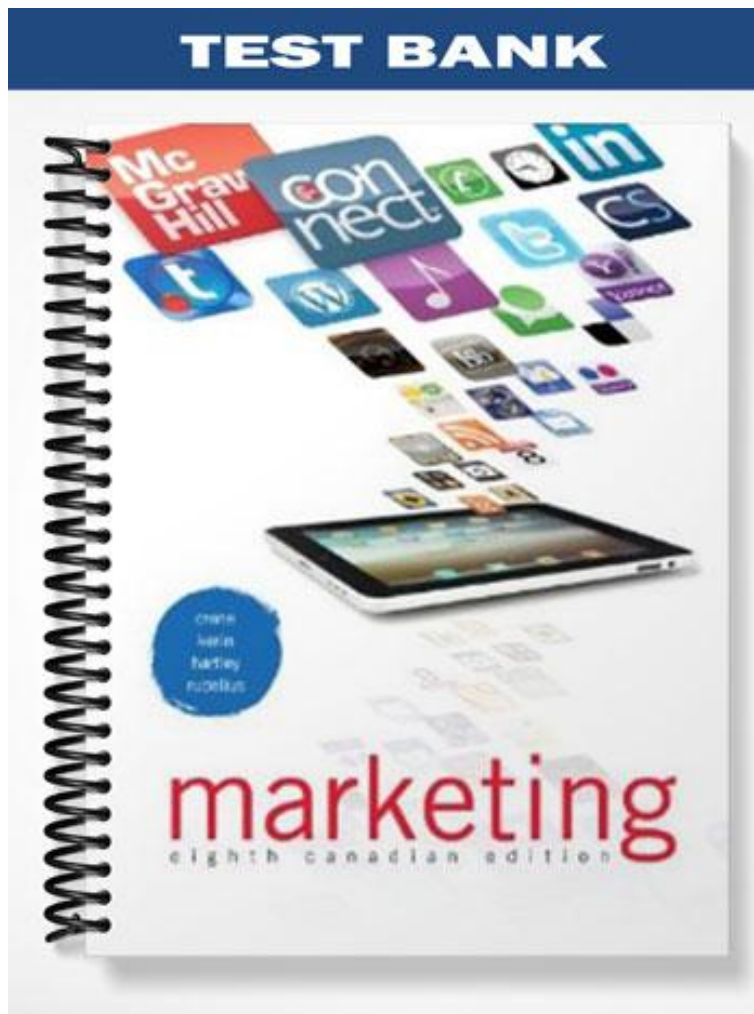


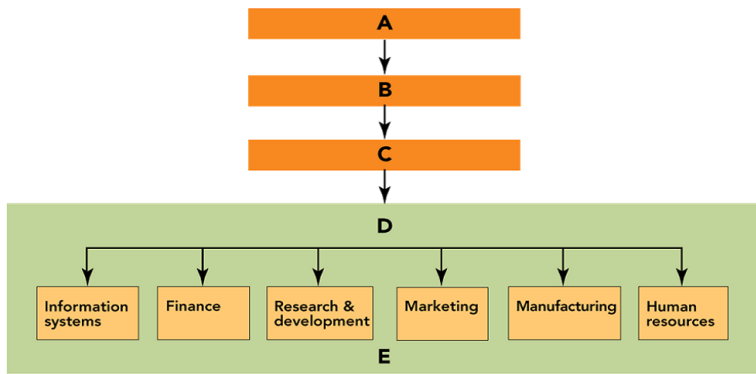
**TEST BANK**



Student: \_\_\_\_\_

1. Which of the following is NOT one of Canadian Tire's core businesses?
  - A. Canadian Tire Retail.
  - B. Canadian Tire Travel Services.
  - C. PartSource.
  - D. Canadian Tire Financial Services.
  - E. Canadian Tire Petroleum.
  
2. Canadian Tire is a Canadian success story. Canadian Tire employs \_\_\_\_\_ Canadians and has revenues of close to \_\_\_\_\_ annually.
  - A. 25,000 and \$5 billion
  - B. 40,000 and \$7.5 billion
  - C. 33,000 and \$6 billion
  - D. 48,000 and \$8.6 billion
  - E. 58,000 and \$10 billion
  
3. Canadian Tire's core values include:
  - A. honesty, integrity, and respect along with good corporate citizenship.
  - B. sustainability, fiscal responsibility, Canadian-sourced and eco-friendly.
  - C. diversity, shareholder value, and sustainable growth.
  - D. none of these answers are correct.
  - E. all of these answers are correct.
  
4. In today's global competition, it is important to recognize the kinds of organizations that exist. Organizations can basically be divided into two categories:
  - A. privately owned and publically owned.
  - B. regulated and unregulated.
  - C. domestic and multi-national.
  - D. domestic and global.
  - E. business and non-profit.
  
5. A \_\_\_\_\_ is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.
  - A. business firm
  - B. nonprofit organization
  - C. government agency
  - D. public university
  - E. household
  
6. Organizations that develop similar offerings, when grouped together, create a(n):
  - A. product market.
  - B. conglomerate.
  - C. industry.
  - D. cartel.
  - E. embargo.
  
7. A privately owned organization that serves its customers in order to earn a profit is called a:
  - A. business firm.
  - B. nonprofit organization.
  - C. community action program.
  - D. manufacturing agent.
  - E. cooperative.

8. Which statement describes the most significant difference between a business firm and a nonprofit organization?
- A. Business firms operate with larger budgets.
  - B. Nonprofit organizations do not carry on economic activities, and business firms do.
  - C. Nonprofit organizations are concerned with social issues, and business firms are not.
  - D. Both serve customers, but business firms seek a profit while nonprofit organizations do not.
  - E. Nonprofit organizations are publicly owned, and business firms are not.
9. \_\_\_\_\_ is the reward to a business firm for the risk it undertakes in offering a product for sale.
- A. Shareholders' equity
  - B. Profit
  - C. Inventory turnover
  - D. Contribution margin
  - E. Asset leverage
10. Profit is:
- A. the point at which company assets equal company liabilities.
  - B. the money left over after a firm's total expenses are subtracted from its total revenues.
  - C. the goodwill earned from implementing the societal marketing concept.
  - D. the money earned as long as the economic order quantity is maintained.
  - E. accurately described by all of these answers.
11. A(n) \_\_\_\_\_ is a legal entity of people who share a common mission:
- A. special interest group.
  - B. organization.
  - C. lobby group.
  - D. industry.
  - E. strategic business unit.
12. Which of the following best describes what constitutes an organization's potential *offerings*?
- A. products and services.
  - B. products, services, ideas and experiences.
  - C. physical goods and services.
  - D. products only.
  - E. services only.
13. An organization's long-term course of action designed to deliver a unique customer experience while achieving its goals is known as \_\_\_\_\_:
- A. corporate planning.
  - B. market development.
  - C. strategy.
  - D. customer relationship management.
  - E. none of these answers.
14. Large organizations can be extremely complex. They usually consist of \_\_\_\_\_ organizational level(s) whose strategy is linked to marketing:
- A. two.
  - B. four.
  - C. five.
  - D. three.
  - E. one.



**Figure 2-1**

15. In Figure 2-1, "A" represents the:
  - A. functional-level strategy level.
  - B. Board of Directors.
  - C. corporate-level strategy level.
  - D. CEO.
  - E. business-unit strategy level.
16. In Figure 2-1, "B" represents the
  - A. functional-level strategy level.
  - B. Board of Directors.
  - C. corporate-level strategy level.
  - D. departments.
  - E. business-unit strategy level.
17. In Figure 2-1, "C" represents the
  - A. business-unit strategy level.
  - B. Board of Directors.
  - C. corporate-level strategy level.
  - D. functional-level strategy level.
  - E. CEO.
18. In Figure 2-1, "D" represents the
  - A. business-unit strategy level.
  - B. functional-level strategy level.
  - C. corporate-level strategy level.
  - D. Board of Directors.
  - E. CEO.
19. In Figure 2-1, "E" represents
  - A. Board of Directors.
  - B. corporate-level strategy level.
  - C. departments.
  - D. functional-level strategy level.
  - E. business-unit strategy level.
20. A strategic business unit refers to a subsidiary, division or unit of an organization that:
  - A. directs overall strategy for the organization.
  - B. markets a set of related products to a clearly defined group of customers.
  - C. has marketing and other specialized activities.
  - D. also has a comparable non-business unit.
  - E. is usually non-profit.

21. The acronym SBU stands for:
  - A. strategic business unit.
  - B. standard business unit.
  - C. strategic benefit of usage.
  - D. service business unit.
  - E. service business usage.
  
22. The corporate level is where top management directs:
  - A. all employees' training and orientation.
  - B. recruitment strategy and tactics.
  - C. overall strategy for the entire organization.
  - D. overall sales projections.
  - E. all of these answers are correct.
  
23. Each business unit has marketing and other specialized activities (e.g., finance, manufacturing, or research and development) at the \_\_\_\_\_ level, which is where groups of specialists create value for the organization.
  - A. top management
  - B. business unit
  - C. functional
  - D. corporate
  - E. strategic
  
24. At what organizational level do people in the marketing and the human resources department actually create value for the organization?
  - A. top management level
  - B. business unit level
  - C. functional level
  - D. corporate level
  - E. middle management level
  
25. The strategic business unit level is the level:
  - A. that works most directly with the targeted customers.
  - B. at which the overall strategy for the organization is directed.
  - C. that is most likely to change substantially over time.
  - D. at which more end-user analysis is provided.
  - E. at which business unit managers set the direction for their products and markets.
  
26. For less complex firms with a single business focus, which two organizational levels may merge?
  - A. corporate-level and business unit-level.
  - B. corporate-level and strategic business unit-level.
  - C. strategic business-unit level and functional-level.
  - D. marketing and research and development.
  - E. board of directors and corporate-level.
  
27. Craig Conway is CEO of a software design company named PeopleSoft, a company that has automated many human resource functions such as tracking vacation time. Conway operates at the \_\_\_\_\_ level of his organization.
  - A. business unit
  - B. functional
  - C. corporate
  - D. strategic
  - E. back office

28. At the strategic business unit level, the marketing department provides leadership activities in:
- A. maintaining discipline.
  - B. creating fiscal restraint.
  - C. identifying value-creating opportunities.
  - D. creating the corporate culture.
  - E. sustaining the means-end chain.
29. In a large corporation with multiple business units, the marketing department may be called upon to:
- A. allocate financial resources across business units.
  - B. set the overall mission of the company.
  - C. allocate shareholder dividends through a large financial institution.
  - D. be quite small compared to other functional areas.
  - E. assist managers at higher levels to assess environmental trends or aid in their strategic planning efforts.
30. Bill McDermott is President and CEO of SAP Americas and Asia Pacific Japan. SAP is a company that sells extremely expensive enterprise resource planning software to large and mid-sized companies. McDermott operates at the \_\_\_\_\_ level of his organization.
- A. business unit
  - B. functional
  - C. corporate
  - D. strategic
  - E. tactical
31. At which level of the organization does most of the organization's work get done?
- A. strategic
  - B. product
  - C. corporate
  - D. business unit
  - E. functional
32. In recent years, many large firms have changed the title of the head of marketing from vice president of marketing to
- A. commercial executive officer.
  - B. chief marketing officer.
  - C. corporate marketing official.
  - D. coordinating marketing officer.
  - E. corporate marketing executive.
33. Marketing serves as part of a \_\_\_\_\_ of specialists from all the functional units who analyze, implement, and control programs to accomplish the corporate and business strategic directions.
- A. department
  - B. system
  - C. organization
  - D. team
  - E. company
34. A small number of people from different departments in an organization who are mutually accountable to accomplish a task or common set of performance goals are known as a(n):
- A. inter-disciplinary group
  - B. matrix group
  - C. cross-functional team
  - D. multi-disciplinary team
  - E. inter-departmental strategic unit (IDSU)

35. Jean-Rene Fourtou is CEO of Rhone-Poulenc, a company that had \$17-billion in sales for its chemicals and pharmaceuticals in the mid-1990s. Two Nobel Prize-winners work for Rhone-Poulenc. When Fourtou was asked where top scientists get their best ideas, he responded that those ideas come from people outside their own discipline. He then said, "Shock comes when different things meet. It's the interface that's interesting." Fourtou would be a supporter of:
- A. individualism in the workplace.
  - B. strategic planning being performed solely by those at the corporate level.
  - C. multiple strategic directions.
  - D. an ambiguous mission statement.
  - E. cross-functional teams.
36. Sometimes cross-functional teams will have representatives from outside the organization such as:
- A. suppliers and customers.
  - B. consultants and retired CEOs.
  - C. opinion leaders.
  - D. competitors.
  - E. organizational coaches.
37. Which of the following statements regarding the strategic business unit level is most accurate?
- A. The strategic business unit level is the level that works most directly with the targeted customers.
  - B. The overall strategy for the organization is directed at the strategic business unit level.
  - C. In more complex organizations the corporate level and the strategic business unit level may merge.
  - D. More end-user analysis is provided at the strategic business unit level than at the functional level.
  - E. The strategic direction is more specific at the strategic business unit level than at the corporate level.
38. Specialized functions such as marketing and finance are generally referred to as:
- A. teams.
  - B. groups.
  - C. partnerships.
  - D. departments.
  - E. functional areas.
39. On the northern tip of Goose Island in the Chicago River sits the William Wrigley Jr. Company's Global Innovation Center. Here Wrigley can create new products—a joint effort by some 250 full-time food scientists, researchers, and marketers. The people who work in this center are most likely members of
- A. innovation teams.
  - B. a business consortium.
  - C. multiple strategic directional teams.
  - D. strategic implementation teams.
  - E. cross-functional teams.
40. Which of the following statements would *most likely* be heard at the functional level of an organization?
- A. "We need to be aware of what our competitors are doing."
  - B. "How much money can we allot to the marketing department?"
  - C. "Make sure we buy 15 seconds of air time for this coming Super Bowl."
  - D. "We should hire the most culturally diverse team possible in order to get the best new ideas."
  - E. "What are the projected sales figures for the next five years?"
41. In terms of an organization's vision, railroads may have lost business because they:
- A. are too slow and cumbersome.
  - B. defined their business too narrowly.
  - C. defined their business too broadly.
  - D. priced their services too high.
  - E. are simply an outmoded form of transportation.

42. Railroads may have let other forms of transportation take business away from them because their definition included only the railroad business, rather than the broader definition of:
- transportation.
  - aerospace.
  - entertainment.
  - retailing.
  - wholesaling.



**Figure 2-2**

43. In Figure 2-2, section "A" represents the "why" element of visionary organization. This is referred to as
- organizational tactics.
  - organizational mission.
  - organizational foundation.
  - organizational direction.
  - organizational strategies.
44. In Figure 2-2, section "B" represents the "what" element of visionary organization. This is referred to as
- organizational tactics.
  - organizational mission.
  - organizational foundation.
  - organizational direction.
  - organizational strategies.
45. In Figure 2-2, section "C" represents the "how" element of visionary organization. This is referred to as
- organizational tactics.
  - organizational mission.
  - organizational foundation.
  - organizational direction.
  - organizational strategies.
46. Today's visionary organization uses key elements to (1) \_\_\_\_\_ and (2) set a direction using (3) its strategies that enable it to develop and market its offerings successfully.
- set financial goals
  - establish a foundation
  - establish detailed marketing tactics
  - assign job responsibilities
  - establish financial parameters
47. Often used interchangeably with "vision" a \_\_\_\_\_ statement frequently has an inspirational theme.
- point of difference
  - mission
  - business portfolio
  - internal situation analysis
  - annual report



48. By understanding its business, an organization can take steps to define its \_\_\_\_, a statement of the organization's scope. This statement often identifies its customers, markets, products, technology, and values.
- A. benefit statement
  - B. business portfolio
  - C. functional philosophy
  - D. mission
  - E. corporate code
49. "Holiday Inn Burlington is dedicated to providing quality hospitality product and service. Although we try to anticipate guest concerns before they arise, we understand that every customer is an individual who requires special attention." This is a part of their \_\_\_\_\_ statement.
- A. benefit statement
  - B. business portfolio
  - C. functional philosophy
  - D. mission
  - E. corporate code
50. A clear, challenging, and compelling picture of an envisioned future is known as a:
- A. benefit statement
  - B. business portfolio
  - C. functional philosophy
  - D. mission
  - E. corporate code
51. Which of the following may constitute an organization's internal stakeholders?
- A. Employees.
  - B. Suppliers.
  - C. Regulatory agencies.
  - D. Distributors.
  - E. All of these are examples of internal stakeholders.
52. Which of the following statements about stakeholders is true?
- A. Employees are typically not classified as a stakeholder group.
  - B. There are only three types of external stakeholders - customers, suppliers, and distributors.
  - C. All stakeholders are external to the organization.
  - D. Stakeholders have a stake in how well a company performs.
  - E. Stakeholders have no real impact on how well a company performs.
53. Which of the following would NOT be an example of stakeholders for a television production company like John Wells Productions?
- A. the actors that star in the television shows it produces
  - B. the people that provide the sets and the props used in the television shows it produces
  - C. the television critics that review the shows it produces
  - D. its television audiences
  - E. the electronics firms that make hi-definition televisions
54. An organization's \_\_\_\_\_ refers to a system of shared attitudes and behaviours held by the employees that distinguish it from other organizations.
- A. corporate philosophy
  - B. benefits statement
  - C. culture
  - D. corporate profile
  - E. business edge

55. PeopleSoft designs, produces, and markets software that enables companies to automate basic human-resources functions such as payroll. At its inception, the company's leaders created a(n) \_\_\_\_\_ that encouraged employees to get in touch with their feelings. The work environment was laid back, employees' dogs roamed the halls, and sunny days found employees playing Frisbee on the corporate lawns.
- A. corporate philosophy
  - B. environment
  - C. organizational culture
  - D. corporate profile
  - E. business edge
56. Which of the following statements about organizational goals is NOT true?
- A. The terms goal and objective can be used interchangeably.
  - B. In an organization, goals exist at the corporate, business, and functional levels.
  - C. All lower-level goals should contribute to the achievement of higher-level goals.
  - D. Goals convert an organization's mission into targeted levels of performance to be achieved.
  - E. Goals are clear, broad descriptions of an organization's offering(s).
57. Statements of an accomplishment of a task to be achieved, often by a specific time are known as:
- A. plans.
  - B. procedures.
  - C. bureaucracies.
  - D. goals or objectives.
  - E. visions.
58. Kodak wanting to be the top seller of digital cameras by 2012 (currently, it is third) is an example of an organizational:
- A. plan.
  - B. procedure.
  - C. bureaucracy.
  - D. goal or objective.
  - E. vision.
59. Medtronic, a world leader in heart pacemakers, is not in the medical device business but is in the business of: alleviating pain, restoring health, and extending life. This conscious effort of Medtronic defining their business shows they are paying attention to:
- A. the marketing mix
  - B. corporate culture
  - C. how narrow or broad their business is
  - D. marketing strategy
  - E. corporate goals
60. Some corporations choose unit sales rather than sales revenue as an organizational goal. Sales revenues can be deceiving because of:
- A. poor sales databases.
  - B. fluctuations in inventory.
  - C. unpredictable sales expenses.
  - D. slow sales forecasting.
  - E. inflation.
61. Classic economic theory assumes a firm seeks to maximize its long-run \_\_\_\_, achieving as high a financial return on its investment as possible.
- A. profit
  - B. sales revenue
  - C. market share
  - D. quality
  - E. employee welfare

62. Brittany read on the second page of the stockholder's report for a manufacturer of automobile parts, "Our goal for the next five year period is to double our return on investment." She now knows the company has \_\_\_\_\_ goals.
- A. profit
  - B. sales revenue
  - C. market share
  - D. unit sales
  - E. survival
63. If profits are acceptable, a firm may elect to \_\_\_\_\_ even though profitability may not be maximized.
- A. abandon green marketing
  - B. decrease employee loyalty
  - C. maintain or increase sales
  - D. decrease social responsibility
  - E. buy company stock
64. A small business owner was explaining how she was planning for the upcoming holiday season, "We've got to maximize our dollars of sales because profits are adequate at the moment." From this statement, she is most concerned with \_\_\_\_\_ goals.
- A. profit
  - B. sales revenue
  - C. market share
  - D. social responsibility
  - E. survival
65. When sales revenue is chosen as an organizational goal, a firm:
- A. increases sales levels and strives for a constant level of profits.
  - B. maintains sales levels and strives for maximum profitability.
  - C. maintains or increases sales levels even though profitability may not be at the maximum.
  - D. decreases sales levels but increases profit margins.
  - E. decreases sales levels and reduces the profit margin.
66. The concept of sustainable development asks a country to balance the profit goals of businesses with their \_\_\_\_\_ goals.
- A. return on investment
  - B. market share
  - C. unit sales
  - D. sales revenue
  - E. social responsibility
67. An explicit goal stating its commitment to provide good employment opportunities and working conditions illustrates what type of goals?
- A. return on investment
  - B. market share
  - C. employee welfare
  - D. sales revenue
  - E. social responsibility
68. Pfizer Canada offering day-care facilities to its employees; and BC Biomedical offering flex-work opportunities illustrates what type of goals?
- A. return on investment
  - B. market share
  - C. employee welfare
  - D. sales revenue
  - E. social responsibility

69. Corporate executives and world leaders are increasingly asked to address the issue of \_\_\_\_, a term that refers to having each country find an ideal balance between protecting its environment and providing its citizens with the additional goods and services necessary to maintain and improve their standard of living.
- A. corporate culture
  - B. profit margin
  - C. strategic direction
  - D. acculturation
  - E. sustainable development
70. The ratio of the sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself, is known as:
- A. sales quality.
  - B. market share.
  - C. industry potential.
  - D. contribution margin.
  - E. marginal revenue.
71. Market share is:
- A. the ratio of the profit of the firm to the total profits of all firms in the industry, not including the firm itself.
  - B. the ratio of the profit of the firm to the total profits of all firms in the industry, including the firm itself.
  - C. the ratio of the sales revenue of the firm to the total sales revenue of all firms in the industry, not including the firm itself.
  - D. the ratio of the sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself.
  - E. the ratio of the profits of all firms in an industry to the profits of the firm.
72. Market share is the ratio of sales revenue of the firm to the total sales revenue of all \_\_\_\_, including the firm itself.
- A. firms in the industry
  - B. firms in alternative industries
  - C. firms surveyed by the Government
  - D. firms sharing in marketing principles
  - E. domestic firms
73. When an organization wants to avoid the effects of inflation, which of the following goals will it emphasize?
- A. profits
  - B. unit sales
  - C. sales revenue
  - D. market share
  - E. return on investment (ROI)
74. Some corporations choose unit sales rather than sales revenue as an organizational goal. Sales revenues can be deceiving because of:
- A. inaccurate accounting practices.
  - B. inflation.
  - C. incomplete cost projections.
  - D. inadequate sales forecasting.
  - E. derived demand.

75. Xbox video game consoles were developed through a joint venture between Microsoft and the WWF (World Wrestling Federation) and first marketed in the fall of 2001. Complaints about the video game began immediately after its introduction. These complaints ranged from missing parts to incorrect programming. It would seem obvious that the manufacturer of Xbox video game consoles should adopt \_\_\_\_\_ goals.
- A. profit
  - B. sales revenue
  - C. market share
  - D. quality
  - E. employee welfare
76. A catalogue retailer who set as its qualitative goal to reduce merchandise returns by 20 percent would have set \_\_\_\_\_ goals.
- A. customer satisfaction
  - B. employee welfare
  - C. market share
  - D. social responsibility
  - E. profit
77. A firm may recognize the critical importance of its \_\_\_\_\_ by having explicit goals that state its intention to improve work conditions by adding more lighting and providing the workers with more and better safety equipment.
- A. satisfaction
  - B. sales revenue
  - C. market share
  - D. quality
  - E. employee welfare
78. Pfizer Pharmaceuticals is offering low-income senior citizens some of its most widely used prescriptions for \$15 each a month - much below the regular costs for these drugs. This program to better serve senior citizens likely grew out of a \_\_\_\_\_ goal.
- A. profit
  - B. unit sales
  - C. sales revenue
  - D. market share
  - E. social responsibility
79. The business goal of a company that is trying to balance conflicting goals of consumers, employees, and stockholders even at the expense of profits is referred to as a \_\_\_\_\_ goal.
- A. return on investment
  - B. market share
  - C. sales revenue
  - D. unit sales
  - E. social responsibility
80. A nonprofit organization is a nongovernmental organization that does not have profit as an organizational goal. What other quality characterizes nonprofit organizations?
- A. They make a great deal of money.
  - B. They need not be concerned with efficiency.
  - C. They are not concerned with quality as a rule.
  - D. They must lose money to retain their nonprofit status.
  - E. They serve customers.

81. An example of a private organization that does not seek profit is:
- A. Industry Canada.
  - B. FedEx.
  - C. the Toronto Blue Jays.
  - D. the Montreal Museum for Fine Arts.
  - E. all of these answers are correct.
82. All organizational strategies are influenced by each of the following EXCEPT:
- A. organizational foundation.
  - B. profit
  - C. organizational direction.
  - D. offering.
  - E. organizational level.
83. \_\_\_\_\_ are an organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations.
- A. Accomplishments
  - B. Acquisitions
  - C. Capacities
  - D. Characteristics
  - E. Competencies
84. Rhone-Poulenc is an international French company that produces and markets a variety of chemicals and pharmaceuticals. Due to the resources it makes available to its scientists and researchers, the company has a number of Nobel Prize winners working in its laboratories. This ability to attract some of the finest minds in the world to its workforce is an example of a(n):
- A. synergistic capacity.
  - B. market accomplishment.
  - C. unsought benefit.
  - D. product development strategy.
  - E. competency.
85. \_\_\_\_\_ is a unique strength that an organization has relative to its competitors. It is often based on quality, time, cost, customer intimacy, customer experience management or innovation.
- A. Market penetration
  - B. Product differentiation
  - C. Competitive advantage
  - D. Business divergence
  - E. Business competency
86. 92 percent of the Canadian population lives within 15 minutes of a Canadian Tire Store; this ability to stay close to the customer is an example of Canadian Tire's \_\_\_\_\_:
- A. benchmarking.
  - B. customer management.
  - C. mission statement.
  - D. competitive advantage.
  - E. organizational objective.
87. \_\_\_\_\_ describes the totality of features and characteristics of a good or service that bear on its ability to satisfy stated or implied needs.
- A. Product concept
  - B. Core benefit proposition
  - C. Prototype
  - D. Quality
  - E. Core competency

88. Which of the following statements about quality as a competitive advantage is true?
- A. The only way to create a competitive advantage is by improving quality.
  - B. To be successful, a competitive advantage does not have to be unique.
  - C. An innovation can be a source of a competitive advantage.
  - D. A company must ignore costs when establishing a competitive advantage.
  - E. All of these statements about quality as a competitive advantage are true.
89. Designing a car is expensive and time-consuming even with the use of computers because until recently there was no way for all the varied departments that are involved in new car development to work together. DaimlerChrysler has created a central, Web-based system that cuts the design and production process by at least two years. This is an example of a(n):
- A. benchmarking project.
  - B. innovation-oriented mission.
  - C. action program.
  - D. operational goal implementation.
  - E. competency.
90. Evergreen Air Center is the world's biggest parking lot for unwanted aircraft. Airlines pay a monthly fee from \$750 to \$5,000 to mothball airplanes at this site. Its location is on 1,600 acres of Arizona desert. The Southwest climate serves as a cheap and effective airplane preservative. Its location is its:
- A. operational goal.
  - B. competency.
  - C. tactical mission.
  - D. benchmarked differentiator.
  - E. innovative vision.
91. DVD Overnight is a small company that rents DVD movies by mail using the Web. It jumped into an industry where there were no firm leaders but lots of competitors and established a loyal clientele by seizing the opportunity to provide a service that was not available through other companies that rented movies over the Internet - reliable overnight shipment. Its delivery system created its:
- A. viable mission.
  - B. competitive advantage.
  - C. tactical innovation.
  - D. benchmarking-focus.
  - E. sales-orientation.
92. Designing a car is expensive and time-consuming even with the use of computers because until recently there was no way for all the varied departments involved in new car development to work together. DaimlerChrysler has created a central, Web-based system that cuts the design and production process by at least two years. This competence can give DaimlerChrysler:
- A. a competitive advantage.
  - B. benchmarking expertise.
  - C. a tactical innovation.
  - D. leapfrogging capabilities.
  - E. a viable mission.
93. When Zierer GMBH, a German manufacturer of amusement park rides began manufacturing gravity rides such as the runaway mine train ride, it studied a ride built by a U.S. competitor to learn how its braking system worked and to use this information in its own design. It was engaging in:
- A. benchmarking.
  - B. demarketing.
  - C. swotting.
  - D. resourcing.
  - E. outsourcing.

94. \_\_\_\_\_ is the process of discovering how other firms do something better than your firm so you can imitate, or leapfrog competition.
- A. Product emulation
  - B. Research straddling
  - C. Benchmarking
  - D. Reverse engineering
  - E. Demarketing
95. When General Mills introduced Frosted Cheerios, it wanted to launch the product in half the time taken by any cereal manufacturer to launch a new cereal. General Mills created a team that studied the successful product launch of other companies' cereals to determine what went well and what did not. To learn these lessons from other cereal launches, General Mills used:
- A. product emulation.
  - B. research mimicry.
  - C. benchmarking.
  - D. reverse engineering.
  - E. demarketing.
96. When General Mills sought ideas on how to reduce the time to convert its production lines from one cereal to another, it sent a team to observe the pit crews at the Indianapolis 500 race. This is an example of:
- A. spying.
  - B. racing.
  - C. benchmarking.
  - D. resourcing.
  - E. appending.
97. Which one of the following is NOT an example of the different goals that non-profit firms can pursue?
- A. market share.
  - B. profit.
  - C. employee welfare.
  - D. social responsibility.
  - E. customer satisfaction.
98. 3M has developed a quality program called \_\_\_\_\_:
- A. Profit Profit Profit (3P)
  - B. Play Profit Prevent (3P)
  - C. Reduce Reinvest Right (3R)
  - D. Pollution Prevent Pays (3P)
  - E. Six Sigma
99. 3M has developed an innovative program called \_\_\_\_\_ to reduce harmful environmental impacts, making a profit doing so:
- A. Profit Profit Profit (3P)
  - B. Play Profit Prevent (3P)
  - C. Reduce Reinvest Right (3R)
  - D. Pollution Prevention Pays (3P)
  - E. Six Sigma
100. The Boston Consulting Group (BCG) uses an approach of \_\_\_\_\_ that analyzes a firm's business units (called strategic business units, or SBUs) as though they were a collection of separate investments.
- A. target marketing
  - B. business portfolio analysis
  - C. marketing strategic planning
  - D. market segmentation
  - E. stock market investment



101. In the Boston Consulting Group's (BCG) model to analyze a firm's strategic business units, or SBUs, the vertical axis reflects the:
- A. return on investment desired.
  - B. market growth rate.
  - C. market segment size.
  - D. relative market share.
  - E. number of employees.
102. In the Boston Consulting Group (BCG) model for analysis of a firm's strategic business units, or SBUs, the horizontal axis reflects the:
- A. national forecast.
  - B. business portfolio in dollars.
  - C. years of experience.
  - D. market segment size.
  - E. relative market share.
103. SBUs with a high share of high-growth markets that may not generate enough cash to support their own demanding needs for future growth are known as:
- A. dogs.
  - B. cash cows.
  - C. question marks.
  - D. stars.
  - E. bonanzas.
104. Gillette continues to manufacture Liquid Paper correction fluid for use with typewriters even though most of the world uses word processors. It is a small market that has little growth, but Liquid Paper has the largest market share, and Gillette invests no promotional monies in maintaining the declining product. Liquid Paper is an example of a:
- A. star.
  - B. cash cow.
  - C. question mark.
  - D. exclamation mark.
  - E. shooting star.
105. Solarcom is a 25-year-old information technology company that owns several subsidiaries. One of its subsidiaries is Atlantix Global Systems, which is one of the leading wholesalers for refurbished computer equipment, an industry that is growing worldwide. According to the BCG portfolio matrix, Atlantix Global would most likely be classified as a:
- A. dog.
  - B. cash cow.
  - C. question mark.
  - D. star.
  - E. bonanza.
106. Several years ago, Black & Decker purchased General Electric's small appliances product line. General Electric did not know what to do with the line. Black & Decker purchased the line because it needed the cash infusion from a product line that had a dominant market share. Since people replace small appliances infrequently and because many are handed down from parent to child, the industry is a slow-growth one. From this information and your knowledge about the BCG portfolio analysis, you should know this small appliance line would be classified as a:
- A. dog.
  - B. cash cow.
  - C. question mark.
  - D. star.
  - E. bonanza.

107. In late 1993, the Honda Motor Company unveiled the Honda Passport, announcing their entrance into the sport-utility vehicle market. Competing automakers - General Motors, Ford, and Jeep had vehicles firmly entrenched in this highly competitive market. For years Honda experienced tremendous success with their Accords, Preludes, Civics and other passenger automobiles - in fact, Honda cars were repeatedly the top selling automobiles in the U.S. Where would the Honda Passport and the Honda Accords, Preludes, and Civics fall in the BCG product portfolio matrix?
- A. The Passport would be classified as a star, and the Accords, Preludes and Civics would be classified as cash cows.
  - B. The Passport would be considered a cash cow, and the Accords, Preludes, and Civics would be classified as stars.
  - C. Due to the overwhelming success of Honda cars, the Passport, Accords, Preludes, and Civics would all be classified as cash cows.
  - D. The Passport would be a problem child, and the other Honda offerings would be cash cows.
  - E. The Passport would be considered a problem child, and the other Honda offerings would be classified as dogs.
108. \_\_\_\_\_ are SBUs with a low share of low-growth markets - they may generate enough cash to sustain themselves, but they do not hold the promise of ever becoming real winners for the firm.
- A. Cash cows
  - B. Stars
  - C. Question marks
  - D. Dogs
  - E. Problem children
109. The market for the fast car with so much horsepower that handling becomes an issue is decreasing. People are more interested in buying SUVs and pickups. As a result, General Motors is stopping production of its Camaro, a car that has had limited sales recently. Since the Camaro can no longer generate enough cash to sustain its manufacture, the BCG portfolio would classify it as a:
- A. dog.
  - B. cash cow.
  - C. question mark.
  - D. star.
  - E. bonanza.
110. The market for the fast car with so much horsepower that handling becomes an issue is decreasing. People are more interested in buying SUVs and pickups. As a result General Motors is stopping production of its Camaro, a car that has had limited sales recently. According to the BCG portfolio analysis, the Camaro could be considered a:
- A. cash cow
  - B. star
  - C. dog
  - D. question mark
  - E. none of these answers are correct
111. In some cases Walmart can sell DVD movies to consumers for less than it costs a consumer to rent DVD's from Blockbuster. In response, Blockbuster now allows consumers to keep their DVD's longer and is pushing the sales of DVD's instead of just rentals. Blockbuster is looking at their:
- A. competencies
  - B. competition
  - C. benchmark
  - D. innovation
  - E. quality

112. One of the strengths inherent in the use of the BCG portfolio analysis is the fact that it:
- A. is remarkably easy to locate an SBU on the BCG matrix.
  - B. considers all factors that might impact an SBU's value to an organization.
  - C. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
  - D. forces firms to assess their SBUs in terms of relative market share and industry growth rate.
  - E. does none of these.
113. One of the weaknesses inherent in the use of the BCG portfolio analysis is that it:
- A. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
  - B. it is often difficult to get needed information on market growth and market share.
  - C. considers so many SBU factors beyond market growth rate and relative market share.
  - D. does not require forecasts in order to be implemented.
  - E. makes efficient use of all competitive information.
114. One of the weaknesses inherent in the use of the BCG portfolio analysis is that it:
- A. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
  - B. can also be time consuming, and by the time decisions are made, market conditions have may changed.
  - C. considers so many SBU factors beyond market growth rate and relative market share.
  - D. does not require forecasts in order to be implemented.
  - E. makes efficient use of all competitive information.
115. Which market-product strategies do NOT require product changes?
- A. market development and market penetration
  - B. market development and diversification
  - C. market penetration and product development
  - D. diversification and market penetration
  - E. diversification and product development
116. Which market-product strategy requires no change in the product but requires a company to seek out new customers in new markets?
- A. market penetration
  - B. market development
  - C. product development
  - D. diversification
  - E. all of these answers are correct
117. Massachusetts-based BJ's Wholesale (third in sales among members-only retail chains) recently opened its first stores in Georgia in 2002. This is an example of:
- A. market penetration.
  - B. market development.
  - C. product development.
  - D. diversification.
  - E. product dissemination.
118. Gulfstream Aerospace Corp. engaged in a \_\_\_\_\_ strategy when it sold 3 Gulfstream V business jet aircraft to the Israeli Ministry of Defense for use as Special Electronic Mission Aircraft. This was Gulfstream's first sale to a Middle Eastern country.
- A. market penetration
  - B. market development
  - C. product development
  - D. diversification
  - E. product dissemination

119. Assume McDonald's is engaging in a market development strategy. Which of the following actions best illustrates a market development strategy?
- A. opening the first McDonald's in China
  - B. developing a line of McDonald's toys to be sold through Toys R Us stores
  - C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
  - D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase
  - E. giving coupons for free fries for later use when the customer purchases a Big Mac
120. Yorkdale Mall hopes to increase traffic in the shopping center by offering free lunches to children in mall restaurants on Tuesdays. This promotion is directed to families who currently do not shop at the mall. This is an example of the implementation of a \_\_\_\_\_ strategy.
- A. market penetration
  - B. market development
  - C. product development
  - D. diversification
  - E. market divestiture
121. The World Wrestling Federation (WWF) manages professional wrestling matches. In addition, the WWF owns and operates a successful club in NYC; it is partnered with Microsoft to manufacture Xbox video game consoles; it produced its own reality-based television show; and it has licensed and marketed a number of WWF-related toys and collectibles. All of these efforts have been targeted to fans of professional wrestling. From this description, you could say that the WWF has adopted a \_\_\_\_\_ strategy.
- A. market penetration
  - B. market development
  - C. product development
  - D. diversification
  - E. market divestment
122. Which of the following actions would best illustrate a diversification strategy for McDonald's (the fast food restaurant)?
- A. opening the first McDonald's in China
  - B. developing a line of McDonald's toys to be sold through Toys R Us stores
  - C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
  - D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase
  - E. giving coupons for free fries for later use when the customer purchases a Big Mac
123. Which market-product strategy involves selling a new product to existing markets?
- A. market penetration
  - B. market development
  - C. divestment
  - D. diversification
  - E. product development
124. Matsura Industries distributes candy and coffee through its vending machines in Tokyo. The addition of sandwich vending machines to the same market is an example of a \_\_\_\_\_ strategy.
- A. market penetration
  - B. market development
  - C. product development
  - D. diversification
  - E. divestment

125. In its inception, Transportation Safety Technologies, Inc. produced and sold safety devices to make the trucking industry safer especially on long hauls across North America. It soon realized that transporting goods across U.S. borders by truck was expensive and time-consuming for the truckers. Dozens of government agency approvals and costly downtime hamper the process. Transportation Safety Technologies, Inc., has recently begun providing its trucking companies with International Trade Data Systems (ITDS). This system stores information about each shipment in a centralized database, which can be accessed at border checkpoints and eliminate the need for costly manual inspections. This is an example of the implementation of a \_\_\_\_\_ strategy.
- A. market penetration
  - B. market development
  - C. divestment
  - D. diversification
  - E. product development
126. Which of the following actions best illustrates a product development strategy for McDonald's?
- A. opening the first McDonald's in China
  - B. developing a line of McDonald's toys to be sold through Toys R Us stores
  - C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
  - D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase
  - E. opening McDonald's restaurants in Paramount Canada's Wonderland theme park
127. Which market-product strategy requires no change in the product line but an increase in sales to existing customers through better advertising, more retail outlets, or lower prices, or more effective distribution?
- A. market development
  - B. market penetration
  - C. product development
  - D. diversification
  - E. product divestment
128. Assume McDonald's is engaging in a market penetration strategy. Which of the following actions best illustrates a market penetration strategy?
- A. opening the first McDonald's in China
  - B. developing a line of McDonald's toys to be sold through Toys R Us stores
  - C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
  - D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase
  - E. removing slow-moving products from its menus
129. For several years, advertisements for Arm & Hammer baking soda have prompted consumers to place an opened box of the product in the refrigerator to lessen food odour and to replace that box monthly. The same ads advise customers to pour the used box down their kitchen sinks to freshen drains. Arm & Hammer employed a \_\_\_\_\_ strategy in its attempt to sell more baking soda.
- A. market penetration
  - B. market development
  - C. product development
  - D. diversification
  - E. product penetration

130. Loyal consumers have found numerous uses for WD-40 lubricating spray beyond what its manufacturer intended. A few years ago, its manufacturer ran a contest asking people to send in ways that they used the product. By capitalizing on the unforeseen ways its product gets used, the WD-40 manufacturer could implement a \_\_\_\_\_ strategy. People who were already using the product as an insect killing spray (and some people really were) would have no trouble believing it would have numerous other equally beneficial uses.
- A. market penetration
  - B. market development
  - C. product development
  - D. diversification
  - E. product penetration
131. NDCHealth Corp. is a U.S.-based company that provides pharmaceutical manufacturers with market research on prescription drug sales. It recently started distributing commonly-used prescription drugs in the United Kingdom. Since it was new to the wholesaling end of the pharmaceutical business, NDCHealth was implementing a \_\_\_\_\_ strategy.
- A. market penetration
  - B. market development
  - C. product development
  - D. diversification
  - E. product penetration
132. Which market-product strategy requires a company to both develop new products and seek out new markets?
- A. market penetration
  - B. market development
  - C. product development
  - D. diversification
  - E. divestment
133. Visiting Rollerblade's website shows that the company recently launched a new extendible children's skate. This is an example of which market-product strategy for Rollerblade?
- A. market penetration.
  - B. market development.
  - C. product development.
  - D. diversification.
  - E. divesting.
134. If McDonald's Canada decided to diversify its business offerings into a new area like financial services, their marketing strategy would be:
- A. market penetration.
  - B. market development.
  - C. related diversification.
  - D. product development.
  - E. unrelated diversification.
135. If McDonald's Canada decided to diversify its business offerings by buying out and operating a company like Red Lobster, their marketing strategy would be.
- A. market penetration.
  - B. market development.
  - C. related diversification.
  - D. product development.
  - E. unrelated diversification.

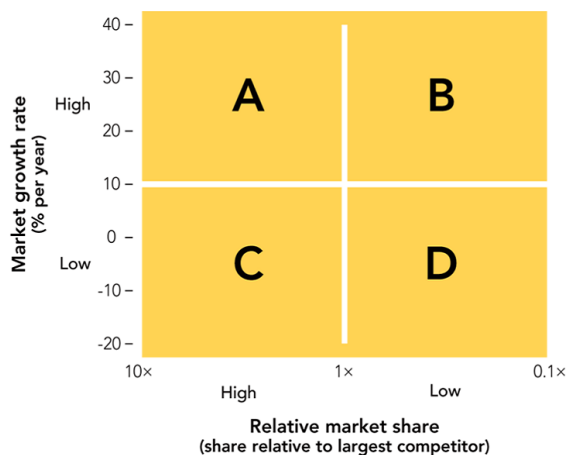
136. Coca-Cola introducing a new line of chai tea is an example of which market-product strategy?
- A. market penetration.
  - B. market development.
  - C. product development.
  - D. diversification.
  - E. divesting.
137. The visual computer display of the essential information related to achieving a marketing objective is known as a:
- A. marketing dashboard.
  - B. marketing metric.
  - C. marketing plan.
  - D. marketing analysis.
  - E. marketing simulation
138. A measure of the quantitative value or trend of a marketing activity or result is known as a:
- A. marketing dashboard.
  - B. marketing metric.
  - C. marketing plan.
  - D. marketing analysis.
  - E. marketing simulation
139. The \_\_\_\_\_ is an approach whereby an organization allocates its marketing mix resources to reach its target markets.
- A. the calibrated marketing process
  - B. the strategic marketing process
  - C. the situational marketing process
  - D. the developmental market analysis
  - E. the market determinant method
140. The key steps of planning, implementation, and control are part of what is called:
- A. gap analysis.
  - B. the strategic marketing process.
  - C. the situational marketing process.
  - D. the developmental market analysis.
  - E. the market determinant method.
141. In design, a marketing plan is most closely related to a:
- A. novel.
  - B. pyramid.
  - C. road map.
  - D. circle.
  - E. cloverleaf shape.
142. What are the three steps involved in the PLANNING phase of the strategic marketing process?
- A. situation (SWOT) analysis; market-product focus and goal setting; and marketing program development
  - B. planning; implementation; and control
  - C. set market and product goals; select target markets; find points of difference; and position the product
  - D. identify industry trends; analyze competitors; assess own company; and research customer
  - E. identify where we have been; where we are headed; and where we are now
143. The first step in the strategic marketing process is:
- A. establishing the budget.
  - B. developing advertising appeals.
  - C. goal setting.
  - D. marketing programming.
  - E. situation analysis.

144. Taking stock of where an organization has been recently, where it is now, and where it is headed in light of the organization's plans and the external factors and trends affecting it is called the:
- A. systems analysis.
  - B. strategic market planning.
  - C. goal setting.
  - D. planning gaps.
  - E. situation analysis.
145. The acronym SWOT used in the term SWOT analysis stands for:
- A. strengths, weaknesses, opportunities, and timing.
  - B. strategies, work load, opportunities, and timing.
  - C. strengths, weaknesses, opportunities, and threats.
  - D. simple, workable, optimal, and timely.
  - E. situational, worldwide, organizational and technological.
146. An effective technique a firm can use to appraise in detail its internal strengths and weaknesses and external opportunities and threats is called:
- A. SWOT analysis.
  - B. strategic management.
  - C. market segmentation.
  - D. market programming.
  - E. marginal analysis.
147. In the 1980s, poor quality and Japanese imports drove the Harley-Davidson motorcycle company to brink of bankruptcy. The company's share of the U.S. super-heavy-weight market - motorcycles with engine capacity of 850 cubic centimeters or more - collapsed from more than 40 percent in the mid 1970s to 23 percent in 1983. However, by 1989, Harley-Davidson controlled some 65 percent of the U.S. market; and both in the U.S. and overseas markets, the company won't be able to meet demand for years. From a marketing perspective, what was the likely first step in Harley-Davidson's resurgence?
- A. development of a new mission statement and subsequent marketing strategy
  - B. repositioning their product in the minds of motorcycle buyers
  - C. performing a SWOT analysis
  - D. seeking new markets for the motorcycles both in the U.S. and in foreign markets
  - E. improving the quality of their product and communicating this to motorcycle buyers
148. A television production company was looking for an idea for a new show and approached Emeril Lagasse, a charismatic chef that frequently appears on the Food Channel. It was decided the production company would build a show based around Lagasse's life. While the casting of the popular Lagasse insured people would watch the first couple shows, poor scripts led to the cancellation of the show. In terms of the SWOT analysis, the casting of Lagasse was a \_\_\_\_\_, and the poor scripts were a \_\_\_\_\_.
- A. strength; weakness
  - B. weakness; threat
  - C. threat; opportunity
  - D. opportunity; threat
  - E. opportunity; strength
149. In the early months of 2002, strikes throughout Nigeria almost led to the country's financial ruin. For a company trying to do business in Nigeria during those months, the strikes would be an example of a(n):
- A. strength.
  - B. weakness.
  - C. threat.
  - D. opportunity.



150. The terrorists' attack on the World Trade Center and the Pentagon led to many changes in the way people conducted their everyday lives. One outgrowth of this attack was a need to reconnect with old friends through the sending of greeting cards. American Greetings announced a significant increase in sales that it directly relates to events on September 11. For American Greetings the terrorists' attacks was an example of a(n):
- A. strength.
  - B. weakness.
  - C. threat.
  - D. opportunity.
151. Situation analysis requires a firm to consider both internal and external factors. Which of the following is NOT an example of an external factor?
- A. competitive
  - B. technological
  - C. consumer demand
  - D. political and legal factors
  - E. departmental objectives
152. The goal of a SWOT analysis is to:
- A. identify those critical factors that can have a major effect on the firm.
  - B. keep top management placated.
  - C. discover areas for diversified investment outside the firm's marketing areas.
  - D. develop new products for new market segments.
  - E. allocate financial resources across the industry.
153. A June 1998 Congressional initiative mandated that the U.S. Department of Transportation (USDOT) establish a national traffic information collection system. The marketing manager of a company that provided traffic reports for local radio stations would most likely incorporate this knowledge into its SWOT analysis as:
- A. a strength if the company has an existing working relationship with the USDOT.
  - B. a threat if the USDOT will give this information directly to the radio stations.
  - C. a weakness if the company that provides local traffic information has no employees technologically capable of using the USDOT system.
  - D. an opportunity if the USDOT is creating a network of local traffic-information providers to address the mandate.
  - E. All of these are correct.
154. Finding a focus on what product offerings will be directed toward which customers is essential for developing an effective:
- A. marketing program.
  - B. market divestiture.
  - C. market dramatization.
  - D. product demonstration.
  - E. product warranty.
155. What is the marketing term for aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action?
- A. aggregation marketing
  - B. market segmentation
  - C. market clustering
  - D. profiling
  - E. mass marketing

156. \_\_\_\_\_ would be used to group consumers for soda on the basis of whether they wanted sugar-free and caffeine-free, caffeine-free but with sugar, or regular with sugar and caffeine.
- Aggregation marketing
  - Market segmentation
  - Market clustering
  - Profiling
  - Mass marketing
157. A toothbrush manufacturer sells several lines of toothbrushes. One line is for small children, one line is for people with gum problems, and one is for people who wear dentures. This product differentiation is the result of:
- organizational strengths.
  - market programming.
  - market segmentation.
  - distinctive competencies.
  - organizational opportunities.



**Figure 2-4**

158. SBUs found in quadrant "A" (Figure 2-4) would be called
- stars.
  - question marks.
  - cash cows.
  - dogs.
  - donkeys.
159. SBUs found in quadrant "B" (Figure 2-4) would be called
- stars.
  - question marks.
  - cash cows.
  - dogs.
  - donkeys.
160. SBUs found in quadrant "C" (Figure 2-4) would be called
- stars.
  - question marks.
  - cash cows.
  - dogs.
  - donkeys.
161. SBUs found in quadrant "D" (Figure 2-4) would be called
- stars.
  - question marks.
  - cash cows.
  - dogs.
  - donkeys.

162. Goal setting as used in the text requires that the marketing manager set measurable \_\_\_\_\_ to be achieved.
- A. financial limits
  - B. marketing objectives
  - C. quality standards
  - D. production quotas
  - E. research and development aspirations
163. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's manufacturer is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. This is an example of:
- A. consumer standards.
  - B. perceptual segments
  - C. marketing armaments.
  - D. points of difference.
  - E. product stereotypes.
164. Those characteristics of a product that make it superior to competitive substitutes are called:
- A. consumer standards.
  - B. perceptual segments
  - C. marketing armaments.
  - D. points of difference.
  - E. product stereotypes.
165. At which step of the planning stage of the strategic marketing process does a firm develop the program's marketing mix?
- A. situation analysis
  - B. goal setting
  - C. marketing program
  - D. sales forecasting
  - E. market segmentation
166. A cohesive marketing program concentrates on:
- A. product, price, promotion and place.
  - B. price.
  - C. promotion.
  - D. place.
  - E. product.
167. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's name is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. What element of the marketing program is being considered when the company's owner decided initially to market the perfumes in a limited number of very exclusive specialty department stores?
- A. product
  - B. price
  - C. promotion
  - D. place
  - E. all of these answers are correct

168. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's name is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. Which element of the marketing program is being considered when the company's owner decides to add scents that evoke colors?
- A. product
  - B. price
  - C. promotion
  - D. place
  - E. all of these answers are correct
169. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's name is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. Which elements of the marketing program were being considered when the company's owner decided initially to market the perfume in 1-ounce coloured glass bottles that would not always be sold at list price?
- A. price and place
  - B. place and promotion
  - C. price and product
  - D. promotion and price
  - E. place and product
170. Sheila Muray, brand director at Starbucks, had to determine how much to spend and then obtain funding to run a new national radio and print ad campaign. When it comes to implementing her plan, what component is Sheila paying attention to?
- A. obtaining resources.
  - B. designing the marketing organization.
  - C. developing schedules.
  - D. executing the marketing program.
  - E. controlling the budget.
171. Two major elements of the implementation phase of the strategic marketing process are:
- A. segmenting the market and selecting target markets.
  - B. establishing a business mission and designing measurable goals and objectives.
  - C. designing the marketing mix and setting the budget.
  - D. identifying deviations in the marketing plan and acting on them.
  - E. executing the marketing program and designing the marketing organization.
172. When BellSouth made plans to increase its presence in the lucrative Latin American market, some of its employees decided BellSouth needed to acquire the rest of Telefonía Cellular de Nicaragua, one of its subsidiaries in Latin America. To do so, they paid a substantial sum to the wife of a Nicaraguan legislator who was responsible for legal changes that were needed to allow Telefonía to become completely owned by BellSouth. This payment was in direct violation of U.S. law, and BellSouth had to pay a hefty fine and divest itself of its illegal acquisition. In which phase of the strategic marketing process did the BellSouth strategy fail?
- A. the goal-setting phase
  - B. the implementation phase
  - C. the control phase
  - D. the strategic development phase
  - E. the resource administration phase

173. Xbox video game consoles were developed through a joint venture between Microsoft and the WWF (World Wrestling Federation). Plans were made to rush the product to market to counter new Playstation and Nintendo consoles that were also being released about the same time. Complaints about the video game began immediately after its introduction. These complaints ranged from missing parts to incorrect programming.
- In which phase of the strategic marketing process did the Xbox strategy fail?
- A. the goal-setting phase
  - B. the implementation phase
  - C. the control phase
  - D. the strategic development phase
  - E. the resource administration phase
174. A marketing strategy is the means by which a marketing goal is to be achieved. Two factors that usually characterize a marketing strategy are:
- A. specific goals and organizational objectives.
  - B. a detailed marketing plan and marketing budget.
  - C. marketing strategies and marketing tactics.
  - D. a specified target market and a marketing program to reach it.
  - E. marketing programs and deviation control.
175. Which of the following statements reflects both of the key elements in developing a marketing strategy for L. M. Schofield, Inc., a company that produces specialized concrete surfaces for heavily trafficked areas such as retail outlets and amusement parks?
- A. Buy ads in all the major trade journals aimed at businesses in the entertainment and/or sports industry.
  - B. Communicate using direct mail about the various walking surfaces Schofield can create for contractors who are building riding and walking paths.
  - C. Design a sample ad and test it using visitors to a trade show.
  - D. Hire six new sales representatives for the Midwest regional office and train them on all aspects of strategy.
  - E. Create a focus group to decide on what surface to use for a religious-theme park in Brazil.
176. A marketing \_\_\_\_\_ is defined as the actions by which a marketing goal is to be achieved. It is characterized by a specified target market and the marketing program used to reach that target market.
- A. plan
  - B. procedure
  - C. strategy
  - D. concept
  - E. action program
177. Marketing tactics include:
- A. the long-term decisions made to implement the marketing program and the monitoring of those decisions.
  - B. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.
  - C. the steps taken to develop an effective marketing plan.
  - D. the development of marketing strategies to achieve the organization's marketing objectives.
  - E. the refinement of the organization's mission based on the results obtained from a marketing audit.
178. David and Cecilia Stanford, owners of Prairie Herb vinegars, decided to offer the product in 5-ounce and 13-ounce sizes as well as in a 16-ounce European glass bottle. They decided to sell the vinegar only through the mail and to price the smaller bottles at \$4.45 and the largest bottles at \$13.25. They were determining its:
- A. tactics.
  - B. missions.
  - C. visions.
  - D. strategies.
  - E. operational procedures.

179. Compared to marketing strategies, marketing tactics generally involve actions that:
- A. must be taken right away.
  - B. are long term and need to be carefully developed.
  - C. involve upper levels of management.
  - D. are general in nature.
  - E. have been successfully implemented in the past.
180. The two major aspects of the control phase of the strategic marketing process are:
- A. segmenting the market and selecting target markets.
  - B. establishing a business mission and designing measurable goals and objectives.
  - C. designing the marketing mix and setting the budget.
  - D. identifying deviations in the marketing plan and acting on them.
  - E. executing the marketing plan and designing the marketing organization.
181. McCain is the largest French Fries provider to the food service and institutional market segment. When McCain decides to have a presence in over 100 countries, their growth strategy is:
- A. market penetration
  - B. product development
  - C. diversification
  - D. market development
  - E. a tactical analysis
182. McCain is the largest French Fries provider to the food service and institutional market segment. When McCain decides to branch out from the frozen foods category into the ready-to-serve beverage market, their growth strategy is:
- A. market penetration
  - B. product development
  - C. diversification
  - D. market development
  - E. a tactical analysis
183. Mars Incorporated targets health-conscious females by advertising its 3 MUSKETEERS→ Bar which has "45 percent less fat than average of the leading chocolate brands." It uses clever television ads to promote this product benefit and is achieving good sales results using this strategy. What phase of the Strategic Marketing Process is Mars at?
- A. the advertising phase
  - B. the implementation phase
  - C. the control phase
  - D. the planning phase
  - E. the selling phase
184. Mars Incorporated targets health-conscious females by advertising its 3 MUSKETEERS→ Bar which has "45 percent less fat than average of the leading chocolate brands." It uses clever television ads to promote this product benefit and is achieving good sales results using this strategy. Mars is \_\_\_\_\_ in the implementation phase of the strategic marketing process.
- A. obtaining resources
  - B. designing the marketing organization
  - C. developing schedules
  - D. executing the marketing program
  - E. controlling the marketing program

185. Mars Incorporated targets health-conscious females by advertising its 3 MUSKETEERS→ Bar which has "45 percent less fat than average of the leading chocolate brands." It uses clever television ads to promote this product benefit and is achieving good sales results using this strategy. Mars is \_\_\_\_\_ in the 2<sup>nd</sup> stage of the strategic marketing process.
- A. executing the marketing program
  - B. planning the marketing program
  - C. designing the marketing organization
  - D. determining the marketing strategy
  - E. controlling the marketing program

186. Describe the composition of the three levels within organizations.  
The three levels are:

187. There is a General Motors plant in Spring Hill, Tennessee, that is devoted solely to the production of Saturn cars. At which level is this plant operating? Explain your answer.

188. What is the source of cross-functional conflict and how can it be overcome?

189. What is a corporate mission? How can it be used as a motivational tool?

190. List potential stakeholders for the college or university that you attend.

191. Name and briefly describe the seven types of corporate goals set in advance of work?

The seven types of corporate goals set in advance of work are:

192. What are the three levels of strategy in organizations? Describe each.

193. One of the most recognized approaches to business portfolio analysis is the Boston Consulting Group's growth-share matrix. By dividing each dimension into high and low categories, the matrix contains four cells. Briefly describe the four quadrants of the matrix.

BCG has given specific names and descriptions to the four quadrants in its growth-share matrix. They are as follows:

194. The Boston Consulting Group's business portfolio analysis model can be used to guide a firm as it tries to change its relative market share (the factor on the horizontal axis). What conscious decisions can management make on the role each SBU should have in the future and how money should be budgeted for its operations?

195. Identify and describe the four market-product strategies an organization uses to identify alternative market opportunities.

The four market-product strategies an organization uses to identify alternative market opportunities are:



196. Identify the three phases of the strategic marketing process and briefly describe what happens during each phase.

The three phases of the strategic marketing process are the Planning Phase, the Implementation Phase, and the Control Phase.

197. Identify and describe the four critical factors in a SWOT analysis that help an organization identify the critical strategy-related factors that could have major effects on it.

The four critical factors in a SWOT analysis are:

198. What are the marketing mix elements that compose a cohesive marketing program?

199. A campus service organization annually raises money through the sale of t-shirts. What are the major components of the marketing program it should use? Give one example of each.

200. What are the four components of the implementation phase of the strategic marketing process?

The four components of the implementation phase of the strategic marketing process are:

201. What are the basic differences between marketing strategies and marketing tactics?

202. What is the purpose of the control phase of the strategic marketing process? How is control accomplished?

203. A SWOT analysis can be useful in helping Ben & Jerry's identify new ice cream flavours and social responsibility programs that will contribute to its mission. What elements might *their* SWOT analysis contain?

204. Many traditional educational institutions are facing budgetary constraints. Using the four market-product strategies as a framework for your answer, how might these institutions profitably expand in the new economy?

## 02 Key

1. Which of the following is NOT one of Canadian Tire's core businesses?  
(p. 27)
- A. Canadian Tire Retail.
  - B. Canadian Tire Travel Services.**
  - C. PartSource.
  - D. Canadian Tire Financial Services.
  - E. Canadian Tire Petroleum.

Canadian Tire's five core businesses are Canadian Tire Retail, which is a retail chain offering automotive parts, sports and leisure, and home products; PartSource, an automotive parts specialty chain store; Canadian Tire Financial Services, which manages the second largest MasterCard franchise; Canadian Tire Petroleum, Canada's largest independent gasoline retailer; and Mark's, a leading apparel retailer.

*Blooms: Definition  
Crane - Chapter 02 #1  
Difficulty: Easy*

*Topic: Chapter Opening Example*

2. Canadian Tire is a Canadian success story. Canadian Tire employs \_\_\_\_\_ Canadians and has revenues of close to \_\_\_\_\_ annually.  
(p. 27)
- A. 25,000 and \$5 billion
  - B. 40,000 and \$7.5 billion
  - C. 33,000 and \$6 billion
  - D. 48,000 and \$8.6 billion
  - E. 58,000 and \$10 billion**

See chapter-opening article.

*Blooms: Conceptual  
Crane - Chapter 02 #2  
Difficulty: Easy*

*Topic: Chapter Opening Example*

3. Canadian Tire's core values include:  
(p. 27)
- A. honesty, integrity, and respect along with good corporate citizenship.**
  - B. sustainability, fiscal responsibility, Canadian-sourced and eco-friendly.
  - C. diversity, shareholder value, and sustainable growth.
  - D. none of these answers are correct.
  - E. all of these answers are correct.

All of the options above are described in the opening article.

*Blooms: Conceptual  
Crane - Chapter 02 #3  
Difficulty: Medium*

*Topic: Chapter Opening Example*

4. In today's global competition, it is important to recognize the kinds of organizations that exist.  
(p. 28) Organizations can basically be divided into two categories:
- A. privately owned and publically owned.
  - B. regulated and unregulated.
  - C. domestic and multi-national.
  - D. domestic and global.
  - E.** business and non-profit.

Understanding the kinds of organizations, the levels that exist in them, and the functional areas help understand large organizations.

*Blooms: Conceptual  
Crane - Chapter 02 #4  
Difficulty: Easy  
Topic: LO 1*

5. A \_\_\_\_\_ is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.  
(p. 28)
- A. business firm
  - B.** nonprofit organization
  - C. government agency
  - D. public university
  - E. household

Text term definition - non-profit organization

*Blooms: Definition  
Crane - Chapter 02 #5  
Difficulty: Easy  
Topic: LO 1*

6. Organizations that develop similar offerings, when grouped together, create a(n):  
(p. 28)
- A. product market.
  - B. conglomerate.
  - C.** industry.
  - D. cartel.
  - E. embargo.

Organizations that develop similar offerings, when grouped together, create an *industry*, such as the computer industry or the automobile industry.

*Blooms: Application  
Crane - Chapter 02 #6  
Difficulty: Medium  
Topic: LO 1*

7. A privately owned organization that serves its customers in order to earn a profit is called a:  
(p. 28)
- A.** business firm.
  - B. nonprofit organization.
  - C. community action program.
  - D. manufacturing agent.
  - E. cooperative.

Text term definition - business firm

*Blooms: Definition  
Crane - Chapter 02 #7  
Difficulty: Easy  
Topic: LO 1*

8. Which statement describes the most significant difference between a business firm and a nonprofit organization?  
(p. 28)
- A. Business firms operate with larger budgets.
  - B. Nonprofit organizations do not carry on economic activities, and business firms do.
  - C. Nonprofit organizations are concerned with social issues, and business firms are not.
  - D.** Both serve customers, but business firms seek a profit while nonprofit organizations do not.
  - E. Nonprofit organizations are publicly owned, and business firms are not.

A business firm is a privately owned organization that serves its customers in order to earn a profit. A nonprofit organization is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.

*Blooms: Definition  
Crane - Chapter 02 #8  
Difficulty: Easy  
Topic: LO 1*

9. \_\_\_\_\_ is the reward to a business firm for the risk it undertakes in offering a product for sale.  
(p. 28)
- A. Shareholders' equity
  - B.** Profit
  - C. Inventory turnover
  - D. Contribution margin
  - E. Asset leverage

Key term definition - profit

*Blooms: Definition  
Crane - Chapter 02 #9  
Difficulty: Easy  
Topic: LO 1*

10. Profit is:  
(p. 28)
- A. the point at which company assets equal company liabilities.
  - B.** the money left over after a firm's total expenses are subtracted from its total revenues.
  - C. the goodwill earned from implementing the societal marketing concept.
  - D. the money earned as long as the economic order quantity is maintained.
  - E. accurately described by all of these answers.

Key term definition - profit

*Blooms: Definition  
Crane - Chapter 02 #10  
Difficulty: Easy  
Topic: LO 1*

11. A(n) \_\_\_\_\_ is a legal entity of people who share a common mission:  
(p. 28)
- A. special interest group.
  - B.** organization.
  - C. lobby group.
  - D. industry.
  - E. strategic business unit.

Key term definition - organization

*Blooms: Definition  
Crane - Chapter 02 #11  
Difficulty: Easy  
Topic: LO 1*

12. Which of the following best describes what constitutes an organization's potential *offerings*?  
 (p. 28)
- A. products and services.
  - B.** products, services, ideas and experiences.
  - C. physical goods and services.
  - D. products only.
  - E. services only.

Key term definition - offerings

*Blooms: Definition  
 Crane - Chapter 02 #12  
 Difficulty: Easy  
 Topic: LO 1*

13. An organization's long-term course of action designed to deliver a unique customer experience while achieving its goals is known as \_\_\_\_\_:  
 (p. 28-29)
- A. corporate planning.
  - B. market development.
  - C.** strategy.
  - D. customer relationship management.
  - E. none of these answers.

Key term definition - strategy

*Blooms: Definition  
 Crane - Chapter 02 #13  
 Difficulty: Easy  
 Topic: LO 1*

14. Large organizations can be extremely complex. They usually consist of \_\_\_\_\_ organizational level(s) whose strategy is linked to marketing:  
 (p. 29)
- A. two.
  - B. four.
  - C. five.
  - D.** three.
  - E. one.

Figure 2-1

*Blooms: Conceptual  
 Crane - Chapter 02 #14  
 Difficulty: Easy  
 Topic: LO 1*

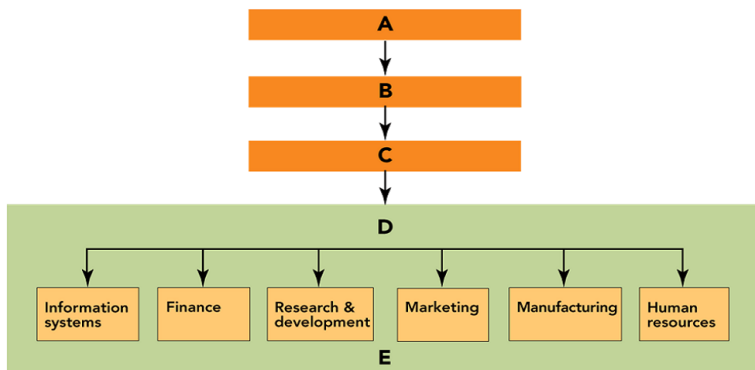


Figure 2-1

15. In Figure 2-1, "A" represents the:  
(p. 29) A. functional-level strategy level.  
**B.** Board of Directors.  
C. corporate-level strategy level.  
D. CEO.  
E. business-unit strategy level.

Figure 2-1

*Blooms: Conceptual  
Crane - Chapter 02 #15  
Difficulty: Easy  
Topic: LO 1*

16. In Figure 2-1, "B" represents the  
(p. 29) A. functional-level strategy level.  
B. Board of Directors.  
**C.** corporate-level strategy level.  
D. departments.  
E. business-unit strategy level.

Figure 2-1

*Blooms: Conceptual  
Crane - Chapter 02 #16  
Difficulty: Easy  
Topic: LO 1*

17. In Figure 2-1, "C" represents the  
(p. 29) **A.** business-unit strategy level.  
B. Board of Directors.  
C. corporate-level strategy level.  
D. functional-level strategy level.  
E. CEO.

Figure 2-1

*Blooms: Conceptual  
Crane - Chapter 02 #17  
Difficulty: Easy  
Topic: LO 1*

18. In Figure 2-1, "D" represents the  
(p. 29) A. business-unit strategy level.  
**B.** functional-level strategy level.  
C. corporate-level strategy level.  
D. Board of Directors.  
E. CEO.

Figure 2-1

*Blooms: Conceptual  
Crane - Chapter 02 #18  
Difficulty: Easy  
Topic: LO 1*

19. In Figure 2-1, "E" represents  
(p. 29) A. Board of Directors.  
B. corporate-level strategy level.  
**C.** departments.  
D. functional-level strategy level.  
E. business-unit strategy level.

Figure 2-1

*Blooms: Conceptual  
Crane - Chapter 02 #19  
Difficulty: Easy  
Topic: LO 1*

20. A strategic business unit refers to a subsidiary, division or unit of an organization that:  
(p. 30) A. directs overall strategy for the organization.  
**B.** markets a set of related products to a clearly defined group of customers.  
C. has marketing and other specialized activities.  
D. also has a comparable non-business unit.  
E. is usually non-profit.

Key term definition - strategic business unit

*Blooms: Definition  
Crane - Chapter 02 #20  
Difficulty: Medium  
Topic: LO 1*

21. The acronym SBU stands for:  
(p. 30) **A.** strategic business unit.  
B. standard business unit.  
C. strategic benefit of usage.  
D. service business unit.  
E. service business usage.

Multimarket, multiproduct firms manage a portfolio of businesses, variously termed strategic business units (SBUs), strategic business segments, and product-market units.

*Blooms: Definition  
Crane - Chapter 02 #21  
Difficulty: Medium  
Topic: LO 1*

22. The corporate level is where top management directs:  
(p. 29) A. all employees' training and orientation.  
B. recruitment strategy and tactics.  
**C.** overall strategy for the entire organization.  
D. overall sales projections.  
E. all of these answers are correct.

Key term definition - corporate level

*Blooms: Definition  
Crane - Chapter 02 #22  
Difficulty: Medium  
Topic: LO 1*



23. Each business unit has marketing and other specialized activities (e.g., finance, manufacturing, or research and development) at the \_\_\_\_\_ level, which is where groups of specialists create value for the organization.
- A. top management
  - B. business unit
  - C. functional**
  - D. corporate
  - E. strategic

Key term definition - functional level

*Blooms: Definition  
Crane - Chapter 02 #23  
Difficulty: Medium  
Topic: LO 1*

24. At what organizational level do people in the marketing and the human resources department actually create value for the organization?
- A. top management level
  - B. business unit level
  - C. functional level**
  - D. corporate level
  - E. middle management level

key term definition - functional level.

*Blooms: Definition  
Crane - Chapter 02 #24  
Difficulty: Difficult  
Topic: LO 1*

25. The strategic business unit level is the level:
- A. that works most directly with the targeted customers.
  - B. at which the overall strategy for the organization is directed.
  - C. that is most likely to change substantially over time.
  - D. at which more end-user analysis is provided.
  - E. at which business unit managers set the direction for their products and markets.**

Key term definition - strategic business unit level

*Blooms: Definition  
Crane - Chapter 02 #25  
Difficulty: Medium  
Topic: LO 1*

26. For less complex firms with a single business focus, which two organizational levels may merge?
- A. corporate-level and business unit-level.
  - B. corporate-level and strategic business unit-level.**
  - C. strategic business-unit level and functional-level.
  - D. marketing and research and development.
  - E. board of directors and corporate-level.

Key term definition - strategic business unit level

*Blooms: Definition  
Crane - Chapter 02 #26  
Difficulty: Medium  
Topic: LO 1*

27. (p. 29) Craig Conway is CEO of a software design company named PeopleSoft, a company that has automated many human resource functions such as tracking vacation time. Conway operates at the \_\_\_\_\_ level of his organization.
- A. business unit
  - B. functional
  - C. corporate**
  - D. strategic
  - E. back office

The corporate level is where top management directs overall strategy for the entire organization.

*Blooms: Application  
Crane - Chapter 02 #27  
Difficulty: Difficult  
Topic: LO 1*

28. (p. 30) At the strategic business unit level, the marketing department provides leadership activities in:
- A. maintaining discipline.
  - B. creating fiscal restraint.
  - C. identifying value-creating opportunities.**
  - D. creating the corporate culture.
  - E. sustaining the means-end chain.

Marketing's activities tie to each of the three levels (corporate, business unit, functional). At the strategic business unit level marketing may be asked to provide leadership in developing integrated programs across all business units based on identifying value-creating opportunities.

*Blooms: Conceptual  
Crane - Chapter 02 #28  
Difficulty: Difficult  
Topic: LO 1*

29. (p. 30) In a large corporation with multiple business units, the marketing department may be called upon to:
- A. allocate financial resources across business units.
  - B. set the overall mission of the company.
  - C. allocate shareholder dividends through a large financial institution.
  - D. be quite small compared to other functional areas.
  - E. assist managers at higher levels to assess environmental trends or aid in their strategic planning efforts.**

In a large corporation with multiple business units, marketing may be called on to assess consumer trends as an aid to corporate planning.

*Blooms: Conceptual  
Crane - Chapter 02 #29  
Difficulty: Medium  
Topic: LO 1*

30. Bill McDermott is President and CEO of SAP Americas and Asia Pacific Japan. SAP is a company that sells extremely expensive enterprise resource planning software to large and mid-sized companies. McDermott operates at the \_\_\_\_\_ level of his organization.
- A. business unit
  - B. functional
  - C. corporate**
  - D. strategic
  - E. tactical

The corporate level is where top management directs overall strategy for the entire organization.

*Blooms: Application  
Crane - Chapter 02 #30  
Difficulty: Difficult  
Topic: LO 1*

31. At which level of the organization does most of the organization's work get done?
- A. strategic
  - B. product
  - C. corporate
  - D. business unit
  - E. functional**

See the lowest level of Figure 2-1 where marketing serves as part of a team of functional specialists. This is the level at which customers are listened to, products are designed and produced, and customers' needs are satisfied.

*Blooms: Definition  
Crane - Chapter 02 #31  
Difficulty: Medium  
Topic: LO 1*

32. In recent years, many large firms have changed the title of the head of marketing from vice president of marketing to
- A. commercial executive officer.
  - B. chief marketing officer.**
  - C. corporate marketing official.
  - D. coordinating marketing officer.
  - E. corporate marketing executive.

These chief marketing officers have an increasingly important role in top management because of their ability to think strategically. Most bring multi-industry backgrounds, cross-functional management expertise, analytical skills, and intuitive marketing insights to their job, which enables them to create and deliver value to the organization and its customers.

*Blooms: Definition  
Crane - Chapter 02 #32  
Difficulty: Medium  
Topic: LO 1*

33. Marketing serves as part of a \_\_\_\_\_ of specialists from all the functional units who analyze, implement, and control programs to accomplish the corporate and business strategic directions.
- (p. 30)
- A. department
  - B. system
  - C. organization
  - D. team**
  - E. company

The marketing department does not work alone but works with all departments to deliver customer value and satisfaction.

*Blooms: Definition  
Crane - Chapter 02 #33  
Difficulty: Medium  
Topic: LO 1*

34. A small number of people from different departments in an organization who are mutually accountable to accomplish a task or common set of performance goals are known as a(n):
- (p. 30)
- A. inter-disciplinary group
  - B. matrix group
  - C. cross-functional team**
  - D. multi-disciplinary team
  - E. inter-departmental strategic unit (IDSU)

Key term definition - cross-functional team.

*Blooms: Definition  
Crane - Chapter 02 #34  
Difficulty: Medium  
Topic: LO 1*

35. Jean-Rene Fourtou is CEO of Rhone-Poulenc, a company that had \$17-billion in sales for its chemicals and pharmaceuticals in the mid-1990s. Two Nobel Prize-winners work for Rhone-Poulenc. When Fourtou was asked where top scientists get their best ideas, he responded that those ideas come from people outside their own discipline. He then said, "Shock comes when different things meet. It's the interface that's interesting." Fourtou would be a supporter of:
- (p. 30)
- A. individualism in the workplace.
  - B. strategic planning being performed solely by those at the corporate level.
  - C. multiple strategic directions.
  - D. an ambiguous mission statement.
  - E. cross-functional teams.**

Cross-functional team efforts involve specialists from all the functional units (different disciplines) who can analyze who implement, and control programs to accomplish the corporate and business strategic directions.

*Blooms: Application  
Crane - Chapter 02 #35  
Difficulty: Difficult  
Topic: LO 1*

36. Sometimes cross-functional teams will have representatives from outside the organization such as:  
(p. 30)
- A.** suppliers and customers.
  - B. consultants and retired CEOs.
  - C. opinion leaders.
  - D. competitors.
  - E. organizational coaches.

Cross-functional team efforts involve specialists from all the functional units (different disciplines) who can analyze who implement, and control programs to accomplish the corporate and business strategic directions. Sometimes these teams will have representatives from outside the organization, such as suppliers or customers, to assist them.

*Blooms: Application  
Crane - Chapter 02 #36  
Difficulty: Difficult  
Topic: LO 1*

37. Which of the following statements regarding the strategic business unit level is most accurate?  
(p. 30)
- A. The strategic business unit level is the level that works most directly with the targeted customers.
  - B. The overall strategy for the organization is directed at the strategic business unit level.
  - C. In more complex organizations the corporate level and the strategic business unit level may merge.
  - D. More end-user analysis is provided at the strategic business unit level than at the functional level.
  - E.** The strategic direction is more specific at the strategic business unit level than at the corporate level.

At the strategic business unit level, managers set a more specific strategic direction for their businesses to exploit value-creating opportunities than at the corporate level.

*Blooms: Application  
Crane - Chapter 02 #37  
Difficulty: Difficult  
Topic: LO 1*

38. Specialized functions such as marketing and finance are generally referred to as:  
(p. 30)
- A. teams.
  - B. groups.
  - C. partnerships.
  - D.** departments.
  - E. functional areas.

Text term definition—department

*Blooms: Definition  
Crane - Chapter 02 #38  
Difficulty: Easy  
Topic: LO 1*

39. (p. 30) On the northern tip of Goose Island in the Chicago River sits the William Wrigley Jr. Company's Global Innovation Center. Here Wrigley can create new products—a joint effort by some 250 full-time food scientists, researchers, and marketers. The people who work in this center are most likely members of
- A. innovation teams.
  - B. a business consortium.
  - C. multiple strategic directional teams.
  - D. strategic implementation teams.
  - E.** cross-functional teams.

Cross-functional teams are composed of a small number of people from different departments in an organization who are mutually accountable to accomplish a task or a common set of performance goals.

*Blooms: Application  
Crane - Chapter 02 #39  
Difficulty: Difficult  
Topic: LO 1*

40. (p. 30) Which of the following statements would *most likely* be heard at the functional level of an organization?
- A. "We need to be aware of what our competitors are doing."
  - B. "How much money can we allot to the marketing department?"
  - C.** "Make sure we buy 15 seconds of air time for this coming Super Bowl."
  - D. "We should hire the most culturally diverse team possible in order to get the best new ideas."
  - E. "What are the projected sales figures for the next five years?"

At the functional level, the organization's strategic direction becomes its most specific and focused.

*Blooms: Application  
Crane - Chapter 02 #40  
Difficulty: Difficult  
Topic: LO 1*

41. (p. 32) In terms of an organization's vision, railroads may have lost business because they:
- A. are too slow and cumbersome.
  - B.** defined their business too narrowly.
  - C. defined their business too broadly.
  - D. priced their services too high.
  - E. are simply an outmoded form of transportation.

Railroads may have let other forms of transportation take business away from them because they perceived themselves in the railroad business instead of the transportation business. This definition was too limited and it hurt railroads because they failed to design effective marketing strategies to compete with trucks, buses, airlines, and automobiles.

*Blooms: Application  
Crane - Chapter 02 #41  
Difficulty: Difficult  
Topic: LO 2*

42. Railroads may have let other forms of transportation take business away from them because their definition included only the railroad business, rather than the broader definition of:
- transportation.
  - aerospace.
  - entertainment.
  - retailing.
  - wholesaling.

The narrow definition used by railroads hurt them because they failed to design effective strategies to compete with a broad range of transportation competitors, including airlines, trucks, bus lines, and cars.

*Blooms: Application  
Crane - Chapter 02 #42  
Difficulty: Medium  
Topic: LO 2*



**Figure 2-2**

43. In Figure 2-2, section "A" represents the "why" element of visionary organization. This is referred to as
- organizational tactics.
  - organizational mission.
  - organizational foundation.
  - organizational direction.
  - organizational strategies.

*Crane - Chapter 02*

Management experts stress that to be successful, today's organizations must be forward looking. They must both anticipate future events and respond quickly and effectively. This requires a visionary organization to specify its foundation (why does it exist?), set a direction (what will it do?), and formulate strategies (how will it do it?).

*Blooms: Application  
Crane - Chapter 02 #43  
Difficulty: Medium  
Topic: LO 2*

44. In Figure 2-2, section "B" represents the "what" element of visionary organization. This is referred to as  
(p. 31)
- A. organizational tactics.
  - B. organizational mission.
  - C. organizational foundation.
  - D.** organizational direction.
  - E. organizational strategies.

Management experts stress that to be successful, today's organizations must be forward looking. They must both anticipate future events and respond quickly and effectively. This requires a visionary organization to specify its foundation (why does it exist?), set a direction (what will it do?), and formulate strategies (how will it do it?).

*Blooms: Application  
Crane - Chapter 02 #44  
Difficulty: Medium  
Topic: LO 2*

45. In Figure 2-2, section "C" represents the "how" element of visionary organization. This is referred to as  
(p. 31)
- A. organizational tactics.
  - B. organizational mission.
  - C. organizational foundation.
  - D. organizational direction.
  - E.** organizational strategies.

Management experts stress that to be successful, today's organizations must be forward looking. They must both anticipate future events and respond quickly and effectively. This requires a visionary organization to specify its foundation (why does it exist?), set a direction (what will it do?), and formulate strategies (how will it do it?).

*Blooms: Application  
Crane - Chapter 02 #45  
Difficulty: Medium  
Topic: LO 2*

46. Today's visionary organization uses key elements to (1) \_\_\_\_\_ and (2) set a direction using (3) its strategies that enable it to develop and market its offerings successfully.  
(p. 31)
- A. set financial goals
  - B.** establish a foundation
  - C. establish detailed marketing tactics
  - D. assign job responsibilities
  - E. establish financial parameters

This requires a visionary organization to specify its foundation (why does it exist?), set a direction (what will it do?), and formulate strategies (how will it do it?) as shown in Figure 2-2.

*Blooms: Application  
Crane - Chapter 02 #46  
Difficulty: Medium  
Topic: LO 2*



47. Often used interchangeably with "vision" a \_\_\_\_\_ statement frequently has an inspirational theme.  
(p. 31)
- A. point of difference
  - B. mission**
  - C. business portfolio
  - D. internal situation analysis
  - E. annual report

Key term definition - mission

*Blooms: Definition  
Crane - Chapter 02 #47  
Difficulty: Easy  
Topic: LO 2*

48. By understanding its business, an organization can take steps to define its \_\_\_\_, a statement of the organization's scope. This statement often identifies its customers, markets, products, technology, and values.  
(p. 31)
- A. benefit statement
  - B. business portfolio
  - C. functional philosophy
  - D. mission**
  - E. corporate code

Key term definition - mission

*Blooms: Definition  
Crane - Chapter 02 #48  
Difficulty: Easy  
Topic: LO 2*

49. "Holiday Inn Burlington is dedicated to providing quality hospitality product and service. Although we try to anticipate guest concerns before they arise, we understand that every customer is an individual who requires special attention." This is a part of their \_\_\_\_\_ statement.  
(p. 31)
- A. benefit statement
  - B. business portfolio
  - C. functional philosophy
  - D. mission**
  - E. corporate code

A mission is a statement of the organization's scope. This statement often identifies its customers, markets, products, technology, and values.

*Blooms: Application  
Crane - Chapter 02 #49  
Difficulty: Medium  
Topic: LO 2*

50. A clear, challenging, and compelling picture of an envisioned future is known as a:  
(p. 31)
- A. benefit statement
  - B. business portfolio
  - C. functional philosophy
  - D. mission**
  - E. corporate code

A mission is a statement of the organization's scope. This statement often identifies its customers, markets, products, technology, and values.

*Blooms: Application  
Crane - Chapter 02 #50  
Difficulty: Medium  
Topic: LO 2*

51. Which of the following may constitute an organization's internal stakeholders?  
(p. 31)
- A.** Employees.
  - B. Suppliers.
  - C. Regulatory agencies.
  - D. Distributors.
  - E. All of these are examples of internal stakeholders.

Organizations must connect not just with their employees but with all their stakeholders. Stakeholders are individuals or groups, either within or outside an organization, that relate to it in what it does and how well it performs.

*Blooms: Conceptual  
Crane - Chapter 02 #51  
Difficulty: Medium  
Topic: LO 2*

52. Which of the following statements about stakeholders is true?  
(p. 31)
- A. Employees are typically not classified as a stakeholder group.
  - B. There are only three types of external stakeholders - customers, suppliers, and distributors.
  - C. All stakeholders are external to the organization.
  - D.** Stakeholders have a stake in how well a company performs.
  - E. Stakeholders have no real impact on how well a company performs.

Organizations must connect not just with their employees but with all their stakeholders. Stakeholders are individuals or groups, either within or outside an organization, that relate to it in what it does and how well it performs.

*Blooms: Conceptual  
Crane - Chapter 02 #52  
Difficulty: Difficult  
Topic: LO 2*

53. Which of the following would NOT be an example of stakeholders for a television production company like John Wells Productions?  
(p. 31)
- A. the actors that star in the television shows it produces
  - B. the people that provide the sets and the props used in the television shows it produces
  - C. the television critics that review the shows it produces
  - D. its television audiences
  - E.** the electronics firms that make hi-definition televisions

Stakeholders include employees, suppliers, customers, and the general public.

*Blooms: Application  
Crane - Chapter 02 #53  
Difficulty: Difficult  
Topic: LO 2*

54. An organization's \_\_\_\_\_ refers to a system of shared attitudes and behaviours held by the employees that distinguish it from other organizations.  
(p. 32)
- A. corporate philosophy
  - B. benefits statement
  - C.** culture
  - D. corporate profile
  - E. business edge

Key term definition - organizational culture

*Blooms: Definition  
Crane - Chapter 02 #54  
Difficulty: Easy  
Topic: LO 2*

55. (p. 31) PeopleSoft designs, produces, and markets software that enables companies to automate basic human-resources functions such as payroll. At its inception, the company's leaders created a(n) \_\_\_\_\_ that encouraged employees to get in touch with their feelings. The work environment was laid back, employees' dogs roamed the halls, and sunny days found employees playing Frisbee on the corporate lawns.
- A. corporate philosophy
  - B. environment
  - C. organizational culture**
  - D. corporate profile
  - E. business edge

An organization's culture refers to a system of shared attitudes and behaviours held by the employees that distinguish it from other organizations.

*Blooms: Application  
Crane - Chapter 02 #55  
Difficulty: Medium  
Topic: LO 2*

56. (p. 32) Which of the following statements about organizational goals is NOT true?
- A. The terms goal and objective can be used interchangeably.
  - B. In an organization, goals exist at the corporate, business, and functional levels.
  - C. All lower-level goals should contribute to the achievement of higher-level goals.
  - D. Goals convert an organization's mission into targeted levels of performance to be achieved.
  - E. Goals are clear, broad descriptions of an organization's offering(s).**

Goals or objectives (terms used interchangeably in the text) convert the mission into targeted levels of performance to be achieved, often by a specific time.

*Blooms: Conceptual  
Crane - Chapter 02 #56  
Difficulty: Medium  
Topic: LO 2*

57. (p. 33) Statements of an accomplishment of a task to be achieved, often by a specific time are known as:
- A. plans.
  - B. procedures.
  - C. bureaucracies.
  - D. goals or objectives.**
  - E. visions.

Key term definition - goal, objective

*Blooms: Definition  
Crane - Chapter 02 #57  
Difficulty: Medium  
Topic: LO 2*

58. (p. 33) Kodak wanting to be the top seller of digital cameras by 2012 (currently, it is third) is an example of an organizational:
- A. plan.
  - B. procedure.
  - C. bureaucracy.
  - D.** goal or objective.
  - E. vision.

Key term definition - goal, objective

*Blooms: Definition  
Crane - Chapter 02 #58  
Difficulty: Medium  
Topic: LO 2*

59. (p. 32) Medtronic, a world leader in heart pacemakers, is not in the medical device business but is in the business of: alleviating pain, restoring health, and extending life. This conscious effort of Medtronic defining their business shows they are paying attention to:
- A. the marketing mix
  - B. corporate culture
  - C.** how narrow or broad their business is
  - D. marketing strategy
  - E. corporate goals

Companies must decide what type of business they are in. They must determine how narrow or broad their business is. Medtronic, a world leader in heart pacemakers, is *not* in the medical device business but *is* in the business of alleviating pain, restoring health, and extending life.

*Blooms: Conceptual  
Crane - Chapter 02 #59  
Difficulty: Medium  
Topic: LO 2*

60. (p. 33) Some corporations choose unit sales rather than sales revenue as an organizational goal. Sales revenues can be deceiving because of:
- A. poor sales databases.
  - B. fluctuations in inventory.
  - C. unpredictable sales expenses.
  - D. slow sales forecasting.
  - E.** inflation.

Sales revenue may be deceiving because the effects of inflation can cause dollar figures to increase while units sold decrease. So a firm may set goals for the number of units it will sell.

*Blooms: Conceptual  
Crane - Chapter 02 #60  
Difficulty: Difficult  
Topic: LO 2*

61. Classic economic theory assumes a firm seeks to maximize its long-run \_\_\_\_, achieving as high a financial return on its investment as possible.  
(p. 33)
- A.** profit
  - B. sales revenue
  - C. market share
  - D. quality
  - E. employee welfare

The pattern of goals provides strategic direction because organizations often get what they measure: profit, sales revenue, market share, unit sales, quality, customer satisfaction, employee welfare, and social responsibility.

*Blooms: Definition  
Crane - Chapter 02 #61  
Difficulty: Medium  
Topic: LO 2*

62. Brittany read on the second page of the stockholder's report for a manufacturer of automobile parts, "Our goal for the next five year period is to double our return on investment." She now knows the company has \_\_\_\_\_ goals.  
(p. 33)
- A.** profit
  - B. sales revenue
  - C. market share
  - D. unit sales
  - E. survival

Classic economic theory assumes a firm seeks to maximize long-run profit, achieving as high a financial return on investment as possible.

*Blooms: Application  
Crane - Chapter 02 #62  
Difficulty: Medium  
Topic: LO 2*

63. If profits are acceptable, a firm may elect to \_\_\_\_\_ even though profitability may not be maximized.  
(p. 33)
- A. abandon green marketing
  - B. decrease employee loyalty
  - C.** maintain or increase sales
  - D. decrease social responsibility
  - E. buy company stock

Increased sales revenue may gain promotions for key executives.

*Blooms: Conceptual  
Crane - Chapter 02 #63  
Difficulty: Easy  
Topic: LO 2*

64. (p. 33) A small business owner was explaining how she was planning for the upcoming holiday season, "We've got to maximize our dollars of sales because profits are adequate at the moment." From this statement, she is most concerned with \_\_\_\_\_ goals.
- A. profit
  - B. sales revenue**
  - C. market share
  - D. social responsibility
  - E. survival

If profits are acceptable, a firm may elect to maintain or increase its sales level even though profitability may not be at its maximum.

*Blooms: Conceptual  
Crane - Chapter 02 #64  
Difficulty: Medium  
Topic: LO 2*

65. (p. 33) When sales revenue is chosen as an organizational goal, a firm:
- A. increases sales levels and strives for a constant level of profits.
  - B. maintains sales levels and strives for maximum profitability.
  - C. maintains or increases sales levels even though profitability may not be at the maximum.**
  - D. decreases sales levels but increases profit margins.
  - E. decreases sales levels and reduces the profit margin.

If profits are acceptable, a firm may elect to maintain or increase its sales level even though profitability may not be maximized. Increased sales revenue may gain promotions for key executives.

*Blooms: Conceptual  
Crane - Chapter 02 #65  
Difficulty: Difficult  
Topic: LO 2*

66. (p. 33) The concept of sustainable development asks a country to balance the profit goals of businesses with their \_\_\_\_\_ goals.
- A. return on investment
  - B. market share
  - C. unit sales
  - D. sales revenue
  - E. social responsibility**

Sustainable development is a term that refers to having each country find an ideal balance between protecting its environment and providing its citizens with the additional goods and services necessary to maintain and improve their standard of living.

*Blooms: Conceptual  
Crane - Chapter 02 #66  
Difficulty: Medium  
Topic: LO 2*

67. An explicit goal stating its commitment to provide good employment opportunities and working conditions illustrates what type of goals?  
(p. 33)
- A. return on investment
  - B. market share
  - C. employee welfare**
  - D. sales revenue
  - E. social responsibility

A firm may recognize the critical importance of its employees by having an explicit goal stating its commitment to provide good employment opportunities and working conditions.

*Blooms: Conceptual  
Crane - Chapter 02 #67  
Difficulty: Medium  
Topic: LO 2*

68. Pfizer Canada offering day-care facilities to its employees; and BC Biomedical offering flex-work opportunities illustrates what type of goals?  
(p. 33)
- A. return on investment
  - B. market share
  - C. employee welfare**
  - D. sales revenue
  - E. social responsibility

A firm may recognize the critical importance of its employees by having an explicit goal stating its commitment to provide good employment opportunities and working conditions.

*Blooms: Conceptual  
Crane - Chapter 02 #68  
Difficulty: Medium  
Topic: LO 2*

69. Corporate executives and world leaders are increasingly asked to address the issue of \_\_\_\_, a term that refers to having each country find an ideal balance between protecting its environment and providing its citizens with the additional goods and services necessary to maintain and improve their standard of living.  
(p. 33)
- A. corporate culture
  - B. profit margin
  - C. strategic direction
  - D. acculturation
  - E. sustainable development**

Today this often involves adding jobs in highly polluting industries, thereby pushing cleanup actions into the future.

*Blooms: Definition  
Crane - Chapter 02 #69  
Difficulty: Medium  
Topic: LO 2*

70. The ratio of the sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself, is known as:
- (p. 33)
- A. sales quality.
  - B.** market share.
  - C. industry potential.
  - D. contribution margin.
  - E. marginal revenue.

Key term definition - market share

*Blooms: Definition  
Crane - Chapter 02 #70  
Difficulty: Easy  
Topic: LO 2*

71. Market share is:
- (p. 33)
- A. the ratio of the profit of the firm to the total profits of all firms in the industry, not including the firm itself.
  - B. the ratio of the profit of the firm to the total profits of all firms in the industry, including the firm itself.
  - C. the ratio of the sales revenue of the firm to the total sales revenue of all firms in the industry, not including the firm itself.
  - D.** the ratio of the sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself.
  - E. the ratio of the profits of all firms in an industry to the profits of the firm.

Key term definition - market share

*Blooms: Definition  
Crane - Chapter 02 #71  
Difficulty: Medium  
Topic: LO 2*

72. Market share is the ratio of sales revenue of the firm to the total sales revenue of all \_\_\_\_, including the firm itself.
- (p. 33)
- A.** firms in the industry
  - B. firms in alternative industries
  - C. firms surveyed by the Government
  - D. firms sharing in marketing principles
  - E. domestic firms

Key term definition - market share

*Blooms: Definition  
Crane - Chapter 02 #72  
Difficulty: Easy  
Topic: LO 2*



73. (p. 33) When an organization wants to avoid the effects of inflation, which of the following goals will it emphasize?
- A. profits
  - B. unit sales**
  - C. sales revenue
  - D. market share
  - E. return on investment (ROI)

Inflation affects the dollar values attributed to sales and therefore the calculations based on sales, such as profit, market share (based on dollars sold) and ROI.

*Blooms: Conceptual  
Crane - Chapter 02 #73  
Difficulty: Medium  
Topic: LO 2*

74. (p. 33) Some corporations choose unit sales rather than sales revenue as an organizational goal. Sales revenues can be deceiving because of:
- A. inaccurate accounting practices.
  - B. inflation.**
  - C. incomplete cost projections.
  - D. inadequate sales forecasting.
  - E. derived demand.

Sales revenue may be deceiving because of the effects of inflation, so a firm may choose as its goal to maintain or increase the number of units it sells.

*Blooms: Conceptual  
Crane - Chapter 02 #74  
Difficulty: Medium  
Topic: LO 2*

75. (p. 33) Xbox video game consoles were developed through a joint venture between Microsoft and the WWF (World Wrestling Federation) and first marketed in the fall of 2001. Complaints about the video game began immediately after its introduction. These complaints ranged from missing parts to incorrect programming. It would seem obvious that the manufacturer of Xbox video game consoles should adopt \_\_\_\_\_ goals.
- A. profit
  - B. sales revenue
  - C. market share
  - D. quality**
  - E. employee welfare

*Blooms: Application  
Crane - Chapter 02 #75  
Difficulty: Difficult  
Topic: LO 2*

76. (p. 33) A catalogue retailer who set as its qualitative goal to reduce merchandise returns by 20 percent would have set \_\_\_\_\_ goals.
- A. customer satisfaction**
  - B. employee welfare
  - C. market share
  - D. social responsibility
  - E. profit

Customer satisfaction can be measured directly with surveys or tracked with proxy measures like number of customer complaints or percent of orders shipped within 24 hours of receipt.

*Blooms: Application  
Crane - Chapter 02 #76  
Difficulty: Easy  
Topic: LO 2*

77. (p. 33) A firm may recognize the critical importance of its \_\_\_\_\_ by having explicit goals that state its intention to improve work conditions by adding more lighting and providing the workers with more and better safety equipment.
- A. satisfaction
  - B. sales revenue
  - C. market share
  - D. quality
  - E. employee welfare**

Employee welfare is an important goal, insofar as it affects not only goodwill, but also morale, and hence productivity.

*Blooms: Application  
Crane - Chapter 02 #77  
Difficulty: Medium  
Topic: LO 2*

78. (p. 33) Pfizer Pharmaceuticals is offering low-income senior citizens some of its most widely used prescriptions for \$15 each a month - much below the regular costs for these drugs. This program to better serve senior citizens likely grew out of a \_\_\_\_\_ goal.
- A. profit
  - B. unit sales
  - C. sales revenue
  - D. market share
  - E. social responsibility**

Costs are subsidized by other more profitable products in order to provide a needed medication even when it is not in itself profitable.

*Blooms: Application  
Crane - Chapter 02 #78  
Difficulty: Easy  
Topic: LO 2*

79. (p. 33) The business goal of a company that is trying to balance conflicting goals of consumers, employees, and stockholders even at the expense of profits is referred to as a \_\_\_\_\_ goal.
- A. return on investment
  - B. market share
  - C. sales revenue
  - D. unit sales
  - E. social responsibility**

A firm trying to balance these conflicting goals aims to promote overall welfare of all these groups, even at the expense of profits.

*Blooms: Definition  
Crane - Chapter 02 #79  
Difficulty: Easy  
Topic: LO 2*

80. (p. 33) A nonprofit organization is a nongovernmental organization that does not have profit as an organizational goal. What other quality characterizes nonprofit organizations?
- A. They make a great deal of money.
  - B. They need not be concerned with efficiency.
  - C. They are not concerned with quality as a rule.
  - D. They must lose money to retain their nonprofit status.
  - E.** They serve customers.

Nonprofit organizations strive to serve customers with the greatest efficiency and the least cost and seek to serve the public good.

*Blooms: Definition  
Crane - Chapter 02 #80  
Difficulty: Medium  
Topic: LO 1*

81. (p. 33) An example of a private organization that does not seek profit is:
- A. Industry Canada.
  - B. FedEx.
  - C. the Toronto Blue Jays.
  - D.** the Montreal Museum for Fine Arts.
  - E. all of these answers are correct.

Only the Montreal Museum for Fine Arts is a private organization that strives to provide goods or services to consumers with the greatest efficiency at the least cost without seeking a profit.

*Blooms: Application  
Crane - Chapter 02 #81  
Difficulty: Easy  
Topic: LO 1*

82. (p. 34) All organizational strategies are influenced by each of the following EXCEPT:
- A. organizational foundation.
  - B.** profit
  - C. organizational direction.
  - D. offering.
  - E. organizational level.

Fig. 2-2, but non-profit organizations would not have their strategies influenced by a profit motive.

*Blooms: Application  
Crane - Chapter 02 #82  
Difficulty: Difficult  
Topic: LO 1*

83. (p. 33) \_\_\_\_\_ are an organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations.
- A. Accomplishments
  - B. Acquisitions
  - C. Capacities
  - D. Characteristics
  - E.** Competencies

Key term definition - competencies

*Blooms: Definition  
Crane - Chapter 02 #83  
Difficulty: Easy  
Topic: LO 3*

84. Rhone-Poulenc is an international French company that produces and markets a variety of chemicals and pharmaceuticals. Due to the resources it makes available to its scientists and researchers, the company has a number of Nobel Prize winners working in its laboratories. This ability to attract some of the finest minds in the world to its workforce is an example of a(n):
- A. synergistic capacity.
  - B. market accomplishment.
  - C. unsought benefit.
  - D. product development strategy.
  - E. competency.**

Competencies are an organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations.

*Blooms: Application  
Crane - Chapter 02 #84  
Difficulty: Medium  
Topic: LO 3*

85. \_\_\_\_\_ is a unique strength that an organization has relative to its competitors. It is often based on quality, time, cost, customer intimacy, customer experience management or innovation.
- A. Market penetration
  - B. Product differentiation
  - C. Competitive advantage**
  - D. Business divergence
  - E. Business competency

Key term definition - competitive advantage

*Blooms: Definition  
Crane - Chapter 02 #85  
Difficulty: Easy  
Topic: LO 3*

86. 92 percent of the Canadian population lives within 15 minutes of a Canadian Tire Store; this ability to stay close to the customer is an example of Canadian Tire's \_\_\_\_\_:
- A. benchmarking.
  - B. customer management.
  - C. mission statement.
  - D. competitive advantage.**
  - E. organizational objective.

Competitive Advantage is a unique strength relative to competitors.

*Blooms: Application  
Crane - Chapter 02 #86  
Difficulty: Easy  
Topic: LO 3*

87. \_\_\_\_\_ describes the totality of features and characteristics of a good or service that bear on its ability to satisfy stated or implied needs.  
(p. 35)
- A. Product concept
  - B. Core benefit proposition
  - C. Prototype
  - D. Quality**
  - E. Core competency

Key term definition - quality

*Blooms: Definition  
Crane - Chapter 02 #87  
Difficulty: Easy  
Topic: LO 3*

88. Which of the following statements about quality as a competitive advantage is true?  
(p. 35)
- A. The only way to create a competitive advantage is by improving quality.
  - B. To be successful, a competitive advantage does not have to be unique.
  - C. An innovation can be a source of a competitive advantage.**
  - D. A company must ignore costs when establishing a competitive advantage.
  - E. All of these statements about quality as a competitive advantage are true.

Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation.

*Blooms: Conceptual  
Crane - Chapter 02 #88  
Difficulty: Medium  
Topic: LO 3*

89. Designing a car is expensive and time-consuming even with the use of computers because until recently there was no way for all the varied departments that are involved in new car development to work together. DaimlerChrysler has created a central, Web-based system that cuts the design and production process by at least two years. This is an example of a(n):  
(p. 35)
- A. benchmarking project.
  - B. innovation-oriented mission.
  - C. action program.
  - D. operational goal implementation.
  - E. competency.**

Competencies are an organization's special capabilities that distinguish it from other organizations.

*Blooms: Application  
Crane - Chapter 02 #89  
Difficulty: Medium  
Topic: LO 3*

90. Evergreen Air Center is the world's biggest parking lot for unwanted aircraft. Airlines pay a monthly fee from \$750 to \$5,000 to mothball airplanes at this site. Its location is on 1,600 acres of Arizona desert. The Southwest climate serves as a cheap and effective airplane preservative. Its location is its:
- A. operational goal.
  - B.** competency.
  - C. tactical mission.
  - D. benchmarked differentiator.
  - E. innovative vision.

Competences are an organization's special capabilities (in this case, the climate gives it the capabilities to preserve planes cheaply and efficiently) that distinguish it from other organizations.

*Blooms: Application  
Crane - Chapter 02 #90  
Difficulty: Medium  
Topic: LO 3*

91. DVD Overnight is a small company that rents DVD movies by mail using the Web. It jumped into an industry where there were no firm leaders but lots of competitors and established a loyal clientele by seizing the opportunity to provide a service that was not available through other companies that rented movies over the Internet - reliable overnight shipment. Its delivery system created its:
- A. viable mission.
  - B.** competitive advantage.
  - C. tactical innovation.
  - D. benchmarking-focus.
  - E. sales-orientation.

Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation.

*Blooms: Application  
Crane - Chapter 02 #91  
Difficulty: Difficult  
Topic: LO 3*

92. Designing a car is expensive and time-consuming even with the use of computers because until recently there was no way for all the varied departments involved in new car development to work together. DaimlerChrysler has created a central, Web-based system that cuts the design and production process by at least two years. This competence can give DaimlerChrysler:
- A.** a competitive advantage.
  - B. benchmarking expertise.
  - C. a tactical innovation.
  - D. leapfrogging capabilities.
  - E. a viable mission.

Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation.

*Blooms: Application  
Crane - Chapter 02 #92  
Difficulty: Medium  
Topic: LO 3*

93. When Zierer GMBH, a German manufacturer of amusement park rides began manufacturing gravity rides such as the runaway mine train ride, it studied a ride built by a U.S. competitor to learn how its braking system worked and to use this information in its own design. It was engaging in:  
(p. 35)
- A.** benchmarking.
  - B. demarketing.
  - C. swotting.
  - D. resourcing.
  - E. outsourcing.

The text explains that benchmarking is discovering how others do something better than you do so your firm can imitate, or leapfrog, their techniques.

*Blooms: Application  
Crane - Chapter 02 #93  
Difficulty: Easy  
Topic: LO 3*

94. \_\_\_\_\_ is the process of discovering how other firms do something better than your firm so you can imitate, or leapfrog competition.  
(p. 35)
- A. Product emulation
  - B. Research straddling
  - C.** Benchmarking
  - D. Reverse engineering
  - E. Demarketing

Key term definition - benchmarking

*Blooms: Definition  
Crane - Chapter 02 #94  
Difficulty: Easy  
Topic: LO 3*

95. When General Mills introduced Frosted Cheerios, it wanted to launch the product in half the time taken by any cereal manufacturer to launch a new cereal. General Mills created a team that studied the successful product launch of other companies' cereals to determine what went well and what did not. To learn these lessons from other cereal launches, General Mills used:  
(p. 35)
- A. product emulation.
  - B. research mimicry.
  - C.** benchmarking.
  - D. reverse engineering.
  - E. demarketing.

Benchmarking is the process of discovering how other firms do something better than your firm so you can imitate, or leapfrog competition.

*Blooms: Application  
Crane - Chapter 02 #95  
Difficulty: Medium  
Topic: LO 3*

96. When General Mills sought ideas on how to reduce the time to convert its production lines from one cereal to another, it sent a team to observe the pit crews at the Indianapolis 500 race. This is an example of:
- A. spying.
  - B. racing.
  - C. benchmarking.**
  - D. resourcing.
  - E. appending.

Benchmarking is discovering how others do something better than you do so your firm can imitate, or leapfrog, their techniques.

*Blooms: Application  
Crane - Chapter 02 #96  
Difficulty: Easy  
Topic: LO 3*

97. Which one of the following is NOT an example of the different goals that non-profit firms can pursue?
- A. market share.
  - B. profit.**
  - C. employee welfare.
  - D. social responsibility.
  - E. customer satisfaction.

See description of different goals of business firms, non-profit and many private organizations as well as government agencies on pages 33-34.

*Blooms: Definition  
Crane - Chapter 02 #97  
Difficulty: Medium  
Topic: LO 2*

98. 3M has developed a quality program called \_\_\_\_\_:
- A. Profit Profit Profit (3P)
  - B. Play Profit Prevent (3P)
  - C. Reduce Reinvest Right (3R)
  - D. Pollution Prevent Pays (3P)
  - E. Six Sigma**

A firm may target the highest quality products or services in its industry, as 3M does with its Six Sigma program.

*Blooms: Conceptual  
Crane - Chapter 02 #98  
Difficulty: Medium  
Topic: LO 2*



99. 3M has developed an innovative program called \_\_\_\_\_ to reduce harmful environmental impacts, making a profit doing so:  
(p. 34)
- A. Profit Profit Profit (3P)
  - B. Play Profit Prevent (3P)
  - C. Reduce Reinvest Right (3R)
  - D. Pollution Prevention Pays (3P)**
  - E. Six Sigma

3M developed an innovative program called Pollution Prevention Pays (3P) to reduce harmful environmental impacts, making a profit doing so.

*Blooms: Conceptual  
Crane - Chapter 02 #99  
Difficulty: Medium  
Topic: LO 2*

100. The Boston Consulting Group (BCG) uses an approach of \_\_\_\_\_ that analyzes a firm's business units (called strategic business units, or SBUs) as though they were a collection of separate investments.  
(p. 36)
- A. target marketing
  - B. business portfolio analysis**
  - C. marketing strategic planning
  - D. market segmentation
  - E. stock market investment

Text term definition - business portfolio analysis

*Blooms: Definition  
Crane - Chapter 02 #100  
Difficulty: Easy  
Topic: LO 3*

101. In the Boston Consulting Group's (BCG) model to analyze a firm's strategic business units, or SBUs, the vertical axis reflects the:  
(p. 36-37)
- A. return on investment desired.
  - B. market growth rate.**
  - C. market segment size.
  - D. relative market share.
  - E. number of employees.

The BCG's business portfolio analysis uses quantified performance measures and growth targets to analyze a firm's business units as though they were a collection of separate investments.

*Blooms: Definition  
Crane - Chapter 02 #101  
Difficulty: Difficult  
Topic: LO 3*

102. In the Boston Consulting Group (BCG) model for analysis of a firm's strategic business units, or (p. 36-37) SBUs, the horizontal axis reflects the:
- A. national forecast.
  - B. business portfolio in dollars.
  - C. years of experience.
  - D. market segment size.
  - E.** relative market share.

The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry.

*Blooms: Definition  
Crane - Chapter 02 #102  
Difficulty: Difficult  
Topic: LO 3*

103. SBUs with a high share of high-growth markets that may not generate enough cash to support their (p. 36-37) own demanding needs for future growth are known as:
- A. dogs.
  - B. cash cows.
  - C. question marks.
  - D.** stars.
  - E. bonanzas.

See Figure 2-3.

*Blooms: Definition  
Crane - Chapter 02 #103  
Difficulty: Medium  
Topic: LO 3*

104. Gillette continues to manufacture Liquid Paper correction fluid for use with typewriters even though (p. 36-37) most of the world uses word processors. It is a small market that has little growth, but Liquid Paper has the largest market share, and Gillette invests no promotional monies in maintaining the declining product. Liquid Paper is an example of a:
- A. star.
  - B.** cash cow.
  - C. question mark.
  - D. exclamation mark.
  - E. shooting star.

Liquid Paper has a large market share in a low growth market.

*Blooms: Application  
Crane - Chapter 02 #104  
Difficulty: Medium  
Topic: LO 3*

105. Solarcom is a 25-year-old information technology company that owns several subsidiaries. One of its subsidiaries is Atlantix Global Systems, which is one of the leading wholesalers for refurbished computer equipment, an industry that is growing worldwide. According to the BCG portfolio matrix, Atlantix Global would most likely be classified as a:
- A. dog.
  - B. cash cow.
  - C. question mark.
  - D. star.**
  - E. bonanza.

Atlantix Global Systems has a large share of a high-growth industry.

*Blooms: Application  
Crane - Chapter 02 #105  
Difficulty: Medium  
Topic: LO 3*

106. Several years ago, Black & Decker purchased General Electric's small appliances product line. General Electric did not know what to do with the line. Black & Decker purchased the line because it needed the cash infusion from a product line that had a dominant market share. Since people replace small appliances infrequently and because many are handed down from parent to child, the industry is a slow-growth one. From this information and your knowledge about the BCG portfolio analysis, you should know this small appliance line would be classified as a:
- A. dog.
  - B. cash cow.**
  - C. question mark.
  - D. star.
  - E. bonanza.

Cash cows dominate a slow-growth market.

*Blooms: Application  
Crane - Chapter 02 #106  
Difficulty: Medium  
Topic: LO 3*

107. In late 1993, the Honda Motor Company unveiled the Honda Passport, announcing their entrance into the sport-utility vehicle market. Competing automakers - General Motors, Ford, and Jeep had vehicles firmly entrenched in this highly competitive market. For years Honda experienced tremendous success with their Accords, Preludes, Civics and other passenger automobiles - in fact, Honda cars were repeatedly the top selling automobiles in the U.S. Where would the Honda Passport and the Honda Accords, Preludes, and Civics fall in the BCG product portfolio matrix?
- A. The Passport would be classified as a star, and the Accords, Preludes and Civics would be classified as cash cows.
  - B. The Passport would be considered a cash cow, and the Accords, Preludes, and Civics would be classified as stars.
  - C. Due to the overwhelming success of Honda cars, the Passport, Accords, Preludes, and Civics would all be classified as cash cows.
  - D.** The Passport would be a problem child, and the other Honda offerings would be cash cows.
  - E. The Passport would be considered a problem child, and the other Honda offerings would be classified as dogs.

The BCG matrix is based upon market growth rate and market share. The sport-utility market is a high growth market with substantial competition; GM, Ford, and Jeep products have a dominant share of this market. The Honda Passport, a new competitor in this high-growth market, has a low share of this market. The vehicle will require large injections of cash from other products in the Honda line to maintain or increase market share. The Honda Accord, Prelude, and Civic autos are well established in slower-growth markets and control a significant percentage of market share. Thus, these autos will be cash cows for Honda, and the revenues generated from the sale of these cars will be used to finance the cash-intensive marketing of the new Passport problem child in the BCG matrix.

*Blooms: Application  
Crane - Chapter 02 #107  
Difficulty: Difficult  
Topic: LO 3*

108. \_\_\_\_\_ are SBUs with a low share of low-growth markets - they may generate enough cash to sustain themselves, but they do not hold the promise of ever becoming real winners for the firm.
- A. Cash cows
  - B. Stars
  - C. Question marks
  - D.** Dogs
  - E. Problem children

Dropping SBUs in the dog quadrant from a business portfolio is generally advocated except when relationships with other SBUs, competitive considerations, or potential strategic alliances exist. Also see Figure 2-3.

*Blooms: Definition  
Crane - Chapter 02 #108  
Difficulty: Medium  
Topic: LO 3*

109. (p. 37) The market for the fast car with so much horsepower that handling becomes an issue is decreasing. People are more interested in buying SUVs and pickups. As a result, General Motors is stopping production of its Camaro, a car that has had limited sales recently. Since the Camaro can no longer generate enough cash to sustain its manufacture, the BCG portfolio would classify it as a:
- A.** dog.
  - B. cash cow.
  - C. question mark.
  - D. star.
  - E. bonanza.

A dog has a low market share in a low-growth industry.

*Blooms: Application  
Crane - Chapter 02 #109  
Difficulty: Medium  
Topic: LO 3*

110. (p. 37) The market for the fast car with so much horsepower that handling becomes an issue is decreasing. People are more interested in buying SUVs and pickups. As a result General Motors is stopping production of its Camaro, a car that has had limited sales recently. According to the BCG portfolio analysis, the Camaro could be considered a:
- A. cash cow
  - B. star
  - C.** dog
  - D. question mark
  - E. none of these answers are correct

A dog is an SBU with a low share of low-growth markets.

*Blooms: Application  
Crane - Chapter 02 #110  
Difficulty: Medium  
Topic: LO 3*

111. (p. 36) In some cases Walmart can sell DVD movies to consumers for less than it costs a consumer to rent DVD's from Blockbuster. In response, Blockbuster now allows consumers to keep their DVD's longer and is pushing the sales of DVD's instead of just rentals. Blockbuster is looking at their:
- A. competencies
  - B.** competition
  - C. benchmark
  - D. innovation
  - E. quality

Blockbuster competes directly against other DVD rental retailers, but at the same time, it competes with Wal-Mart, which can actually sell DVDs nearly as cheaply as it costs to rent them from Blockbuster. This has changed Blockbuster's approach to DVD rentals, which now includes allowing consumers to keep the DVDs longer and pushing the sales of DVDs instead of rentals.

*Blooms: Application  
Crane - Chapter 02 #111  
Difficulty: Easy  
Topic: LO 3*

112. One of the strengths inherent in the use of the BCG portfolio analysis is the fact that it:
- (p. 36-37)
- A. is remarkably easy to locate an SBU on the BCG matrix.
  - B. considers all factors that might impact an SBU's value to an organization.
  - C. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
  - D.** forces firms to assess their SBUs in terms of relative market share and industry growth rate.
  - E. does none of these.

It is often difficult to locate an SBU on the BCG matrix. One of the weaknesses of this analysis method is other factors that the portfolio analysis does not consider as organizational synergy. Actually a BCG portfolio analysis can be a demotivator to people who work in SBUs classified as dogs or problem children.

*Blooms: Conceptual  
Crane - Chapter 02 #112  
Difficulty: Easy  
Topic: LO 3*

113. One of the weaknesses inherent in the use of the BCG portfolio analysis is that it:
- (p. 37)
- A. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
  - B.** it is often difficult to get needed information on market growth and market share.
  - C. considers so many SBU factors beyond market growth rate and relative market share.
  - D. does not require forecasts in order to be implemented.
  - E. makes efficient use of all competitive information.

There are problems or weaknesses with the business portfolio analysis approach including the fact that it is often difficult to get needed information on market growth and market share and generally difficult to include competitive information into the analysis. It can also be time consuming, and by the time decisions are made, market conditions have may changed.

*Blooms: Conceptual  
Crane - Chapter 02 #113  
Difficulty: Difficult  
Topic: LO 3*

114. One of the weaknesses inherent in the use of the BCG portfolio analysis is that it:
- (p. 37)
- A. acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children.
  - B.** can also be time consuming, and by the time decisions are made, market conditions have may changed.
  - C. considers so many SBU factors beyond market growth rate and relative market share.
  - D. does not require forecasts in order to be implemented.
  - E. makes efficient use of all competitive information.

There are problems or weaknesses with the business portfolio analysis approach including the fact that it is often difficult to get needed information on market growth and market share and generally difficult to include competitive information into the analysis. It can also be time consuming, and by the time decisions are made, market conditions have may changed.

*Blooms: Conceptual  
Crane - Chapter 02 #114  
Difficulty: Difficult  
Topic: LO 3*

115. Which market-product strategies do NOT require product changes?  
(p. 38)
- A.** market development and market penetration
  - B. market development and diversification
  - C. market penetration and product development
  - D. diversification and market penetration
  - E. diversification and product development

Market penetration is increasing the sales of present products in existing markets and market development is selling existing products in new markets. Neither of these requires new products. This is also shown in Figure 2-4.

*Blooms: Definition  
Crane - Chapter 02 #115  
Difficulty: Easy  
Topic: LO 3*

116. Which market-product strategy requires no change in the product but requires a company to seek out new customers in new markets?  
(p. 38)
- A. market penetration
  - B.** market development
  - C. product development
  - D. diversification
  - E. all of these answers are correct

Text term definition - market development

*Blooms: Definition  
Crane - Chapter 02 #116  
Difficulty: Medium  
Topic: LO 3*

117. Massachusetts-based BJ's Wholesale (third in sales among members-only retail chains) recently opened its first stores in Georgia in 2002. This is an example of:  
(p. 38)
- A. market penetration.
  - B.** market development.
  - C. product development.
  - D. diversification.
  - E. product dissemination.

Market development is the process of taking present products to new markets.

*Blooms: Application  
Crane - Chapter 02 #117  
Difficulty: Medium  
Topic: LO 3*

118. Gulfstream Aerospace Corp. engaged in a \_\_\_\_\_ strategy when it sold 3 Gulfstream V business jet aircraft to the Israeli Ministry of Defense for use as Special Electronic Mission Aircraft. This was Gulfstream's first sale to a Middle Eastern country.  
(p. 38)
- A. market penetration
  - B.** market development
  - C. product development
  - D. diversification
  - E. product dissemination

Market development is the process of taking present products to new markets.

*Blooms: Application  
Crane - Chapter 02 #118  
Difficulty: Easy  
Topic: LO 3*

119. Assume McDonald's is engaging in a market development strategy. Which of the following actions best illustrates a market development strategy?  
(p. 38)
- A.** opening the first McDonald's in China
  - B. developing a line of McDonald's toys to be sold through Toys R Us stores
  - C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
  - D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase
  - E. giving coupons for free fries for later use when the customer purchases a Big Mac

Opening a McDonald's is taking the present product (menu and restaurant) to a new market, a market development strategy.

*Blooms: Application  
Crane - Chapter 02 #119  
Difficulty: Easy  
Topic: LO 3*

120. Yorkdale Mall hopes to increase traffic in the shopping center by offering free lunches to children in mall restaurants on Tuesdays. This promotion is directed to families who currently do not shop at the mall. This is an example of the implementation of a \_\_\_\_\_ strategy.  
(p. 38)
- A. market penetration
  - B.** market development
  - C. product development
  - D. diversification
  - E. market divestiture

Market development is the act of selling a company's product to new customers.

*Blooms: Application  
Crane - Chapter 02 #120  
Difficulty: Medium  
Topic: LO 3*

121. The World Wrestling Federation (WWF) manages professional wrestling matches. In addition, the WWF owns and operates a successful club in NYC; it is partnered with Microsoft to manufacture Xbox video game consoles; it produced its own reality-based television show; and it has licensed and marketed a number of WWF-related toys and collectibles. All of these efforts have been targeted to fans of professional wrestling. From this description, you could say that the WWF has adopted a \_\_\_\_\_ strategy.  
(p. 38)
- A. market penetration
  - B. market development
  - C.** product development
  - D. diversification
  - E. market divestment

Product development is a market-product strategy of developing new products to sell to existing markets.

*Blooms: Application  
Crane - Chapter 02 #121  
Difficulty: Medium  
Topic: LO 3*



122. Which of the following actions would best illustrate a diversification strategy for McDonald's (the fast food restaurant)?  
(p. 38)
- A. opening the first McDonald's in China
  - B.** developing a line of McDonald's toys to be sold through Toys R Us stores
  - C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
  - D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase
  - E. giving coupons for free fries for later use when the customer purchases a Big Mac

The McDonald's toys sold through Toys R Us stores mainly involved selling new products (toys) to new (toy) customers, a diversification strategy. Even though many of these people may have eaten at a McDonald's restaurant, the company leaves the restaurant business and goes into the toy marketing business, which is a new business for McDonald's.

*Blooms: Application  
Crane - Chapter 02 #122  
Difficulty: Medium  
Topic: LO 3*

123. Which market-product strategy involves selling a new product to existing markets?  
(p. 38)
- A. market penetration
  - B. market development
  - C. divestment
  - D. diversification
  - E.** product development

Text term definition - product development

*Blooms: Definition  
Crane - Chapter 02 #123  
Difficulty: Easy  
Topic: LO 3*

124. Matsura Industries distributes candy and coffee through its vending machines in Tokyo. The addition of sandwich vending machines to the same market is an example of a \_\_\_\_\_ strategy.  
(p. 38)
- A. market penetration
  - B. market development
  - C.** product development
  - D. diversification
  - E. divestment

Product development is a market-product strategy that sells a new product to existing markets.

*Blooms: Conceptual  
Crane - Chapter 02 #124  
Difficulty: Easy  
Topic: LO 3*

125. In its inception, Transportation Safety Technologies, Inc. produced and sold safety devices to make the trucking industry safer especially on long hauls across North America. It soon realized that transporting goods across U.S. borders by truck was expensive and time-consuming for the truckers. Dozens of government agency approvals and costly downtime hamper the process. Transportation Safety Technologies, Inc., has recently begun providing its trucking companies with International Trade Data Systems (ITDS). This system stores information about each shipment in a centralized database, which can be accessed at border checkpoints and eliminate the need for costly manual inspections. This is an example of the implementation of a \_\_\_\_\_ strategy.
- A. market penetration
  - B. market development
  - C. divestment
  - D. diversification
  - E. product development**

Product development is a market-product strategy that sells a new product to existing markets.

*Blooms: Application  
Crane - Chapter 02 #125  
Difficulty: Difficult  
Topic: LO 3*

126. Which of the following actions best illustrates a product development strategy for McDonald's?
- A. opening the first McDonald's in China
  - B. developing a line of McDonald's toys to be sold through Toys R Us stores
  - C. adding a line of new deli sandwiches to the menu of existing McDonald's stores**
  - D. running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase
  - E. opening McDonald's restaurants in Paramount Canada's Wonderland theme park

The deli sandwiches (a new product) involve a new product for present restaurant customers, a product development strategy. (A secondary, minor effect might be to attract new customers.)

*Blooms: Application  
Crane - Chapter 02 #126  
Difficulty: Medium  
Topic: LO 3*

127. Which market-product strategy requires no change in the product line but an increase in sales to existing customers through better advertising, more retail outlets, or lower prices, or more effective distribution?
- A. market development
  - B. market penetration**
  - C. product development
  - D. diversification
  - E. product divestment

Text term definition - market penetration

*Blooms: Definition  
Crane - Chapter 02 #127  
Difficulty: Medium  
Topic: LO 3*

128. Assume McDonald's is engaging in a market penetration strategy. Which of the following actions best illustrates a market penetration strategy?  
(p. 38)
- A. opening the first McDonald's in China
  - B. developing a line of McDonald's toys to be sold through Toys R Us stores
  - C. adding a line of new deli sandwiches to the menu of existing McDonald's stores
  - D.** running a promotion based on the Monopoly game, whereby customers have a chance to win prizes with each purchase
  - E. removing slow-moving products from its menus

The Monopoly promotion involves selling more of McDonald's existing menu to its present customers by encouraging more visits to the restaurant, a market penetration strategy. If you played the game in 2001, you may also remember a customer got additional game pieces on larger drink and French fries containers.

*Blooms: Application  
Crane - Chapter 02 #128  
Difficulty: Medium  
Topic: LO 3*

129. For several years, advertisements for Arm & Hammer baking soda have prompted consumers to place an opened box of the product in the refrigerator to lessen food odour and to replace that box monthly. The same ads advise customers to pour the used box down their kitchen sinks to freshen drains. Arm & Hammer employed a \_\_\_\_\_ strategy in its attempt to sell more baking soda.  
(p. 38)
- A.** market penetration
  - B. market development
  - C. product development
  - D. diversification
  - E. product penetration

Arm & Hammer is attempting to sell more of their present product in current markets. The company is not creating new products nor are they seeking new markets for their product. They are attempting to create new uses for their product within existing markets.

*Blooms: Application  
Crane - Chapter 02 #129  
Difficulty: Medium  
Topic: LO 3*

130. Loyal consumers have found numerous uses for WD-40 lubricating spray beyond what its manufacturer intended. A few years ago, its manufacturer ran a contest asking people to send in ways that they used the product. By capitalizing on the unforeseen ways its product gets used, the WD-40 manufacturer could implement a \_\_\_\_\_ strategy. People who were already using the product as an insect killing spray (and some people really were) would have no trouble believing it would have numerous other equally beneficial uses.  
(p. 38)
- A.** market penetration
  - B. market development
  - C. product development
  - D. diversification
  - E. product penetration

A market penetration strategy increases sales to existing market.

*Blooms: Application  
Crane - Chapter 02 #130  
Difficulty: Medium  
Topic: LO 3*

131. (p. 38) NDCHealth Corp. is a U.S.-based company that provides pharmaceutical manufacturers with market research on prescription drug sales. It recently started distributing commonly-used prescription drugs in the United Kingdom. Since it was new to the wholesaling end of the pharmaceutical business, NDCHealth was implementing a \_\_\_\_\_ strategy.
- A. market penetration
  - B. market development
  - C. product development
  - D. diversification**
  - E. product penetration

Diversification involves developing new products and selling them in new markets.

*Blooms: Application  
Crane - Chapter 02 #131  
Difficulty: Difficult  
Topic: LO 3*

132. (p. 38) Which market-product strategy requires a company to both develop new products and seek out new markets?
- A. market penetration
  - B. market development
  - C. product development
  - D. diversification**
  - E. divestment

Text term definition - diversification

*Blooms: Definition  
Crane - Chapter 02 #132  
Difficulty: Medium  
Topic: LO 3*

133. (p. 38) Visiting Rollerblade's website shows that the company recently launched a new extendible children's skate. This is an example of which market-product strategy for Rollerblade?
- A. market penetration.
  - B. market development.
  - C. product development.**
  - D. diversification.
  - E. divesting.

Text term definition - product development

*Blooms: Definition  
Crane - Chapter 02 #133  
Difficulty: Medium  
Topic: LO 3*

134. (p. 38) If McDonald's Canada decided to diversify its business offerings into a new area like financial services, their marketing strategy would be:
- A. market penetration.
  - B. market development.
  - C. related diversification.
  - D. product development.
  - E. unrelated diversification.**

Unrelated diversification means the new products and new markets have nothing in common with existing operations. In this case, McDonald's Canada might diversify into completely new business areas such as financial services.

*Blooms: Application  
Crane - Chapter 02 #134  
Difficulty: Easy  
Topic: LO 3*

135. (p. 38) If McDonald's Canada decided to diversify its business offerings by buying out and operating a company like Red Lobster, their marketing strategy would be.
- A. market penetration.
  - B. market development.
  - C. related diversification.**
  - D. product development.
  - E. unrelated diversification.

Related diversification occurs when new products and new markets have something in common with the firm's existing operations. For example, McDonald's Canada could buy out and operate Red Lobster restaurants.

*Blooms: Conceptual  
Crane - Chapter 02 #135  
Difficulty: Medium  
Topic: LO 3*

136. (p. 39) Coca-Cola introducing a new line of chai tea is an example of which market-product strategy?
- A. market penetration.
  - B. market development.
  - C. product development.**
  - D. diversification.
  - E. divesting.

Text term definition - product development

*Blooms: Definition  
Crane - Chapter 02 #136  
Difficulty: Medium  
Topic: LO 3*

137. The visual computer display of the essential information related to achieving a marketing objective is known as a:  
(p. 40)
- A.** marketing dashboard.
  - B. marketing metric.
  - C. marketing plan.
  - D. marketing analysis.
  - E. marketing simulation

Text term definition - marketing dashboard

*Blooms: Definition  
Crane - Chapter 02 #137  
Difficulty: Medium  
Topic: LO 3*

138. A measure of the quantitative value or trend of a marketing activity or result is known as a:  
(p. 40)
- A. marketing dashboard.
  - B.** marketing metric.
  - C. marketing plan.
  - D. marketing analysis.
  - E. marketing simulation

Text term definition - marketing metric

*Blooms: Definition  
Crane - Chapter 02 #138  
Difficulty: Medium  
Topic: LO 3*

139. The \_\_\_\_\_ is an approach whereby an organization allocates its marketing mix resources to reach its target markets.  
(p. 42)
- A. the calibrated marketing process
  - B.** the strategic marketing process
  - C. the situational marketing process
  - D. the developmental market analysis
  - E. the market determinant method

Key term definition - strategic marketing process

*Blooms: Definition  
Crane - Chapter 02 #139  
Difficulty: Easy  
Topic: LO 4*

140. The key steps of planning, implementation, and control are part of what is called:  
(p. 42)
- A. gap analysis.
  - B.** the strategic marketing process.
  - C. the situational marketing process.
  - D. the developmental market analysis.
  - E. the market determinant method.

Key term definition - strategic marketing process

*Blooms: Definition  
Crane - Chapter 02 #140  
Difficulty: Medium  
Topic: LO 4*

141. In design, a marketing plan is most closely related to a:  
(p. 42)
- A. novel.
  - B. pyramid.
  - C.** road map.
  - D. circle.
  - E. cloverleaf shape.

The strategic marketing process is so central to the activities of most organizations that they formalize it as a marketing plan, which is a road map for the marketing activities of an organization for a specified future period of time, such as one year or five years.

*Blooms: Conceptual  
Crane - Chapter 02 #141  
Difficulty: Easy  
Topic: LO 4*

142. What are the three steps involved in the PLANNING phase of the strategic marketing process?  
(p. 42)
- A.** situation (SWOT) analysis; market-product focus and goal setting; and marketing program development
  - B. planning; implementation; and control
  - C. set market and product goals; select target markets; find points of difference; and position the product
  - D. identify industry trends; analyze competitors; assess own company; and research customer
  - E. identify where we have been; where we are headed; and where we are now

"Planning; implementation; and control" describes the strategic marketing process; the question is only about one phase of that process. "Set market and product goals; select target markets; find points of difference; and position the product" describes the activities involved in second part of the market-product and goal setting portion (Step 2) of the planning phase. "Identify where we have been; where we are headed; and where we are now" lists are the questions to resolve during the situation (SWOT) analysis portion (Step 1) of the planning phase.

*Blooms: Conceptual  
Crane - Chapter 02 #142  
Difficulty: Medium  
Topic: LO 4*

143. The first step in the strategic marketing process is:  
(p. 42)
- A. establishing the budget.
  - B. developing advertising appeals.
  - C. goal setting.
  - D. marketing programming.
  - E.** situation analysis.

Although marketing consultants often want to establish the budget first, and many people think it is fun to do advertising, the planning for a strategic marketing program should always begin with the situation analysis.

*Blooms: Definition  
Crane - Chapter 02 #143  
Difficulty: Easy  
Topic: LO 4*

144. Taking stock of where an organization has been recently, where it is now, and where it is headed in light of the organization's plans and the external factors and trends affecting it is called the:
- (p. 42)
- A. systems analysis.
  - B. strategic market planning.
  - C. goal setting.
  - D. planning gaps.
  - E.** situation analysis.

Key term definition - situation analysis

*Blooms: Definition  
Crane - Chapter 02 #144  
Difficulty: Medium  
Topic: LO 4*

145. The acronym SWOT used in the term SWOT analysis stands for:
- (p. 43)
- A. strengths, weaknesses, opportunities, and timing.
  - B. strategies, work load, opportunities, and timing.
  - C.** strengths, weaknesses, opportunities, and threats.
  - D. simple, workable, optimal, and timely.
  - E. situational, worldwide, organizational and technological.

Key term definition - SWOT analysis

*Blooms: Definition  
Crane - Chapter 02 #145  
Difficulty: Easy  
Topic: LO 4*

146. An effective technique a firm can use to appraise in detail its internal strengths and weaknesses and external opportunities and threats is called:
- (p. 43)
- A.** SWOT analysis.
  - B. strategic management.
  - C. market segmentation.
  - D. market programming.
  - E. marginal analysis.

Key term definition - SWOT analysis

*Blooms: Definition  
Crane - Chapter 02 #146  
Difficulty: Easy  
Topic: LO 4*



147. In the 1980s, poor quality and Japanese imports drove the Harley-Davidson motorcycle company to brink of bankruptcy. The company's share of the U.S. super-heavy-weight market - motorcycles with engine capacity of 850 cubic centimeters or more - collapsed from more than 40 percent in the mid 1970s to 23 percent in 1983. However, by 1989, Harley-Davidson controlled some 65 percent of the U.S. market; and both in the U.S. and overseas markets, the company won't be able to meet demand for years. From a marketing perspective, what was the likely first step in Harley-Davidson's resurgence?
- (p. 43)
- A. development of a new mission statement and subsequent marketing strategy
  - B. repositioning their product in the minds of motorcycle buyers
  - C.** performing a SWOT analysis
  - D. seeking new markets for the motorcycles both in the U.S. and in foreign markets
  - E. improving the quality of their product and communicating this to motorcycle buyers

Prior to making changes in either product or marketing strategy, the firm would have needed to ascertain its internal strengths and weaknesses and its external threats and opportunities. Such an analysis would show that the Harley-Davidson motorcycle company had problems in product quality, performance, and marketing strategies. Its primary strength was brand loyalty and brand recognition. Opportunities existed for Harley-Davidson in both domestic and foreign markets. A major threat came from imported motorcycles.

*Blooms: Application  
Crane - Chapter 02 #147  
Difficulty: Easy  
Topic: LO 4*

148. A television production company was looking for an idea for a new show and approached Emeril Lagasse, a charismatic chef that frequently appears on the Food Channel. It was decided the production company would build a show based around Lagasse's life. While the casting of the popular Lagasse insured people would watch the first couple shows, poor scripts led to the cancellation of the show. In terms of the SWOT analysis, the casting of Lagasse was a \_\_\_\_\_, and the poor scripts were a \_\_\_\_\_.
- (p. 43)
- A.** strength; weakness
  - B. weakness; threat
  - C. threat; opportunity
  - D. opportunity; threat
  - E. opportunity; strength

A weakness is an internal negative influence on an organization, such as poor scripts. A strength would be an internal positive influence casting of Lagasse. Lagasse's popularity before he became part of the project could have been viewed as an opportunity.

*Blooms: Application  
Crane - Chapter 02 #148  
Difficulty: Easy  
Topic: LO 4*

149. In the early months of 2002, strikes throughout Nigeria almost led to the country's financial ruin. For a company trying to do business in Nigeria during those months, the strikes would be an example of a(n):
- (p. 43)
- A. strength.
  - B. weakness.
  - C.** threat.
  - D. opportunity.

A threat is an external negative influence on organizations.

*Blooms: Application  
Crane - Chapter 02 #149  
Difficulty: Medium  
Topic: LO 4*

150. (p. 43) The terrorists' attack on the World Trade Center and the Pentagon led to many changes in the way people conducted their everyday lives. One outgrowth of this attack was a need to reconnect with old friends through the sending of greeting cards. American Greetings announced a significant increase in sales that it directly relates to events on September 11. For American Greetings the terrorists' attacks was an example of a(n):
- A. strength.
  - B. weakness.
  - C. threat.
  - D. opportunity.**

*Blooms: Application  
Crane - Chapter 02 #150  
Difficulty: Medium  
Topic: LO 4*

151. (p. 44) Situation analysis requires a firm to consider both internal and external factors. Which of the following is NOT an example of an external factor?
- A. competitive
  - B. technological
  - C. consumer demand
  - D. political and legal factors
  - E. departmental objectives**

Departmental objectives as well as departmental resources and organizational strengths are examples of internal factors. The other choices are external factors.

*Blooms: Conceptual  
Crane - Chapter 02 #151  
Difficulty: Easy  
Topic: LO 4*

152. (p. 43) The goal of a SWOT analysis is to:
- A. identify those critical factors that can have a major effect on the firm.**
  - B. keep top management placated.
  - C. discover areas for diversified investment outside the firm's marketing areas.
  - D. develop new products for new market segments.
  - E. allocate financial resources across the industry.

SWOT analysis refers to a simple, effective technique to appraise problems and opportunities as a first step toward developing marketing objectives and goals.

*Blooms: Conceptual  
Crane - Chapter 02 #152  
Difficulty: Medium  
Topic: LO 4*

153. A June 1998 Congressional initiative mandated that the U.S. Department of Transportation (USDOT) establish a national traffic information collection system. The marketing manager of a company that provided traffic reports for local radio stations would most likely incorporate this knowledge into its SWOT analysis as:
- A. a strength if the company has an existing working relationship with the USDOT.
  - B. a threat if the USDOT will give this information directly to the radio stations.
  - C. a weakness if the company that provides local traffic information has no employees technologically capable of using the USDOT system.
  - D. an opportunity if the USDOT is creating a network of local traffic-information providers to address the mandate.
  - E.** All of these are correct.

A working relationship with the USDOT would be an internal force that would positively impact the company. If the information were provided directly to the radio stations so that the stations will no longer need to pay for the information, it would be a threat. It would be a weakness if there were no employees capable of using the equipment that could be overcome fairly easily. The creation of a network of companies like the local one would be an external positive influence and would therefore be an opportunity.

*Blooms: Application  
Crane - Chapter 02 #153  
Difficulty: Difficult  
Topic: LO 4*

154. Finding a focus on what product offerings will be directed toward which customers is essential for developing an effective:
- A.** marketing program.
  - B. market divestiture.
  - C. market dramatization.
  - D. product demonstration.
  - E. product warranty.

This is Step 2 in the strategic marketing process.

*Blooms: Conceptual  
Crane - Chapter 02 #154  
Difficulty: Medium  
Topic: LO 4*

155. What is the marketing term for aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action?
- A. aggregation marketing
  - B.** market segmentation
  - C. market clustering
  - D. profiling
  - E. mass marketing

Key term definition - market segmentation

*Blooms: Definition  
Crane - Chapter 02 #155  
Difficulty: Easy  
Topic: LO 4*

156. \_\_\_\_\_ would be used to group consumers for soda on the basis of whether they wanted sugar-free and caffeine-free, caffeine-free but with sugar, or regular with sugar and caffeine.  
(p. 44)
- A. Aggregation marketing
  - B. Market segmentation**
  - C. Market clustering
  - D. Profiling
  - E. Mass marketing

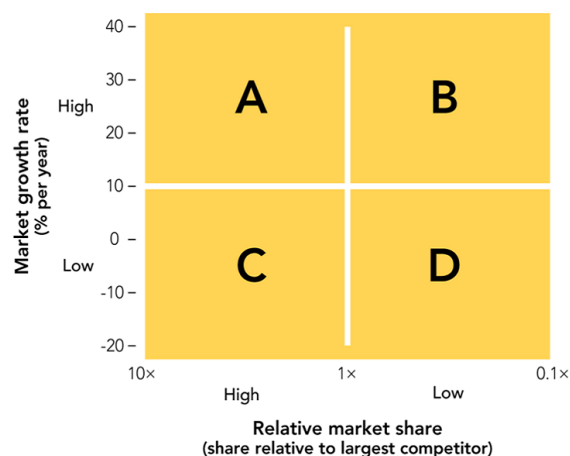
Market segmentation is the terms for aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action.

*Blooms: Application  
Crane - Chapter 02 #156  
Difficulty: Medium  
Topic: LO 4*

157. A toothbrush manufacturer sells several lines of toothbrushes. One line is for small children, one line is for people with gum problems, and one is for people who wear dentures. This product differentiation is the result of:  
(p. 44)
- A. organizational strengths.
  - B. market programming.
  - C. market segmentation.**
  - D. distinctive competencies.
  - E. organizational opportunities.

Market segmentation involves aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action.

*Blooms: Application  
Crane - Chapter 02 #157  
Difficulty: Medium  
Topic: LO 4*



**Figure 2-4**

*Crane - Chapter 02*

158. SBUs found in quadrant "A" (Figure 2-4) would be called  
(p. 37) **A.** stars.  
B. question marks.  
C. cash cows.  
D. dogs.  
E. donkeys.

SBUs with high growth rate and high relative market share are called stars.

*Blooms: Application  
Crane - Chapter 02 #158  
Difficulty: Medium  
Topic: LO 3*

159. SBUs found in quadrant "B" (Figure 2-4) would be called  
(p. 37) A. stars.  
**B.** question marks.  
C. cash cows.  
D. dogs.  
E. donkeys.

SBUs with high growth rate and low relative market share are called question marks.

*Blooms: Application  
Crane - Chapter 02 #159  
Difficulty: Medium  
Topic: LO 3*

160. SBUs found in quadrant "C" (Figure 2-4) would be called  
(p. 37) A. stars.  
B. question marks.  
**C.** cash cows.  
D. dogs.  
E. donkeys.

SBUs with low growth rate and high relative market share are called cash cows.

*Blooms: Application  
Crane - Chapter 02 #160  
Difficulty: Medium  
Topic: LO 3*

161. SBUs found in quadrant "D" (Figure 2-4) would be called  
(p. 37) A. stars.  
B. question marks.  
C. cash cows.  
**D.** dogs.  
E. donkeys.

SBUs with low growth rate and low relative market share are called dogs.

*Blooms: Application  
Crane - Chapter 02 #161  
Difficulty: Medium  
Topic: LO 3*

162. Goal setting as used in the text requires that the marketing manager set measurable \_\_\_\_\_ to be achieved.  
(p. 44)
- A. financial limits
  - B.** marketing objectives
  - C. quality standards
  - D. production quotas
  - E. research and development aspirations

Goal setting here involves setting measurable marketing objectives to be achieved possibly for a specific market, a specific product or brand, or an entire marketing program.

*Blooms: Definition  
Crane - Chapter 02 #162  
Difficulty: Easy  
Topic: LO 4*

163. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's manufacturer is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. This is an example of:  
(p. 45)
- A. consumer standards.
  - B. perceptual segments
  - C. marketing armaments.
  - D.** points of difference.
  - E. product stereotypes.

Points of difference are those characteristics of a product that make it superior to competitive substitutes. In this case, the ability to capture a smell with which there is an emotional tie.

*Blooms: Application  
Crane - Chapter 02 #163  
Difficulty: Easy  
Topic: LO 4*

164. Those characteristics of a product that make it superior to competitive substitutes are called:  
(p. 45)
- A. consumer standards.
  - B. perceptual segments
  - C. marketing armaments.
  - D.** points of difference.
  - E. product stereotypes.

Key term definition - points of difference

*Blooms: Definition  
Crane - Chapter 02 #164  
Difficulty: Easy  
Topic: LO 4*

165. At which step of the planning stage of the strategic marketing process does a firm develop the program's marketing mix?  
(p. 45)
- A. situation analysis
  - B. goal setting
  - C. marketing program**
  - D. sales forecasting
  - E. market segmentation

The marketing program represents the "how" part of the strategic marketing process. At this point, an organization develops both its marketing mix and budget.

*Blooms: Conceptual  
Crane - Chapter 02 #165  
Difficulty: Medium  
Topic: LO 5*

166. A cohesive marketing program concentrates on:  
(p. 46)
- A. product, price, promotion and place.**
  - B. price.
  - C. promotion.
  - D. place.
  - E. product.

A cohesive marketing program is composed of all of the 4 Ps, also known as "the marketing mix."

*Blooms: Conceptual  
Crane - Chapter 02 #166  
Difficulty: Easy  
Topic: LO 5*

167. There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's name is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. What element of the marketing program is being considered when the company's owner decided initially to market the perfumes in a limited number of very exclusive specialty department stores?  
(p. 46)
- A. product
  - B. price
  - C. promotion
  - D. place**
  - E. all of these answers are correct

Where to sell the product would be decided with place strategy.

*Blooms: Application  
Crane - Chapter 02 #167  
Difficulty: Easy  
Topic: LO 5*

168. *(p. 46)* There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's name is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. Which element of the marketing program is being considered when the company's owner decides to add scents that evoke colors?
- A.** product
  - B. price
  - C. promotion
  - D. place
  - E. all of these answers are correct

The product strategy deals with features consumers might desire.

*Blooms: Application  
Crane - Chapter 02 #168  
Difficulty: Medium  
Topic: LO 5*

169. *(p. 46)* There are many perfumes on the market, but only one that breaks down fragrances into elements so people can wear the particular scents with which they have emotional ties. The perfume's name is Demeter, and it makes over 150 different fragrances with names like Dirt, Lobster, Dandelion, Sugar Cookie, Brownie, Woodsmoke, Leather, and Turpentine. According to people who use Demeter perfume, its memorable scents would be what makes it superior to other perfumes. Which elements of the marketing program were being considered when the company's owner decided initially to market the perfume in 1-ounce coloured glass bottles that would not always be sold at list price?
- A. price and place
  - B. place and promotion
  - C.** price and product
  - D. promotion and price
  - E. place and product

All packaging issues relate to product strategy. The decision to sell at list price or not is a part of the pricing strategy.

*Blooms: Application  
Crane - Chapter 02 #169  
Difficulty: Easy  
Topic: LO 5*



170. Sheila Muray, brand director at Starbucks, had to determine how much to spend and then obtain funding to run a new national radio and print ad campaign. When it comes to implementing her plan, what component is Sheila paying attention to?
- (p. 47)
- A.** obtaining resources.
  - B. designing the marketing organization.
  - C. developing schedules.
  - D. executing the marketing program.
  - E. controlling the budget.

The four components of the implementation phase are: (1) obtaining resources, (2) designing the marketing organization, (3) developing schedules, and (4) actually executing the marketing program designed in the planning phase. Sheila Murray, brand and category director at Starbucks, had to determine how much to spend and then obtain funding from the company to run a new national radio and print ad. Because she had to find funds, this fits into the obtaining resources component of the implementation phase.

*Blooms: Conceptual  
Crane - Chapter 02 #170  
Difficulty: Medium  
Topic: LO 5*

171. Two major elements of the implementation phase of the strategic marketing process are:
- (p. 47-48)
- A. segmenting the market and selecting target markets.
  - B. establishing a business mission and designing measurable goals and objectives.
  - C. designing the marketing mix and setting the budget.
  - D. identifying deviations in the marketing plan and acting on them.
  - E.** executing the marketing program and designing the marketing organization.

The two key elements in the implementation phase are executing the program described in the marketing plan, and designing the marketing organization needed, as George Fisher did at Kodak.

*Blooms: Conceptual  
Crane - Chapter 02 #171  
Difficulty: Medium  
Topic: LO 5*

172. When BellSouth made plans to increase its presence in the lucrative Latin American market, some of its employees decided BellSouth needed to acquire the rest of Telefonía Cellular de Nicaragua, one of its subsidiaries in Latin America. To do so, they paid a substantial sum to the wife of a Nicaraguan legislator who was responsible for legal changes that were needed to allow Telefonía to become completely owned by BellSouth. This payment was in direct violation of U.S. law, and BellSouth had to pay a hefty fine and divest itself of its illegal acquisition. In which phase of the strategic marketing process did the BellSouth strategy fail?
- (p. 47-48)
- A. the goal-setting phase
  - B.** the implementation phase
  - C. the control phase
  - D. the strategic development phase
  - E. the resource administration phase

The best-planned marketing strategy is virtually worthless if the plan cannot be successfully implemented and executed. Successful implementation includes careful planning and attention to specific tactics.

*Blooms: Application  
Crane - Chapter 02 #172  
Difficulty: Medium  
Topic: LO 5*

173. Xbox video game consoles were developed through a joint venture between Microsoft and the WWF (World Wrestling Federation). Plans were made to rush the product to market to counter new Playstation and Nintendo consoles that were also being released about the same time. Complaints about the video game began immediately after its introduction. These complaints ranged from missing parts to incorrect programming.

In which phase of the strategic marketing process did the Xbox strategy fail?

- A. the goal-setting phase
- B.** the implementation phase
- C. the control phase
- D. the strategic development phase
- E. the resource administration phase

The best-planned marketing strategy is virtually worthless if the plan cannot be successfully implemented and executed. Successful implementation includes careful planning and attention to specific tactics.

*Blooms: Application  
Crane - Chapter 02 #173  
Difficulty: Medium  
Topic: LO 5*

174. A marketing strategy is the means by which a marketing goal is to be achieved. Two factors that usually characterizing a marketing strategy are:

- A. specific goals and organizational objectives.
- B. a detailed marketing plan and marketing budget.
- C. marketing strategies and marketing tactics.
- D.** a specified target market and a marketing program to reach it.
- E. marketing programs and deviation control.

Strategy implies both the end sought (target market), and the means to achieve it (marketing program), such as pricing or promotional strategy.

*Blooms: Conceptual  
Crane - Chapter 02 #174  
Difficulty: Medium  
Topic: LO 5*

175. Which of the following statements reflects both of the key elements in developing a marketing strategy for L. M. Schofield, Inc., a company that produces specialized concrete surfaces for heavily trafficked areas such as retail outlets and amusement parks?

- A. Buy ads in all the major trade journals aimed at businesses in the entertainment and/or sports industry.
- B.** Communicate using direct mail about the various walking surfaces Schofield can create for contractors who are building riding and walking paths.
- C. Design a sample ad and test it using visitors to a trade show.
- D. Hire six new sales representatives for the Midwest regional office and train them on all aspects of strategy.
- E. Create a focus group to decide on what surface to use for a religious-theme park in Brazil.

"Communicate using direct mail about the various walking surfaces Schofield can create for contractors who are building riding and walking paths" is the only answer that both identifies a target market (contractors building riding and walking paths) and describes the program to reach it (direct mail to communicate the variety of surfaces). All the other answers are examples of marketing tactics only.

*Blooms: Application  
Crane - Chapter 02 #175  
Difficulty: Medium  
Topic: LO 5*

176. (p. 48) A marketing \_\_\_\_\_ is defined as the actions by which a marketing goal is to be achieved. It is characterized by a specified target market and the marketing program used to reach that target market.
- A. plan
  - B. procedure
  - C. strategy**
  - D. concept
  - E. action program

Key term definition - marketing strategy

*Blooms: Definition  
Crane - Chapter 02 #176  
Difficulty: Easy  
Topic: LO 5*

177. (p. 48) Marketing tactics include:
- A. the long-term decisions made to implement the marketing program and the monitoring of those decisions.
  - B. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.**
  - C. the steps taken to develop an effective marketing plan.
  - D. the development of marketing strategies to achieve the organization's marketing objectives.
  - E. the refinement of the organization's mission based on the results obtained from a marketing audit.

Key term definition - marketing tactics

*Blooms: Definition  
Crane - Chapter 02 #177  
Difficulty: Easy  
Topic: LO 5*

178. (p. 48) David and Cecilia Stanford, owners of Prairie Herb vinegars, decided to offer the product in 5-ounce and 13-ounce sizes as well as in a 16-ounce European glass bottle. They decided to sell the vinegar only through the mail and to price the smaller bottles at \$4.45 and the largest bottles at \$13.25. They were determining its:
- A. tactics.**
  - B. missions.
  - C. visions.
  - D. strategies.
  - E. operational procedures.

Marketing tactics are operational decisions essential to the success of a marketing strategy.

*Blooms: Application  
Crane - Chapter 02 #178  
Difficulty: Medium  
Topic: LO 5*

179. Compared to marketing strategies, marketing tactics generally involve actions that:  
(p. 48)
- A.** must be taken right away.
  - B. are long term and need to be carefully developed.
  - C. involve upper levels of management.
  - D. are general in nature.
  - E. have been successfully implemented in the past.

Marketing tactics are detailed day-to-day operational decisions essential to the overall success of marketing strategies. Actions must be taken as conditions change and special situations occur. They may or may not have been previously implemented.

*Blooms: Conceptual  
Crane - Chapter 02 #179  
Difficulty: Easy  
Topic: LO 5*

180. The two major aspects of the control phase of the strategic marketing process are:  
(p. 42)
- A. segmenting the market and selecting target markets.
  - B. establishing a business mission and designing measurable goals and objectives.
  - C. designing the marketing mix and setting the budget.
  - D.** identifying deviations in the marketing plan and acting on them.
  - E. executing the marketing plan and designing the marketing organization.

The control phase of the strategic marketing process seeks to keep the marketing program moving in the direction set for it. Accomplishing this requires the marketing manager to (1) compare the results of the marketing program with the goals in the written plans to identify deviations and (2) act on these deviations correcting negative deviations and exploiting positive ones.

*Blooms: Definition  
Crane - Chapter 02 #180  
Difficulty: Easy  
Topic: LO 4*

181. McCain is the largest French Fries provider to the food service and institutional market segment.  
(p. 38)
- When McCain decides to have a presence in over 100 countries, their growth strategy is:
- A. market penetration
  - B. product development
  - C. diversification
  - D.** market development
  - E. a tactical analysis

It also grows by constantly launching new products to meet the changing needs of its' customers. The company also continues to develop new markets (market development) with a presence in over 100 countries.

*Blooms: Definition  
Crane - Chapter 02 #181  
Difficulty: Medium  
Topic: LO 3*

182. McCain is the largest French Fries provider to the food service and institutional market segment. When McCain decides to branch out from the frozen foods category into the ready-to-serve beverage market, their growth strategy is:
- A. market penetration
  - B. product development
  - C. diversification**
  - D. market development
  - E. a tactical analysis

Finally, McCain also uses a diversification strategy, branching out from the frozen foods category into the ready-to-serve beverage market.

*Blooms: Application  
Crane - Chapter 02 #182  
Difficulty: Medium  
Topic: LO 3*

183. Mars Incorporated targets health-conscious females by advertising its 3 MUSKETEERS→ Bar which has "45 percent less fat than average of the leading chocolate brands." It uses clever television ads to promote this product benefit and is achieving good sales results using this strategy. What phase of the Strategic Marketing Process is Mars at?
- A. the advertising phase
  - B. the implementation phase**
  - C. the control phase
  - D. the planning phase
  - E. the selling phase

Mars bar is in the implementation phase when it is executing the marketing program. In this case Mars is promoting the bars as "45% less fat" which is part of the four marketing mix variables.

*Blooms: Application  
Crane - Chapter 02 #183  
Difficulty: Easy  
Topic: LO 5*

184. Mars Incorporated targets health-conscious females by advertising its 3 MUSKETEERS→ Bar which has "45 percent less fat than average of the leading chocolate brands." It uses clever television ads to promote this product benefit and is achieving good sales results using this strategy. Mars is \_\_\_\_\_ in the implementation phase of the strategic marketing process.
- A. obtaining resources
  - B. designing the marketing organization
  - C. developing schedules
  - D. executing the marketing program**
  - E. controlling the marketing program

Mars bar is in the implementation phase when it is executing the marketing program. In this case Mars is promoting the bars as "45% less fat" which is part of the four marketing mix variables.

*Blooms: Conceptual  
Crane - Chapter 02 #184  
Difficulty: Easy  
Topic: LO 5*

185. (p. 48) Mars Incorporated targets health-conscious females by advertising its 3 MUSKETEERS→ Bar which has "45 percent less fat than average of the leading chocolate brands." It uses clever television ads to promote this product benefit and is achieving good sales results using this strategy. Mars is \_\_\_\_\_ in the 2<sup>nd</sup> stage of the strategic marketing process.

- A. executing the marketing program
- B. planning the marketing program
- C. designing the marketing organization
- D. determining the marketing strategy
- E. controlling the marketing program

The implementation phase is the second stage of the strategic marketing process. Mars bar is in the implementation phase when it is executing the marketing program. In this case Mars is promoting the bars as "45% less fat" which is part of the four marketing mix variables

*Blooms: Application  
Crane - Chapter 02 #185  
Difficulty: Medium  
Topic: LO 5*

186. (p. 29) Describe the composition of the three levels within organizations.  
The three levels are:

Answers will vary

Feedback: (1) corporate level where the top management directs overall strategy for the entire organization

(2) business unit (business units refers to the subsets of the organization that market a set of products to a clearly defined segment) level where business unit managers set the direction for their products and markets to exploit value-creating opportunities

(3) functional level where groups of specialists actually create value for the organization. (The term department is generally used to refer to those functional areas.)

*Blooms: Definition  
Crane - Chapter 02 #186  
Difficulty: Medium  
Topic: LO 1*

187. (p. 29) There is a General Motors plant in Spring Hill, Tennessee, that is devoted solely to the production of Saturn cars. At which level is this plant operating? Explain your answer.

Answers will vary

Feedback: The Saturn plant operates as a business unit of General Motors. It is an organization that markets a set of related products (in this case various Saturn models) to a clearly defined group of customers (people who want to own Saturn cars).

*Blooms: Application  
Crane - Chapter 02 #187  
Difficulty: Easy  
Topic: LO 1*

188. What is the source of cross-functional conflict and how can it be overcome?  
(p. 29)

Answers will vary

Feedback: Cross-functional conflict can arise because of marketing's drive to implement the marketing concept and increase customer value. Other departments may see this as making their jobs more difficult. It is marketing's job to make these departments understand that without satisfied customers who buy the organization's products, there is no company.

*Blooms: Conceptual  
Crane - Chapter 02 #188  
Difficulty: Medium  
Topic: LO 1*

189. What is a corporate mission? How can it be used as a motivational tool?  
(p. 31)

Answers will vary

Feedback: A corporate mission is a statement of the organization's scope, often identifying its customers, markets, products, technology, and values. It is often used interchangeably with vision. A well-crafted mission statement can have an inspirational theme that ignites the loyalty of the employees and makes them willing to work harder to see that the company achieves its mission.

*Blooms: Definition  
Crane - Chapter 02 #189  
Difficulty: Medium  
Topic: LO 2*

190. List potential stakeholders for the college or university that you attend.  
(p. 32)

Answers will vary

Feedback: Students' answers will vary, but each answer should recognize that there are both external and internal stakeholders for each organization. Their lists could include students, deans, instructors, the community in which the institution is located, boards or governments that regulate campus activities, guest speakers, and graduates.

*Blooms: Application  
Crane - Chapter 02 #190  
Difficulty: Easy  
Topic: LO 2*

191. Name and briefly describe the seven types of corporate goals set in advance of work?  
(p. 33) The seven types of corporate goals set in advance of work are:

Answers will vary

Feedback: (1) Profit. Economic theory assumes a firm seeks to maximize long-run profit.  
(2) Sales Revenue. A firm may elect to maintain or increase its sales level, even though profitability may not be maximized.  
(3) Market Share. A firm may choose to maintain or increase its market share-sometimes at the expense of greater profits.  
(4) Unit Sales. The effects of inflation may cause a firm to focus on the number of units it sells.  
(5) Quality. A firm may emphasize the need to maintain or improve the quality of its products and services, especially if quality has been poor in the past.  
(6) Employee welfare. A firm may recognize the critical importance of its employees by having an explicit goal stating its commitment to good employment opportunities and working conditions.  
(7) Social responsibility. A firm may seek to balance conflicting goals of consumers, employees, and stockholders to promote overall welfare of all these groups.

*Blooms: Definition  
Crane - Chapter 02 #191  
Difficulty: Medium  
Topic: LO 2*

192. What are the three levels of strategy in organizations? Describe each.  
(p. 29-30)

Answers will vary

Feedback: See Figure 2-1 on page 27.

*Blooms: Definition  
Crane - Chapter 02 #192  
Difficulty: Medium  
Topic: LO 1*

193. One of the most recognized approaches to business portfolio analysis is the Boston Consulting Group's growth-share matrix. By dividing each dimension into high and low categories, the matrix contains four cells. Briefly describe the four quadrants of the matrix.  
(p. 36-37) BCG has given specific names and descriptions to the four quadrants in its growth-share matrix. They are as follows:

Answers will vary

Feedback: (1) Cash Cows - (lower left quadrant) have a dominant share of a slow growth market; they typically generate large amounts of cash to invest in other SBUs.  
(2) Stars - (upper left quadrant) have a high share of high-growth markets; they may not generate enough cash to support their own needs to support future growth.  
(3) Question Marks or Problem Children - (upper right quadrant) are SBUs with a low share of high growth markets; they require large amounts of money just to maintain their market share.  
(4) Dogs - (lower right quadrant) have a low share of low-growth markets; although they may generate enough cash to sustain themselves, they hold little promise of becoming winners for the firm.

*Blooms: Conceptual  
Crane - Chapter 02 #193  
Difficulty: Difficult  
Topic: LO 3*



194. The Boston Consulting Group's business portfolio analysis model can be used to guide a firm as it tries to change its relative market share (the factor on the horizontal axis). What conscious decisions can management make on the role each SBU should have in the future and how money should be budgeted for its operations?  
(p. 36-37)

Answers will vary

Feedback: The firm can invest more in the SBU in order to build its share, it can invest just enough to hold the SBU's share at about its current level, it can harvest the SBU trying to milk its short-term cash flow, even though it may lose share and become a dog in the longer run, or the firm can divest the SBU by phasing it out or actually selling it to gain cash to invest in the remaining SBUs.

*Blooms: Conceptual  
Crane - Chapter 02 #194  
Difficulty: Medium  
Topic: LO 3*

195. Identify and describe the four market-product strategies an organization uses to identify alternative market opportunities.  
(p. 38)  
The four market-product strategies an organization uses to identify alternative market opportunities are:

Answers will vary

Feedback: (1) market penetration, which involves selling more of an existing product to existing market segments  
(2) product development, which involves developing a new product for existing market segments  
(3) market development, which involves selling an existing product to new market segments  
(4) diversification, which involves selling a new product to new market segments

*Blooms: Conceptual  
Crane - Chapter 02 #195  
Difficulty: Medium  
Topic: LO 3*

196. Identify the three phases of the strategic marketing process and briefly describe what happens during each phase.  
(p. 42)
- The three phases of the strategic marketing process are the Planning Phase, the Implementation Phase, and the Control Phase.

Answers will vary

Feedback: (1) Planning Phase includes

- (a) situation (SWOT) analysis to identify industry trends, analyze competitors, assess own company, and research customer
  - (b) market-product focus and goal setting, which involves setting market and product goals, selecting target markets, finding points of difference, and positioning the product
  - (c) marketing program development, which involves developing the program's marketing mix, and developing the budget by estimating revenues, expenses, and profits.
- (2) Implementation Phase involves
- (a) obtaining resources
  - (b) designing the marketing organization
  - (c) developing schedules
  - (d) executing the marketing program.
- (3) Control Phase involves
- (a) comparing the results of the marketing program plans to the results achieved to identify deviations
  - (b) acting to correct negative deviations, and exploit positive ones

*Blooms: Conceptual  
Crane - Chapter 02 #196  
Difficulty: Difficult  
Topic: LO 4*

197. Identify and describe the four critical factors in a SWOT analysis that help an organization identify the critical strategy-related factors that could have major effects on it.  
(p. 44)
- The four critical factors in a SWOT analysis are:

Answers will vary

- Feedback: (1) internal strengths, such as the quality, brand name prominence, and technical leadership of its products
- (2) internal weaknesses, such as unfocused mission, poor responsiveness to customer needs, and revenues derived from slow-growth businesses
  - (3) external opportunities, such as growing international markets, and cooperative joint ventures
  - (4) external threats, such as increasing local or foreign competition resulting in declining market share, lower production costs from foreign manufacturers, and adverse governmental regulations

*Blooms: Definition  
Crane - Chapter 02 #197  
Difficulty: Medium  
Topic: LO 5*

198. What are the marketing mix elements that compose a cohesive marketing program?  
(p. 46)

Answers will vary

Feedback: Figure 2-7 illustrates the principal components under each of the four Ps. Product features, brand name, packaging, service, warranty. Price list price, discounts, allowances, credit terms, payment period. Promotion advertising, personal selling, sales promotion, publicity. Place outlets, channels, coverage, transportation, and stock level. The instructor should probably not expect students to recall every item, but can set a reasonable number of items correctly identified, according to his or her expectations.

*Blooms: Definition  
Crane - Chapter 02 #198  
Difficulty: Medium  
Topic: LO 5*

199. A campus service organization annually raises money through the sale of t-shirts. What are the major components of the marketing program it should use? Give one example of each.  
(p. 46)

Answers will vary

Feedback: A marketing program should include product, price, promotion, and place strategies. Students' examples will vary. The product strategy would include packaging and design of shirts. Promotion strategy would encompass how the group plans to communicate information about the sale to other students. Price strategy would include list price and any quantity discounts. Place strategy would include how the shirts will arrive at the point of sale and selection of the point of sale.

*Blooms: Application  
Crane - Chapter 02 #199  
Difficulty: Medium  
Topic: LO 5*

200. What are the four components of the implementation phase of the strategic marketing process?  
(p. 47-48) The four components of the implementation phase of the strategic marketing process are:

Answers will vary

Feedback:

- (1) obtaining resources
- (2) designing the marketing organization
- (3) developing schedules
- (4) actually executing the marketing program designed in the planning phase

*Blooms: Conceptual  
Crane - Chapter 02 #200  
Difficulty: Difficult  
Topic: LO 5*

201. What are the basic differences between marketing strategies and marketing tactics?  
(p. 48)

Answers will vary

Feedback: A marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by

(1) a specified target market

(2) a marketing program to reach it; it implies both the end sought (target market) and the means to achieve it (marketing program).

Marketing tactics, on the other hand, are detailed day-to-day operational decisions essential to the overall success of marketing strategies, such as writing advertising copy or selecting the amount for temporary price reductions. Compared with marketing strategies, marketing tactics generally involve actions that must be taken right away.

*Blooms: Conceptual  
Crane - Chapter 02 #201  
Difficulty: Medium  
Topic: LO 5*

202. What is the purpose of the control phase of the strategic marketing process? How is control accomplished?  
(p. 42)

Answers will vary

Feedback: The control phase of the strategic marketing process seeks to keep the marketing program moving in the direction it is set for. Accomplishing this requires the marketing manager to compare the results of the marketing program with goals in the written plans to identify deviations and to act on these deviations - correcting negative deviations and exploiting positive ones.

*Blooms: Conceptual  
Crane - Chapter 02 #202  
Difficulty: Difficult  
Topic: LO 4*

203. A SWOT analysis can be useful in helping Ben & Jerry's identify new ice cream flavours and social responsibility programs that will contribute to its mission. What elements might *their* SWOT analysis contain?  
(p. 44)

Answers will vary

Feedback: See Figure 2-6, page 44. Student answers will likely vary.

*Blooms: Conceptual  
Crane - Chapter 02 #203  
Difficulty: Medium  
Topic: LO 4*

204. Many traditional educational institutions are facing budgetary constraints. Using the four market-product strategies as a framework for your answer, how might these institutions profitably expand in the new economy?  
(p. 38)

Answers will vary

Feedback: See Figure 2-4, page 38. Student answers will likely vary.

*Blooms: Conceptual  
Crane - Chapter 02 #204  
Difficulty: Difficult  
Topic: LO 3*

## 02 Summary

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