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Principles of Marketing

Chapter 1

Test Bank Questions

Marketing and Customer Value

Multiple Choice Questions

1. At its essence, marketing is _____.
- A. understanding customers in order to drive business*
 - B. selling a product in a competitive market
 - C. selecting the least expensive distribution channels
 - D. pricing products appropriately

Solution: A. Marketing includes discerning the needs of customers and providing products and services to meet their needs.

Section 1.1 LO1 Easy 1-2

2. Which of the following is an external interested party?
- A. Employees
 - B. Shareholders
 - C. Board of directors
 - D. Competitors*

Solution: D. Like customers, creditors, suppliers, distributors, government, and society at large, competitors have a stake in the success or failure of the company to meet its needs.

Section 1.1 LO1 Easy 1-2

3. Gatorade, an industry-leading sports drink, built market dominance by integrating _____ throughout the product's life cycle.
- A. digital strategies
 - B. advertising
 - C. the marketing mix*
 - D. sales

Solution: C. The 4 Ps—product, price, place, and promotion—make up the marketing mix.

Section 1.1 LO2 Easy 1-2 minutes

4. Trey works in the marketing department of a Midwestern power company. He is writing an article in the company newsletter to update fellow employees about a new customer policy. As a marketer, why might Trey MOST likely believe it's important to communicate this information to employees?
- A. Trey's supervisor assigned the task to him.
 - B. Trey recognizes that he has a responsibility to inform and motivate employees via internal marketing.*
 - C. The board of directors just approved the policy and nobody knows much about it yet.
 - D. Writing articles is part of Trey's job description.

Solution: B. Internal marketing is intended to inform and motivate employees.

Section 1.1 LO2 Moderate 1-3 minutes

5. How do marketers segment markets and respect diversity without falling back on stereotypes?
- A. Complex buying behavior explains segment activity.
 - B. Dissonance buying behavior is also segmented buying behavior.
 - C. Marketers don't use segmentation anymore and instead employ undifferentiated marketing.
 - D. Marketers intentionally segment markets to understand cultures and behaviors but not to discriminate against them.*

Solution: D. Stereotyping is when an individual places all people who share certain traits into a generalized category in a manner that affects how they are treated. Market segmentation is also a process of categorizing people with similar traits into groups, but for the purpose of presenting effective marketing messages.

Section 1.1 LO3 Difficult 4-5 minutes

6. Martinique manages a convenience store near campus. She uses her store windows to communicate that the store now offers freshly ground and brewed coffee that varies from light to dark roast. Is Martinique capturing utility for professors, students, staff, and neighbors through form, time, place, or possession?
- A. Form
 - B. Possession
 - C. Place*
 - D. Time

Solution: C. Marketing creates place utility when it makes goods or services physically available, convenient, and accessible to customers.

Section 1.1 LO3 Moderate 3-5 minutes

7. There are five steps in the marketing process. The first step is to understand the marketplace and customers. Ultimately, the goal and final step is to capture value (sales) from customers. What are the three steps in between?
- A. Develop a marketing strategy, deliver value, and grow profitable customer relations*
 - B. Develop profitable customer relations, deliver value, and develop a marketing strategy
 - C. Deliver customer value, develop a marketing strategy, and develop profitable customer relations
 - D. Deliver a marketing strategy, deliver profitable customer relations, and deliver customer value

Solution: A. The steps in the marketing process are: 1. Understand the marketplace and customers, 2. Develop a customer-driver marketing strategy, 3. Deliver high customer value, 4. Grow profitable customer relations, and 5. Capture value from customers.

Section 1.1 LO3 Difficult 4-5 minutes

8. Heather is a brand manager. She is working with the marketing department on a promotion strategy because she is concerned about the message her brand is communicating. In addition to advertising, sales promotion, and public relations, what other promotion tool could Heather use convey her brand's message?
- A. Packaging
 - B. Product labels
 - C. Social media*
 - D. Partnerships

Solution: C. Brand messages are conveyed across the online spectrum, including accounts on Instagram, YouTube, Facebook, and Twitter.

Section 1.2 LO1 Easy 1-2 minutes

9. One of the primary avenues of advertising is digital/online. Which of the following is NOT an internet advertising option?
- A. Search engine marketing
 - B. Email marketing
 - C. Social media ads
 - D. Trade show marketing*

Solution: D. Trade shows are held in person at a site such an exhibition hall.

Section 1.2 LO2 Easy 1-2 minutes

10. Elaine decides to lower her prices during the holiday season to entice shoppers to buy up remaining inventory. What other P should likely be adjusted to ensure consumers are aware of the price adjustment?

- A. Place
- B. Product
- C. Position
- D. Promotion*

Solution: D. It doesn't do Elaine any good to drop the price if her customers aren't aware of it. She must also promote the price drop in messages, especially advertising.

Section 1.2 LO2 Moderate 3-4 minutes

11. One of the most difficult components in marketing activities is the lack of control over certain factors or forces in the environment. Which of the following is one of these factors?

- A. Fiscal policy*
- B. Organizational culture
- C. Corporate decisions
- D. Staffing choices

Solution: A. Some factors—internal factors—are within the control of the organization. Other factors—external factors—are outside the control of the organization and can include political, economic, social, technological, legal, and environmental factors.

Section 1.3 LO1 Easy 1-2 minutes

12. The marketing environment is complicated. Internally, there is an atmosphere that marketers must take into consideration. One of these internal factors is culture. Another, which refers to a company's assets, is a model that helps define the elements of marketing strategy. This model is called _____.

- A. the marketing mix
- B. the 5M framework*
- C. the 3M framework
- D. Maslow's hierarchy of needs

Solution: B. The 5M framework refers to internal considerations of minds, minutes, machinery, materials, and money.

Section 1.3 LO2 Moderate 3-4 minutes

13. There are tangible ways that company culture can positively impact marketing efforts. Which of the following positively impacts marketing efforts?

- A. Straying from core values
- B. Empowering employees*
- C. Discounting merchandise
- D. Offering free parking to customers

Solution: B. Empowering employees to do “whatever it takes” to provide a good customer service experience is a tangible way for a company’s organizational culture to positively impact marketing efforts.

Section 1.3 LO3 Moderate 3-4 minutes

14. Sebastian is having difficulties coordinating the timing of his marketing messages and getting products on retail shelves. Of the microenvironmental forces closest to his company, which one is Sebastian focusing on right now?

- A. Customers
- B. Competitors
- C. Intermediaries*
- D. General public

Solution: C. Intermediaries include retailers and wholesalers who make the right product available at the right time at the right price to the right market.

Section 1.3 LO4 Easy 1-2 minutes

15. Trade policies are part of a business’s macroenvironment. When China interferes with the United States’ intention to trade with Taiwan, it is part of which macroenvironmental factor?

- A. Legal
- B. Natural
- C. Social
- D. Political*

Solution: D. Trade restrictions, political stability, fiscal policies, and business policies are part of the political climate in this case.

Section 1.3 LO4 Easy 1-2 minutes

16. Marketing practices have evolved over time. Which one of the following concepts began the notion of relationship marketing?

- A. The product concept
- B. The production concept
- C. The marketing concept*
- D. The societal concept

Solution: C. The marketing concept was also the start of relationship marketing— fostering long-term relationships with customers in order to ensure repeat sales and achieve stable relationships and reduced costs.

Section 1.4 LO4 Moderate 3-4 minutes

17. When Hamad visits a cell phone dealer, he tells the salesperson that he needs a phone with a good camera, a long battery life, and adequate memory. What Hanad doesn't express is that he wants his phone to look cool and allow him to install apps like Fortnite. Which category does Hanad's need for a cool-looking phone fall into?

- A. A stated need
- B. A real need
- C. A secret need*
- D. Product expectations

Solution: C. Secret needs are those that a customer may not state or realize but can be one of the main reasons for choosing a particular product to fulfill the basic stated need.

Section 1.5 LO1 Easy 1-2 minutes

18. Why is a product's or service's value proposition an important marketing consideration?

- A. Customers always want to see the word "value" in any promotional message.
- B. Value always equates to lower price.
- C. Value starts targeting as many people as possible.
- D. The value proposition is a promise about a benefit to the customer.*

Solution: D. A value proposition is, in effect, a promise from the company to the customer, and it can serve as a competitive differentiator to motivate customers to purchase your company's products or services.

Section 1.5 LO2 Easy 1-2 minutes

19. There are four requirements for an exchange to happen. Marketing facilitates this process by letting potential buyers know where to purchase a particular product or service. What is the fourth component necessary for an exchange?

- A. Handshake
- B. Cash register
- C. Payment*
- D. Receipt

Solution: C. Marketing facilitates what is known as the exchange process—the act of obtaining a desired product or service from an individual or business by providing in return something of value.

Section 1.5 LO2 Moderate 3-4 minutes

20. Toby has just purchased a subscription to Salesforce because he wants to manage customer relationships (CRM) more scientifically and profitably. What is the essential component that Toby is seeking from Salesforce?

- A. Toby needs a system to collect information about customers.
- B. Toby needs a system to facilitate payments between his company and his customers.
- C. Toby needs a system for collecting and analyzing customer data to gain insights.*
- D. Toby needs a system for tracking the psychological motivations of customers.

Solution: C. CRM software systems track and work with data about customers. Toby can work with this data to analyze data and gain insights about customers and their behavior.

Section 1.6 LO1 Moderate 3-4 minutes

21. Customer loyalty and retention refer to a company's ability to engage new and existing customers in an ongoing, positive relationship. Which of the following is one of the ways customer relationship management (CRM) software facilitates loyalty and retention?

- A. It points out competitors' loyalty programs.
- B. It utilizes one-way communication.
- C. It reduces automation.
- D. It results in greater customer equity.*

Solution: D. CRM paves the way for open, honest dialogue that can ultimately lead to benefits to customers, thus resulting in higher customer equity.

Section 1.6 LO2 Moderate 3-4 minutes

22. Ethical marketing not only requires marketers to consider how the introduction of new products will benefit society but also promotes _____.

- A. transparency with competitors
- B. fairness, honesty, and sense of responsibility*
- C. automated communications with customers
- D. attempting to adhere to norms, standards, rules, and regulations

Solution: B. Ethical marketing is a philosophy that promotes fairness, honesty, and a sense of responsibility in all the marketing done by the company.

Section 1.7 LO1 Moderate 3-4 minutes

23. According to Lapaas Digital of New Delhi, India, the most important principle of ethical marketing is _____.

- A. the privacy of the end consumer*
- B. the profitability of the campaign
- C. using the same language as the consumer
- D. utilizing digital channels to communicate with channel members

Solution: A. Maintaining the privacy of the end user is most important in following the principles of ethical marketing.

Section 1.7 LO2 Moderate 3-4 minutes

Short Answer Questions

Note: Responses to open-ended questions will vary. The sample answers provide some elements or themes that a student might consider.

1. Research shows 56 percent of US consumers stop buying from companies they consider unethical; 33 percent are inclined to tell others about companies they perceive to be honest, fair, and responsible; and 29 percent share support of ethical companies via social media. What are three practices ethical marketers can follow to maintain reputations for honesty, fairness, and responsibility?

[Solution: Marketers can respect data privacy, prioritize consumer concerns, and ensure transparency while not exaggerating or making false claims or inaccurate comparisons.]

Section 1.7 LO2 Moderate 4-5 minutes

2. List and discuss the tools marketers rely upon as they develop strategies to add value to the company's business.

[Solution: Marketers depend upon the marketing mix—product, price, place, and promotion—as well as an understanding of the marketing environment while maintaining ethics, honesty, and industry standards.]

Section 1.2 LO1 Easy 5-7 minutes

3. List at least three US retailers that follow the marketing concept by focusing on customer needs before developing products rather than developing products and then trying to "sell" them to consumers. Include evidence to support your list of retailers employing the marketing concept.

[Solution: Three fast-food retailers that listen to consumers' input and then introduce new products are McDonald's, Subway, and Arby's. For example, McDonald's recently added new products to its menu, including seasonal desserts, cheese Danish, bagel sandwiches, and Chicken Big Mac. McDonald's has built its business on the concept that an organization will achieve its goals when it satisfies the needs and wants of the consumer. As marketing has evolved, McDonald's has successfully followed the marketing concept.]

Section 1.4 LO4 Moderate 3-4 minutes

4. Cynthia and Miguel are real estate agents who work with a broker in a wealthy suburb of Kansas City. Recently, Cynthia and Miguel's team convinced them to invest in a customer relationship management (CRM) software package. What are the advantages of using the CRM to this real estate team as well as their customers?

[Solution: The realtors' goals are to improve customer service relationships and improve customer retention. It is typically easier and less expensive to retain a loyal customer than acquire a new one. CRMs enable companies to track, manage, and analyze customer interactions, enhancing loyalty and retention. They store and track contact with company representatives, such as phone calls, emails, live chat conversations, service requests, purchases, and returns.]

Section 1.6 LO2 Easy 2-4 minutes

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