation

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- d. Production orientation
- e. Stakeholder orientation

ANSWER: c

141. A recent meeting of the Council of Logistics Management Professionals featured an executive from HP, which is known for its ability to customize computers to customers' needs as well as its ability to provide quality products at economical prices through their retail channel. The executive discussed the firm's capabilities regarding the ability to produce products that are "built-to-order" and noted that recent customer insight showed customers were less willing to wait seven to ten days to receive their computer even though it was built to their specifications. As a result of this customer trend, HP began forging relationships with retailers such as Best Buy to provide a limited number of computer models in the retailers' stores. In order to fulfill the orders to Best Buy, HP was required to make changes in its production and manufacturing such as holding more products in inventory and utilizing different modes of transportation. For example, HP was able to shift from a focus on air transportation to over-the-road trucking, which enabled it to cut costs in some areas. As HP shifted from a "build-to-order" manufacturer to a "make-to-stock" manufacturer, it also had to make investments in customer analytics to identify customer needs as well as collect insight regarding pricing. This customer insight was especially important to the retail partners like Best Buy, which requires its vendors to justify product stock decisions and provide proof that retail inventory will sell at the projected price points. HP's ability to modify its business model by forging relationships with retailers such as Best Buy as well as customer insights has helped the company achieve its revenue and profitability goals.

Which variable of the marketing mix is most affected by HP's decision to become a "make-to-stock" manufacturer?

- a. Product variable
- b. Pricing variable
- c. Distribution variable
- d. Promotion variable
- e. Strategic variable

ANSWER: c

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Which environmental factor is exemplified by the customer trend that no longer being willing to wait 7 to 10

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days for a “build-to-order” computer and which led HP to modify its business model to become a “make-to-stock” manufacturer?

- a. Economic
- b. Competitive
- c. Legal and regulatory
- d. Sociocultural
- e. Regulatory

ANSWER: d

143. A recent meeting of the Council of Logistics Management Professionals featured an executive from HP, which is known for its ability to customize computers to customers’ needs as well as its ability to provide quality products at economical prices through their retail channel. The executive discussed the firm’s capabilities regarding the ability to produce products that are “built-to-order” and noted that recent customer insight showed customers were less willing to wait 7 to 10 days to receive their computer even though it was built to their specifications. As a result of this customer trend, HP began forging relationships with retailers such as Best Buy to provide a limited number of computer models in the retailers’ stores. In order to fulfill the orders to Best Buy, HP was required to make changes in its production and manufacturing such as holding more products in inventory and utilizing different modes of transportation. For example, HP was able to shift from a focus on air transportation to over-the-road trucking, which enabled it to cut costs in some areas. As HP shifted from a “build-to-order” manufacturer to a “make-to-stock” manufacturer, it also had to make investments in customer analytics to identify customer needs as well as collect insight regarding pricing. This customer insight was especially important to the retail partners like Best Buy, which requires its vendors to justify product stock decisions and provide proof that retail inventory will sell at the projected price points. HP’s ability to modify its business model by forging relationships with retailers such as Best Buy as well as customer insights has helped the company achieve its revenue and profitability goals.

Based on the information provided regarding HP, which orientation would best describe its approach to marketing?

- a. Marketing concept
- b. Sales orientation
- c. Competitive orientation
- d. Production orientation
- e. Market orientation

ANSWER: e

144. A New York-based brand and customer loyalty and engagement research consulting firm called Brand Keys conducts research annually to identify the top 100 brands with the highest levels of customer loyalty. Amazon, Google, Apple, and Netflix lead the pack and demonstrate that consumers are enjoying long-term engagement with these companies. The top companies’ ability to generate high levels of customer loyalty demonstrates these firms are engaging in _____ marketing.

- a. relationship
- b. competitive
- c. production
- d. sales-oriented
- e. strategic

ANSWER: a

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145. Amazon Prime has one of the highest customer loyalty ratings in the entertainment industry with a significant percentage of current video streaming subscribers continuing to renew their subscription with Amazon on a yearly basis. In addition, many customers have cancelled their cable or satellite subscriptions and rely almost exclusively on streaming services such as Amazon Prime and Netflix for their entertainment. Amazon Prime video streaming is available as part of Amazon's \$119/year Amazon Prime suite of offerings that includes free 2-day shipping on many Amazon.com orders. Customers can also choose to pay by the month for \$12.99/month. If a significant percentage of subscribers continue their service on an annual basis, Amazon is able to build a stable revenue stream based on repeat purchasers. A quick snapshot of one customer revealed that the customer had subscribed to Prime for five years and generated \$500 in revenue to Amazon. Which of the following marketing terms best captures the importance of customer loyalty and its impact on Amazon?

- a. Customer impact score
- b. Customer retail calculation
- c. Customer patronage value
- d. Customer profitability value
- e. Customer lifetime value

ANSWER: e

146. Recent years have seen the introduction of Uber and Lyft, which enable customers to find a ride using an app on their smartphone. In many cities, the two services undercut traditional taxi fares, allowing Uber and Lyft to achieve phenomenal growth. Uber and Lyft are best described as the

- a. environmental marketing model.
- b. sustainable marketing model.
- c. marketing concept.
- d. sharing economy economic model.
- e. customer lifetime value model.

ANSWER: d

147. Creating long-term relationships with customers is a key component to surviving and thriving in today's competitive business landscape. One tactic many companies are deploying is the use of membership or loyalty programs where customers can accumulate points and receive discounts or free merchandise. For example, Best Western encourages customers to join their membership program and provide key contact information such as their e-mail, address, and phone number. Best Western offers benefits such as upgrades and free room nights based on the number of stays or points a customer has accumulated. This example demonstrates how Best Western is utilizing

- a. marketing mix deployment.
- b. customer relationship management.
- c. marketing technology.
- d. competitive insight.
- e. the marketing concept

ANSWER: b

148. Clive Lilywhite is in the process of creating, pricing, distributing, and promoting a new app to facilitate satisfying exchange relationships with customers and to develop and maintain favorable relationships with stakeholders in a dynamic environment. Clive is engaging in

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- a. advertising.
- b. selling.
- c. marketing.
- d. target marketing.
- e. disruption.

ANSWER: c

149. Higher prices can be used competitively to

- a. achieve higher market share.
- b. achieve greater profits.
- c. start a price war.
- d. establish a product's premium image.
- e. convey value.

ANSWER: d

150. Which of the following can help sustain interest in a product that has been around for a long time?

- a. Product
- b. Price
- c. Promotion
- d. Distribution
- e. Marketing concept

ANSWER: c

151. A company's customers, employees, shareholders, suppliers, governments, communities, and competitors comprise its

- a. stakeholders.
- b. stockholders.
- c. public.
- d. marketing mix.
- e. target market.

ANSWER: a

152. Which of the following is *not* a condition for an exchange to occur?

- a. Two or more parties must participate, and each must possess something of value.
- b. The exchange must meet expectations.
- c. Each party must have confidence in the something of value held by the other.
- d. The exchange should provide a benefit or satisfaction to only the buyer.
- e. The exchange should provide a benefit or satisfaction to both parties.

ANSWER: d

153. _____ is a customer's subjective assessment of benefits relative to costs in determining the worth of a product.

- a. Marketing orientation

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- b. Monetary price
- c. Product assessment
- d. Price assessment
- e. Value

ANSWER: e

154. The equation a buyer applies to assess a product's value is

- a. $\text{value} = \text{monetary price} - \text{customer benefits}$.
- b. $\text{value} = \text{customer costs} - \text{customer benefits}$.
- c. $\text{value} = \text{customer benefits} - \text{customer costs}$.
- d. $\text{value} = \text{customer benefits} - \text{monetary price}$.
- e. $\text{value} = \text{customer benefits} - \text{time and effort}$.

ANSWER: c

155. Customer costs include anything the buyer must give up in order to obtain the benefits the product provides. The most obvious customer cost is

- a. risk.
- b. time.
- c. monetary price.
- d. effort.
- e. availability.

ANSWER: c

156. Which of the following would *not* be a customer cost considered in determination of product value?

- a. Product's purchase price
- b. Time spent purchasing the product
- c. Effort spent purchasing the product
- d. Benefits received in the exchange for the products
- e. Risk of purchasing the product

ANSWER: d

157. Holden, a buyer for a medium-sized company, is assessing the value of competing software products for use in his firm. Which of the following would *not* be a customer benefit considered in his determination of this product's value?

- a. Speed of delivery
- b. Ease of installation
- c. Availability of technical support
- d. Availability of training assistance
- e. Monetary price

ANSWER: e

158. Dunkin' is introducing some of its products into supermarkets, vending machines, college campuses, and other locations to increase its product availability and convenience. One reason Dunkin' is doing so is to

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- a. decrease customer benefits.
- b. increase customer costs.
- c. increase customer value.
- d. increase distribution expenses.
- e. decrease promotion expenses.

ANSWER: c

159. Businesses that view sales as the major means of increasing profits are operating with a _____ orientation.

- a. production
- b. market
- c. disruptive
- d. sales
- e. green

ANSWER: d

160. Businesses that strive to determine what customers need or want and then develop products to satisfy those needs and wants are operating in a(n) _____ orientation.

- a. production
- b. disruptive
- c. sales
- d. evolutionary
- e. market

ANSWER: e

161. Organizations try to retain and increase long-term profitability through customer loyalty, which results from increasing

- a. production.
- b. market share.
- c. sales.
- d. market value.
- e. customer value.

ANSWER: e

162. Advances in technology, along with falling political and economic barriers and the universal desire for a higher standard of living, have made

- a. it harder to compete.
- b. implementing the marketing concept easier.
- c. marketing online challenging.
- d. marketing across national borders rare.
- e. marketing across national borders commonplace.

ANSWER: e

163. The essence of marketing is

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- a. to select a target market big enough to make marketing efforts worthwhile.
- b. to collect market information and use it to develop long-lasting customer relationships.
- c. to develop satisfying exchanges from which both customers and marketers benefit.
- d. to modify marketing mix variables so as to secure the highest market share.
- e. to provide customers with the greatest amount of value.

ANSWER: c

164. Target's tagline "Expect More, Pay Less" emphasizes which marketing mix variable?

- a. Promotion
- b. Pricing
- c. Exchange
- d. Product
- e. Distribution

ANSWER: b

165. To fulfill customer expectations about a seller's future behavior, marketers must

- a. deliver on promises made.
- b. advertise and sell products.
- c. create, distribute, promote, and price products.
- d. maintain favorable relationships with stakeholders.
- e. tell the truth on social media.

ANSWER: a

166. Kraft made the announcement that it was eliminating artificial food additives. Which of the following most likely influenced Kraft's decision?

- a. Marketing costs
- b. Regulatory variables
- c. Marketing environment
- d. Marketing task
- e. Marketing mix

ANSWER: c

167. Apple's CEO Tim Cook has a public e-mail address and encourages customers to contact him if they have problems that have not been resolved. Apple seems to embrace a _____ orientation.

- a. value
- b. sales
- c. production
- d. stakeholder
- e. market

ANSWER: e

168. Naomi owns a company that sells snowboards. During the winter, she sells so many snowboards that she constantly has to restock. However, Naomi always seems to have dozens of snowboards left in inventory once

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spring hits and demand falls rapidly. To try and sell these excess snowboards, Naomi offers steep discounts on her products, invests heavily in advertising to make consumers aware of the discounts, and instructs her in-store salespeople to use strong persuasion tactics to convince them to purchase the remaining snowboards. During this period of time, what type of orientation is Naomi embracing?

- a. Production
- b. Sales
- c. Market
- d. Promotion
- e. Marketing concept

ANSWER: b

169. Which of the following is NOT one of the ways in which a firm can obtain profit through customer relationships?

- a. Shortening the duration of customer relationships
- b. Acquiring new customers
- c. Enhancing the profitability of existing customers
- d. Regaining and managing relationships with customers who have stopped doing business with the firm.
- e. Extending the duration of customer relationships

ANSWER: a

170. You work in the marketing department of a company that sells computers directly to customers. Recently, your CEO decided he wants to expand and begin selling through popular retailers. You have been given the task of identifying retailers that reach a significant portion of your company's target market but that also fit with the quality of your company's brand. Once these retailers are selected, you are to work with these retailers to negotiate shelf placement. Your job deals mainly with which marketing mix element?

- a. Promotion
- b. Product
- c. Packaging
- d. Pricing
- e. Distribution

ANSWER: e

171. The marketing concept

- a. is a definition of marketing to attract customers.
- b. focuses on selling and advertising to achieve organizational goals.
- c. focuses on production and selling to achieve organizational goals.
- d. is a strategy for achieving organizational goals by following management intuition.
- e. is a management philosophy that affects all organizational activities.

ANSWER: e

172. Which of the following about marketing is true?

- a. Marketing knowledge enhances consumer awareness.
- b. Marketing is only used by for-profit and government organizations.
- c. Marketing is more likely to lead to a more just government.

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- d. Marketing activities are declining due to new technology.
- e. The marketing profession is the highest-paying profession.

ANSWER: a

173. Which of the following is true about the marketing environment?

- a. Competitive marketing environment forces are the hardest to understand.
- b. Changing marketing environment forces are always advantageous for marketers.
- c. Good marketers are able to anticipate all marketing environment forces before they arise.
- d. Marketing environment forces usually do not impact one another.
- e. The effects of marketing environment forces can be difficult to predict.

ANSWER: e

174. When companies offer basic or extended warranties, they are _____ for customers.

- a. reducing benefits
- b. reducing costs
- c. reducing value
- d. increasing effort
- e. increasing risk

ANSWER: b

175. Before marketers can develop an appropriate marketing mix, they must

- a. adopt a sales orientation.
- b. determine the customer lifetime value.
- c. build relationships with stakeholders.
- d. practice the marketing concept.
- e. collect in-depth, up-to-date information about customer needs.

ANSWER: e

176. Which of the following relates to activities used to inform and persuade or create a desired response?

- a. Promotion
- b. Pricing
- c. Distribution
- d. Research and development
- e. Product development

ANSWER: a

177. Marketing analytics of data about the age, income, ethnicity, gender, and educational level of people in the target market, their preferences for product features, their attitudes toward competitors' products, and the frequency with which they use a product can help marketing managers

- a. decide whether to sell the product in stores or online.
- b. decide how to promote the product
- c. identify the best price.
- d. design and develop a product.

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- e. develop a marketing mix.

ANSWER: e

178. Which of the following can be used in smart systems that provide directions, answer questions, take orders, make deliveries, observe consumers, and check retail store inventory?

- a. Artificial intelligence
- b. Blockchain
- c. Peer-to-peer communication
- d. Cloud computing
- e. Green marketing

ANSWER: a

179. _____ involves machine learning that can simulate human cognitive functions.

- a. Digital marketing
- b. Block chain
- c. Big data analytics
- d. Artificial intelligence
- e. Cloud computing

ANSWER: d

180. Although artificial intelligence and marketing analytics offer exciting opportunities for marketers, they may have a significant negative impact on

- a. the natural environment.
- b. consumer privacy.
- c. diversity.
- d. industry disruption.
- e. equality between small and large businesses.

ANSWER: b

Essay

181. Suppose you are a marketing manager at SC Johnson for a new, all-purpose cleaning product. List four marketing mix variables and describe the decisions and activities associated with each.

ANSWER: Marketers consider activities such as product, pricing, distribution, and promotions as the marketing mix because they decide what type of each element to use and in what amounts.

The product variable of the marketing mix deals with researching customers' needs and wants and designing a product that satisfies them. A product can be a good, a service, or an idea. The product variable also involves creating or modifying brand names and packaging and may include decisions regarding warranty and repair services.

In dealing with the distribution variable, a marketing manager makes products available in the quantities desired to as many target-market customers as possible, keeping total inventory, transportation, and storage costs as low as possible.

The promotion variable relates to activities used to inform individuals or groups about the organization and its products. Promotion can aim to increase public awareness of the organization and of new or existing products. The price variable relates to decisions and actions associated with establishing pricing objectives and policies and determining product prices. Price is a critical component of the marketing mix because customers are concerned about the value obtained in an exchange. Price is often used as a competitive tool, and intense

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price competition sometimes leads to price wars.

182. Describe several activities encompassed by the distribution variable.

ANSWER: When considering the distribution variable, a marketing manager makes products available in the quantities desired to as many target-market customers as possible, keeping total inventory, transportation, and storage costs as low as possible. A marketing manager also may select and motivate intermediaries (wholesalers and retailers), establish and maintain inventory control procedures, and develop and manage transportation and storage systems. Supply chain management (SCM) involves maintaining a flow of products through physical distribution activities. Companies now can make their products available throughout the world without maintaining facilities in each country.

183. Explain why marketing efforts should be oriented toward creating and sustaining satisfying exchange relationships.

ANSWER: The essence of marketing is to develop satisfying exchanges from which both customers and marketers benefit. The customer expects to gain a reward or benefit greater than the costs incurred in a marketing transaction. The marketer expects to gain something of value in return, generally the price charged for the product. To fulfill these expectations, the marketer must deliver on promises made. Over time, this interaction results in relationships between the two parties.

184. What is meant by the term relationship marketing? How does relationship marketing affect the customer?

ANSWER: Relationship marketing refers to “long-term, mutually beneficial arrangements in which both the buyer and seller focus on value enhancement through the creation of more satisfying exchanges.” Relationship marketing continually deepens the buyer’s trust in the company, and as the customer’s confidence grows, this, in turn, increases the firm’s understanding of the customer’s needs. Buyers and marketers can thus enter into a close relationship in which both participate in the creation of value.

185. What are the three ways that marketing environment forces affect a marketer's ability to create satisfying exchange relationships?

ANSWER: The marketing environment forces affect a marketer’s ability to facilitate value driven marketing exchanges in three general ways. First, they influence customers by affecting their lifestyles, standards of living, and preferences and needs for products. Second, marketing environment forces help to determine whether and how a marketing manager can perform certain marketing activities. Third, environmental forces may affect a marketing manager’s decisions and actions by influencing buyers’ reactions to the firm’s marketing mix.

186. What is meant by the term marketing concept, and what departments of a company does it affect?

ANSWER: The marketing concept refers to a management philosophy guiding an organization’s overall activities. Departments such as production, finance, accounting, human resources, and marketing must work together to establish the marketing concept. The overall objectives of a business might relate to increasing profits, market share, sales, or a combination of all three. The marketing concept stresses that an organization can best achieve these objectives by being customer oriented.

187. What does it mean for a company to be market oriented? What are the most important factors involved in being market oriented?

ANSWER: A market orientation requires the organizationwide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organizationwide responsiveness to it. Market orientation is linked to new product innovation by developing a strategic focus to explore and develop new products to serve target markets. Top management, marketing managers, nonmarketing managers (those in production, finance, human resources, and so on), and customers are all important in developing and carrying out a market orientation. Trust, openness, honoring promises, respect,

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collaboration, and recognizing the market as the *raison d'être* are six values required by organizations striving to become more market oriented. Unless marketing managers provide continuous customer-focused leadership with minimal interdepartmental conflict, achieving a market orientation will be difficult. Nonmarketing managers must communicate with marketing managers to share information important to understanding the customer. Finally, a market orientation involves being responsive to ever-changing customer needs and wants.

188. Define the term value, and explain how people determine a product's value.

ANSWER: Value is defined as a customer's subjective assessment of benefits relative to costs in determining the worth of a product (customer value = customer benefits – customer costs). Consumers develop a concept of value through the integration of their perceptions of product quality and financial sacrifice.

189. Why is marketing important to businesses and to the economy?

ANSWER: Businesses must engage in marketing to survive and grow, and marketing activities are needed to reach customers and provide products. Financial resources generated from sales are necessary for the operations of a firm and to provide financial returns to investors. Innovation in operations and products drive business success and customer loyalty. Marketing activities help to produce the profits that are essential to the survival of individual businesses. Without profits, businesses would find it difficult, if not impossible, to buy more raw materials, hire more employees, attract more capital, and create additional products that, in turn, make more profits. Therefore, marketing helps create a successful economy and contributes to the well-being of society.

190. Explain why a knowledge of *marketing* is beneficial for all students.

ANSWER: Studying marketing allows us to understand the importance of marketing to customers, organizations, and our economy. Thus, we can analyze marketing efforts that need improvement and how to attain that goal. As a consumer becomes more aware it is possible to improve purchasing decisions. Understanding marketing enables people to evaluate corrective measures (such as laws, regulations, and industry guidelines) that could stop unfair, damaging, or unethical marketing practices.

191. Define the term target market and provide an example for a product of your choice.

ANSWER: Organizations generally focus their marketing efforts on a specific group of customers called a target market. A target market is the group of customers toward which a company directs a set of marketing efforts.

192. Discuss the concept of green marketing and why it is important to marketers.

ANSWER: Green marketing refers to a strategic process involving stakeholder assessment to create meaningful long-term relationships with customers while maintaining, supporting, and enhancing the natural environment. Such initiatives not only reduce the negative impact that businesses have on the environment but also serve to enhance their reputations as sustainability concerns continue to grow. By addressing concerns about the impact of marketing on society, a firm can contribute to society through socially responsible activities as well as increase its financial performance.

193. Describe the three different types of products.

ANSWER: A product can be a good, a service, or an idea. A good is a physical entity you can touch. A branded pair of spectacles or a branded pair of jeans is an example of a good. A service is the application of human and mechanical efforts to people or objects to provide intangible benefits to customers. Air travel, education, and child day care are examples of services. Ideas include concepts, philosophies, images, and issues. For instance, a marriage counselor, for a fee, gives spouses ideas to help improve their relationship.

194. Discuss the evolution of the marketing concept through the various types of orientation.

ANSWER: The marketing concept may seem like an obvious approach to running a business. However, business people have not always believed that the best way to make sales and profits is to satisfy customers.

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The first type of orientation is known as production orientation. In production orientation, with new technology and new ways of using labor, products poured into the marketplace, where demand for manufactured goods was strong.

According to the sales orientation, businesses viewed sales as the major means of increasing profits, and this period came to have a sales orientation. Businesspeople believed that the most important marketing activities were personal selling, advertising, and distribution. Market orientation requires the "organizationwide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organizationwide responsiveness to it." Market orientation is linked to new product innovation by developing a strategic focus to explore and develop new products to serve target markets.