

TEST BANK

this is the story of a small
eco-friendly company
helping to save the planet
one simple choice at a time...

marketing

an introduction third canadian edition
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MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) Once Eukanuba's marketing director and its ad agency began looking at its target market's behaviours, it discovered that the core target for superpremium pet nutrition was _____ 1) _____
 - A) no different than the core target of its value pet nutrition products.
 - B) highly concerned about the age of its dog.
 - C) very unloyal to particular breeds of dogs.
 - D) highly loyal to particular breeds of dogs.
 - E) highly concerned about the health of its dog.

- 2) Procter & Gamble has designed what kind of business portfolio that allows them to grow consistently and reliably? 2) _____
 - A) limited business portfolio
 - B) focused business portfolio
 - C) diversified business portfolio
 - D) household care business portfolio
 - E) unlimited business portfolio

- 3) P&G refers to its strategic business units as 3) _____
 - A) Global Business Units (GBUs).
 - B) Single Business Units (SBUs).
 - C) International Business Organizations (IBOs).
 - D) Functional Business Units (FBUs).
 - E) Global Business Groups (GBGs).

- 4) Marketing strategies such as Eukanuba's "feed the breed" approach are guided by broader company-wide _____ 4) _____
 - A) finances.
 - B) strategic plans.
 - C) business partners.
 - D) competitors.
 - E) environments.

- 5) The text identifies three types of plans usually prepared by companies, which include annual plans, strategic plans, and _____ plans. 5) _____
 - A) contingency
 - B) hourly
 - C) psychological
 - D) long-range
 - E) model

- 6) _____ is the process of developing and maintaining a strategic fit between an organization's goals and capabilities and its changing marketing opportunities. 6) _____
 - A) Opportunity analysis
 - B) Strategic planning
 - C) Strategic networking
 - D) Strategic control
 - E) Functional development

- 7) The difference between annual and long-range plans versus a strategic plan is that the annual and long-range plans deal with the company's current businesses and how to keep them going, while the strategic plan deals with _____. 7) _____

- A) tactical decisions necessary to achieve corporate objectives
 - B) coordinating functional activities within the firm
 - C) adapting the firm to take advantage of opportunities in its constantly changing environment
 - D) how the company will manage its relationships with its stakeholders
 - E) expanding global activities to increase sales potential
- 8) When an entrepreneur such as Kelly's Furniture Barn analyzes the rapidly changing marketing environment for new opportunities and then decides to add to her product offering to take advantage of an opportunity and increase her sales, this could be considered an example of _____.
- A) strategic planning
 - B) SWOT analysis
 - C) business portfolio analysis
 - D) opportunity analysis
 - E) sound business thinking
- 9) _____ planning sets the stage for the rest of the planning in the firm.
- A) Tactical
 - B) Functional
 - C) Strategic
 - D) Operational
 - E) Divisional
- 10) For most companies, the first step in the corporate strategic planning process is to _____.
- A) determine functional dependencies
 - B) design the business portfolio
 - C) set company objectives and goals
 - D) review planning, marketing, and other functional strategies
 - E) define the company mission
- 11) The mission statement is a statement of an organization's _____.
- A) net worth
 - B) profit objectives
 - C) purpose
 - D) structure
 - E) accounts and responsibilities
- 12) Questions such as "what is our business?" and "who is the customer?" are generally answered in a company's _____.
- A) objectives.
 - B) plan.
 - C) mission statement.
 - D) portfolio.
 - E) prospectus.
- 13) Part of Bell Canada's mission statement is to deliver unrivalled integrated communications to Canadians. This statement is _____.
- A) product-oriented.
 - B) market-oriented.
 - C) promotion-oriented.
 - D) distribution-oriented.

E) price-oriented.

- 14) The statement of an organization's purpose that acts as an "invisible hand" in guiding people in the organization to action is called the 14) _____
A) strategic plan.
B) action plan.
C) target market.
D) company objective.
E) mission statement.
- 15) Wal-Mart has a mission statement that says, "We deliver low prices, every day." This mission statement would best be characterized as being 15) _____
A) perception-oriented.
B) market-oriented.
C) product-oriented.
D) production-oriented.
E) relationship-oriented.
- 16) Colgate toothpaste, the flagship product of Colgate-Palmolive company, has been a success for generations. The parent company's success is so well known that it could enter the solar energy business, but that would not take advantage of its core competency: providing a plethora of brands to large groups of customers. This reflects that Colgate-Palmolive should base its mission on its 16) _____
A) bottom-line orientation.
B) resource weaknesses.
C) resource strengths.
D) distinctive competencies.
E) market environment.
- 17) Mission statements should do all of the following except 17) _____
A) be product-oriented.
B) be motivating to the company's employees.
C) be in tune with the current market environment.
D) illustrate the organization's distinctive competencies.
E) be market-oriented.
- 18) When the makers of a ballpoint pen state they are in the communication equipment business, they are defining their mission too 18) _____
A) realistically.
B) narrowly.
C) specifically.
D) broadly.
E) commonly.
- 19) For planning purposes in large companies, the _____ is the collection of businesses and products that make up the company. 19) _____
A) business portfolio
B) business organization
C) business structure
D) product offering
E) business strategy group

- 20) When using a business portfolio to manage its businesses, the organization must first analyze its current business portfolio and decide which businesses should receive more, less, or no investment. Secondly, the organization must _____. 20) _____
- A) develop strategies for growth or downsizing
 - B) develop retraction strategies for the portfolio
 - C) develop merger strategies for the portfolio
 - D) develop functional strategies for achieving operating synergies
 - E) develop tactical decisions for the portfolio
- 21) _____ is a tool by which management identifies and evaluates the various businesses that make up the company. 21) _____
- A) A strategy grid
 - B) Unit evaluation
 - C) Business auditing
 - D) Strategic planning
 - E) Portfolio analysis
- 22) Shaping the business portfolio is an ongoing process and it is typically reviewed _____. 22) _____
- A) every 6 months
 - B) every 10 years
 - C) every 5 years
 - D) every month
 - E) every year
- 23) When using portfolio analysis, if an organization were to identify a unit that has a separate mission and objectives and that can be planned independently from other company businesses, it would be called a _____. 23) _____
- A) strategic business unit (SBU)
 - B) strategic control unit (SCU)
 - C) standard control unit (SCU)
 - D) business development unit (BDU)
 - E) product/market expansion unit (PMU)
- 24) The purpose of strategic planning is to find ways in which the company can best _____. 24) _____
- A) avoid the expense of costly research and development while still getting the benefits
 - B) use the company's strengths to take advantage of attractive opportunities in the environment
 - C) minimize the risk inherent in operating the business
 - D) provide an acceptable return to shareholders
 - E) minimize tax liabilities
- 25) The best known business portfolio-planning method was developed by _____. 25) _____
- A) the University of Chicago Group (UCG)
 - B) Booz & Allen Consulting (BAC)
 - C) the Boston Consulting Group (BCG)
 - D) the A.C. Nielsen Consulting Group (ANCG)
 - E) Industrial Light & Magic (ILM)
- 26) According to the BCG Growth Share Matrix portfolio-planning method, a company's strategic business units can be evaluated in terms of their _____. 26) _____
- A) market growth rate and their expansion curve tendency
 - B) structure and target markets

- C) market growth rate and their relative profitability
- D) market growth rate and relative market share
- E) market growth rate and capitalization structure

- 27) In the BCG Growth Share Matrix, relative market share provides _____. 27) _____
- A) the primary information for investment/divestiture decisions
 - B) a measure of sales potential for the company
 - C) a measure of market attractiveness
 - D) a measure of the company's strength in the market
 - E) a measure of profitability for all products
- 28) Under the BCG Growth Share Matrix, high-growth, high-share businesses or products are called _____. 28) _____
- A) Suspects
 - B) Cash Cows
 - C) Stars
 - D) Dogs
 - E) Question Marks
- 29) Under the BCG Growth Share Matrix, low-growth, high-share businesses or products are called _____. 29) _____
- A) Question Marks
 - B) Cash Cows
 - C) Leaders
 - D) Dogs
 - E) Stars
- 30) Under the BCG Growth Share Matrix, low-share, high-growth businesses or products are called _____. 30) _____
- A) Stars
 - B) Cash Cows
 - C) Question Marks
 - D) Underperformers
 - E) Dogs
- 31) Under the BCG Growth Share Matrix, low-share, low-growth businesses or products are called _____. 31) _____
- A) Stars
 - B) Question Marks
 - C) Dead in the Water
 - D) Dogs
 - E) Cash Cows
- 32) According to the BCG Growth Share Matrix, which types of SBUs listed below often need heavy investment to finance their rapid growth? 32) _____
- A) Cash Generators
 - B) Stars
 - C) Question Marks
 - D) Cash Cows
 - E) Dogs
- 33) According to the BCG Growth Share Matrix, which types of SBUs listed below often produce profits that

help to 33) _____
support _____
other
SBUs in
need of
investme
nt?

- A) Question Marks
- B) Cash Users
- C) Stars
- D) Cash Cows
- E) Dogs

34) If a company such as General Motors makes the decision to phase out an SBU such as the Oldsmobile brand and use the resources elsewhere in the company, this decision is called a _____ strategy. 34) _____

- A) divest
- B) control
- C) natural selection
- D) build
- E) harvest

35) Some firms choose to milk an SBU's short-term cash flow regardless of the long-term effect on the SBU. This strategy is generally called a _____ strategy. 35) _____

- A) divest
- B) control
- C) weaning
- D) build
- E) harvest

36) According to the text, which of the following was cited as a limitation of centralized portfolio analysis methods such as the BCG Growth Share Matrix? 36) _____

- A) too simple
- B) too focused on the future
- C) too focused on the present
- D) not centralized enough
- E) not structured enough

37) The _____ is a portfolio-planning tool for identifying company growth opportunities through the four strategies of market penetration, market development, product development, or diversification. 37) _____

- A) GE business-screen
- B) input-output analysis approach
- C) Porter's generic strategies approach
- D) product-market expansion grid
- E) Boston Consulting Group approach

38) Under the product/market expansion grid, the strategy of making more sales of current products to current market segments without altering the product is called _____. 38) _____

- A) market penetration
- B) market expansion
- C) product development
- D) diversification
- E) market development

39) Considering the growth strategies available in the product/market expansion grid, assume that a company

cuts 39) prices, increases advertising, tries to get its products into more stores, and tries to obtain better in-store displays. Which of the following strategies would the company most likely be pursuing based on the above actions?

- A) diversification
- B) product development
- C) competitive superiority
- D) market penetration
- E) market development

40) Under the product/market expansion grid, the strategy of offering new products to current markets is called _____. 40) _____

- A) market penetration
- B) diversification
- C) market development
- D) product development
- E) marketing concept

41) Under the product/market expansion grid, the strategy of finding new market segments for current company products, such as Tim Horton's expansion into the U.S. market, is called _____. 41) _____

- A) geographic expansion
- B) market penetration
- C) market development
- D) product development
- E) diversification

- 42) If a company (in reviewing its product/market expansion grid) decides to pursue new demographic markets and expand into new geographic markets with existing products, the company would be following which of the growth strategies below? 42) _____
- A) market expansion
 - B) product development
 - C) market penetration
 - D) diversification
 - E) market development
- 43) When Tim Horton's offers new flavours and types of baked goods to its existing market, the company is using which of the following growth strategies from the product/market expansion grid? 43) _____
- A) product development
 - B) market development
 - C) product line extension
 - D) diversification
 - E) market penetration
- 44) Starbucks's expansion into Hear Music and the subsequent creation of a new Starbucks Entertainment division is an example of a _____ strategy. 44) _____
- A) product line extension
 - B) market development
 - C) diversification
 - D) market penetration
 - E) product development
- 45) Starbucks has introduced a debit card, which lets customers prepay for coffee and snacks. Starbucks management is considering whether the company can achieve deeper 45) _____
- A) product development.
 - B) diversification.
 - C) market penetration.
 - D) market development.
 - E) product penetration.
- 46) Under the product/market expansion grid, the strategy of entering a new market(s) with new products is called _____. 46) _____
- A) market penetration
 - B) product development
 - C) market development
 - D) exporting
 - E) diversification
- 47) If a company (considering its options on the product/market expansion grid) chooses to move into different, unrelated fields (from what it has done before) with new products as a means to stimulate growth, the company would be following which of the following growth strategies? 47) _____
- A) new product development
 - B) market penetration
 - C) product development
 - D) diversification
 - E) market development

- 48) Which of the following reasons would lead a company to resist expanding globally? 48) _____
- A) a desire to grow and expand
 - B) a desire to access potential markets in other countries as its home market is shrinking
 - C) a desire to service its business customers who are expanding abroad
 - D) a desire to access potential markets in other countries that have a higher profit potential
 - E) a desire to make the most of opportunities in its home market
- 49) Wal-Mart, the world's largest retailer, has successfully launched stores in Mexico, Canada, the U.K., and Germany, among others. Wal-Mart is considering _____ as a growth strategy. 49) _____
- A) product development
 - B) demographic markets
 - C) market penetration
 - D) product penetration
 - E) geographical markets
- 50) In deciding to go international, a company must first decide 50) _____
- A) what language issues they face.
 - B) how far away they are from the foreign customer base.
 - C) the cost of doing business abroad.
 - D) the exchange rate.
 - E) what volume of foreign sales it wants.
- 51) The Bulova Watch Company expanded into more than 100 countries. It would have made more sense to 51) _____
- A) enter fewer countries with deeper penetration in each.
 - B) go into more countries.
 - C) build factories in each country.
 - D) develop new products for each country.
 - E) stay domestic.
- 52) Colgate chose to enter the lucrative Chinese market because 52) _____
- A) all of its global competitors were already in the Chinese market.
 - B) China does not have the technology and production to produce toothpaste.
 - C) Chinese people brush their teeth far more frequently than Canadians.
 - D) the Chinese government is considered extremely stable.
 - E) there was a huge potential market without established competition.
- 53) Which functional department is responsible for accomplishing an organization's strategic objectives? 53) _____
- A) All departments are responsible.
 - B) marketing
 - C) finance
 - D) operations
 - E) information systems
- 54) When Wal-Mart's purchasing department obtains the lowest prices possible from suppliers so that it can sell at low prices to the consumer, the purchasing department becomes part of a 54) _____
- A) synergistic function.
 - B) value chain.
 - C) product life cycle.
 - D) critical delivery system.
 - E) promotion network.

- 55) When Loblaw's human resources department focuses on keeping employees happy and productive while its information technology group supports the computers that allow employees to do their jobs, both departments are contributing to Loblaw's _____
- A) promotion network.
 - B) product life cycle.
 - C) critical delivery system.
 - D) synergistic function.
 - E) value chain.
- 56) A _____ is a collective system of internal company departments and external business partners that together provide customer value by producing, delivering, marketing, and supporting the company's products. _____
- A) product life cycle
 - B) value chain
 - C) business network
 - D) critical delivery system
 - E) functional network
- 57) In order to develop a functioning value chain, marketers must find ways to get all departments to _____
- A) "think profit."
 - B) "think customer."
 - C) "think product."
 - D) "think supplier."
 - E) "think process."
- 58) To create customer value, a firm must look at _____
- A) its own value chain, as well as its suppliers', distributors', and customers'.
 - B) the value chain of its suppliers.
 - C) its own value chain.
 - D) the value chain of its distributors.
 - E) the value chain of its customers.
- 59) If Loblaw's supplier of pickles in India is unable to get its shipment in on time because it is plagued by an outbreak of beetles, this is an example of a breakdown in the _____
- A) value delivery network.
 - B) financial network.
 - C) quality assurance program.
 - D) small business chain.
 - E) dealer network system.
- 60) Honda designed a program for working closely with its suppliers to help them reduce their costs and improve quality. This form of program becomes part of Honda's _____
- A) value delivery network.
 - B) financial network.
 - C) quality assurance program.
 - D) dealer network system.
 - E) small business chain.
- 61) When Volkswagen invites its component suppliers to become more involved with the design, production, and assembly of its vehicles, this would be considered an example of _____

- A) partnering to improve the performance of the entire customer value delivery network.
- B) simplifying their operational planning.
- C) downloading costs to their suppliers.
- D) cross-functional coordination.
- E) increasing operational efficiency.

- 62) Multinationals like Honda Motor Co. and Wal-Mart have designed programs to work closely with their suppliers to help them reduce their costs and improve quality. This illustrates the importance of an efficient _____ 62) _____
- A) product mix.
 - B) feedback system.
 - C) business model.
 - D) low-cost operator.
 - E) value delivery network.
- 63) A company's controllable factors include _____ 63) _____
- A) the economy.
 - B) federal regulations.
 - C) technological advances.
 - D) the 4 Ps.
 - E) social trends.
- 64) At the centre of any well-founded marketing process is the _____ 64) _____
- A) target customer.
 - B) advertising effort.
 - C) service department.
 - D) research and development effort.
 - E) profit maximization motive.
- 65) The process of _____ consists of dividing a market into distinct groups of buyers who might require separate products or marketing mixes on the basis of needs, characteristics, or behaviours. 65) _____
- A) market targeting
 - B) market segmentation
 - C) market profiling
 - D) product differentiation
 - E) market positioning
- 66) A _____ consists of consumers who respond in a similar way to a given set of marketing efforts. 66) _____
- A) target
 - B) market
 - C) market position
 - D) market niche
 - E) market segment
- 67) With respect to market targeting, a company should target segments in which _____ 67) _____
- A) there are the most customers.
 - B) the company can profitably generate the greatest customer value and sustain it over time.
 - C) there is little product differentiation between competitors.
 - D) there are the fewest competitors and the lowest costs.
 - E) there are the most customers with the most money to spend.

- 68) When General Motors says it makes a car for every "person, purse, and personality," it means that 68) _____
- A) each car meets the special needs of each market segment.
 - B) each of its cars is everything to everyone.
 - C) its cars are targeted at one market segment.
 - D) it customizes each of its cars to customers' individual tastes.
 - E) consumers have the same car tastes and preferences.
- 69) A product's _____ is the place the product occupies in consumer's minds, relative to competitors. 69) _____
- A) image
 - B) segment
 - C) perceptual construct
 - D) position
 - E) niche
- 70) Tide laundry detergent becoming known as being the most effective at cleaning ability while still being easy on clothes would be an example of 70) _____
- A) market segmentation.
 - B) product differentiation.
 - C) market targeting.
 - D) competitive differentiation.
 - E) market positioning.
- 71) In positioning its product, the company first identifies possible 71) _____
- A) marketing intermediaries that sell competitive products.
 - B) marketing intermediaries that sell complementary products.
 - C) target markets that could use the product.
 - D) competitive advantages on which to build the position.
 - E) buying criteria that the consumer may use to make a decision.
- 72) Product, price, place, and promotion are all controllable tactical marketing tools found in the company's 72) _____
- A) marketing analysis division.
 - B) marketing support system.
 - C) competitive strategy.
 - D) marketing mix.
 - E) positioning plan.
- 73) Design, quality, features, brand name, packaging, services, and variety are all items found in which of the following marketing mix variables? 73) _____
- A) product
 - B) price
 - C) target market
 - D) place
 - E) promotion
- 74) Which of the following would be classified as a product variable in the marketing mix? 74) _____
- A) the manufacturer's suggested retail price (MSRP)
 - B) tire manufacturer
 - C) dealership

D) advertisement

E) car insurance

75) _____ includes the company activities that make the product available to target customers. 75) _____
A) Product B) Promotion C) Place D) Price E) Partnering

76) Which variable in the marketing mix is responsible for supporting sales? 76) _____
A) product
B) place
C) distribution
D) price
E) promotion

77) Place is also often referred to as 77) _____
A) location.
B) store.
C) office.
D) site.
E) distribution.

78) The four Cs of marketing were developed because modern marketers felt that the traditional four *Ps* were too 78) _____
A) customer-centric.
B) distributor-centric.
C) product-centric.
D) company-centric.
E) supplier-centric.

79) From the buyer's point of view in this age of connectedness, the four *Ps* of the marketing mix might be better described as the four Cs. Which of the following Cs would match to the "place" variable in the marketing mix? 79) _____
A) customer solution
B) communication
C) commercialization
D) convenience
E) customer cost

80) SWOT stands for 80) _____
A) strengths, weaknesses, opportunities, timing.
B) strengths, weaknesses, opportunities, threats.
C) survival, weaknesses, opportunities, threats.
D) strengths, willingness, opportunities, threats.
E) strengths, weaknesses, openings, threats.

81) The marketing function that identifies a company's strengths and weaknesses while considering its opportunities and threats is called 81) _____
A) marketing control.
B) marketing implementation.
C) marketing analysis.
D) marketing planning.
E) environmental scanning.

- 82) When a company conducts a marketing analysis and discovers that its customer satisfaction scores are quite low, it has identified a(n) _____ 82) _____
- A) weakness.
 - B) threat.
 - C) anomaly.
 - D) opportunity.
 - E) strength.
- 83) _____ involves deciding on marketing strategies that will help the company attain its overall strategic objectives. 83) _____
- A) Marketing research
 - B) Marketing analysis
 - C) Marketing planning
 - D) Marketing implementation
 - E) Marketing control
- 84) In a marketing plan, the _____ presents a brief summary of the main goals and recommendations of the plan for management review, helping top management to find the plan's major points quickly. 84) _____
- A) current marketing situation
 - B) final conclusions and action plan
 - C) executive summary
 - D) threats and opportunity analysis
 - E) objectives and issues
- 85) A _____ outlines how the company intends to create value for target customers in order to capture value in return. 85) _____
- A) marketing concept
 - B) marketing tactic
 - C) marketing strategy
 - D) marketing plan
 - E) marketing theory
- 86) _____ outlines the broad marketing logic by which the business unit hopes to achieve its marketing objectives and the specifics of target markets, positioning, and marketing expenditure levels. 86) _____
- A) The current market situation
 - B) Marketing strategy
 - C) Action programs
 - D) Objectives and issues
 - E) Portfolio theory
- 87) The process that turns marketing strategies and plans into marketing actions in order to accomplish strategic marketing objectives is called _____ 87) _____
- A) marketing control.
 - B) marketing analysis.
 - C) marketing conversion.
 - D) marketing implementation.
 - E) marketing strategy.
- 88) Successful _____ depends on how well a company blends its people, organizational structure, decision and reward systems, and company culture into a cohesive action program that supports its strategies. 88) _____

88)

- _____
- A) marketing strategy
 - B) marketing implementation
 - C) marketing analysis
 - D) marketing operations
 - E) marketing control

89) If a company wants its staff to focus on achieving its long-run market-building objectives, which of the following would be the best reward system? 89) _____

- A) a bonus if they achieve their quarterly sales targets
- B) a bonus if they achieve their monthly sales targets
- C) a bonus if they achieve their annual sales targets
- D) a bonus if they achieve their market-building objectives
- E) None of the reward systems would be effective.

90) Who is in charge of marketing research? 90) _____

- A) marketing researcher
- B) chief marketing officer
- C) It depends on how big the company is and how many staff are in the marketing department.
- D) marketing manager
- E) marketing assistant

91) CMO stands for _____. 91) _____

- A) certified marketing organization
- B) credited marketing organization
- C) chief marketing ombudsperson
- D) chief marketing officer
- E) chief management officer

92) The most common form of marketing organization is the 92) _____

- A) product management organization.
- B) customer-centred organization.
- C) functional organization.
- D) geographic organization.
- E) market management organization.

93) A _____ allows salespeople to settle into a territory, get to know their customers, and work with a minimum of travel time and cost. 93) _____

- A) functional organization
- B) customer-centred organization
- C) market management organization
- D) product management organization
- E) geographic organization

94) Companies with very different products or brands often create a _____ organization and assign a product manager to develop and implement a strategy and marketing program for a specific product or brand. 94) _____

- A) product management
- B) customer-centred
- C) geographic
- D) market management

E) functional

- 95) Companies that sell a single product to many different types of customers who have different needs and preferences often use what type of marketing department organization? 95) _____
- A) market or customer management organization
 - B) product management organization
 - C) functional organization
 - D) geographic organization
 - E) multi-focus market organization
- 96) _____ is the process of measuring and evaluating the results of marketing strategies and plans, and taking corrective action to ensure that marketing objectives are achieved. 96) _____
- A) Marketing control
 - B) Operating control
 - C) Performance evaluation
 - D) Strategic control
 - E) Functional control
- 97) As Starbucks continues to grow, it is faced with myriad challenges during the implementation of marketing plans. Hence, the marketing department must practice constant 97) _____
- A) marketing control.
 - B) marketing analysis.
 - C) corrective action.
 - D) performance measurement.
 - E) strategic control.
- 98) _____ involves checking ongoing performance against the annual plan and taking corrective action when necessary. 98) _____
- A) Strategic control
 - B) Engineering control
 - C) Matrix control
 - D) Process auditing
 - E) Operating control
- 99) _____ involves looking at whether a company's basic strategies are well matched to its opportunities. 99) _____
- A) Engineering control
 - B) Operating control
 - C) Matrix control
 - D) Process auditing
 - E) Strategic control
- 100) The _____ is a comprehensive, systematic, independent, and periodic examination of a company's environment, objectives, strategies, and activities to determine problem areas and opportunities. 100) _____
- A) marketing audit
 - B) marketing plan
 - C) marketing strategy
 - D) marketing profile
 - E) marketing review

101) Traditionally, marketing activities' return-on-investment has been measured by looking at increases in

- 101) _____
- A) sales.
 - B) loyalty.
 - C) brand value.
 - D) customer satisfaction.
 - E) market share.
- 102) Finance and marketing often do not see eye-to-eye because _____ 102) _____
- A) marketing deals in valuable assets that are easy to quantify.
 - B) finance views marketing as a profit centre.
 - C) finance has a difficult time understanding returns on advertising such as brand value because they aren't in monetary terms.
 - D) the personalities in each department are very different.
 - E) finance does not do a good job communicating their value in monetary terms.

Use the information below to answer the following question(s):

PUMA is a very successful company. For some time, it has been posting strong increases in global brand sales. Much of its success can be attributed to companywide strategic planning. PUMA's mission is to become the most desirable sport lifestyle company. To achieve its goal, it emphasises such product qualities as uniqueness and its sporting heritage. An important element of PUMA's brand strategy is to closely watch over its distribution channels, including licensees. Solid guidance and strict adherence to the brand's objectives and direction are maintained at all levels. The company strategy is to focus on a more flexible and efficient organization that can thrive in an increasingly dynamic and fast-paced industry. According to its business plan, PUMA created the Group Executive Committee, a cross-functional management structure that incorporates brand management, product, finance, growth management, and legal and organizational structure into one core body. This enables PUMA to realize efficiencies in areas such as product life cycle, management, and sourcing, which they can pass along to the customer. The end result helps reduce lead times and costs, while developing improvement in quality, giving PUMA a competitive advantage.

- 103) PUMA changed its organizational structure and repositioned its brand to fit between its goals _____ 103) _____
and the surrounding dynamic, fast-paced industry. PUMA engaged in
- A) product management.
 - B) profitability.
 - C) strategic planning.
 - D) financial planning.
 - E) marketing.
- 104) Gathering from its mission statement, PUMA has a definition that is _____ 104) _____
- A) financially-oriented.
 - B) operations-oriented.
 - C) price-oriented.
 - D) product-oriented.
 - E) market-oriented.
- 105) Using the BCG matrix, PUMA is a brand that is _____ 105) _____
- A) a Cash Cow.
 - B) high profile.
 - C) a Star.
 - D) a Question Mark.
 - E) a Dog.
- 106) Cross-functional management and guidance to all company departments and distributors _____ 106) _____
creates a better
- A) product.

- B) value chain.
- C) customer.
- D) advertisement.
- E) financial system.

- 107) Emphasis on uniqueness and sport tradition so the customer experiences a PUMA sports lifestyle is the core of PUMA's 107) ____
- A) marketing analysis.
 - B) target marketing.
 - C) market segmentation.
 - D) value chain.
 - E) market positioning.
- 108) PUMA's focus on its distribution network is an example of focusing on which of the marketing mix variables? 108) ____
- A) place
 - B) product
 - C) production
 - D) price
 - E) promotion
- 109) Forming the Group Executive Committee is an example of 109) ____
- A) market auditing.
 - B) marketing objectives.
 - C) portfolio analysis.
 - D) marketing implementation.
 - E) control.

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 110) After studying the behaviour of its target market, Eukanuba discovered that 1/3 of dog owners are highly loyal to a particular breed of dog. 110) ____
- 111) P&G's current business portfolio focuses on two product categories that account for more than 85 percent of the company's revenues. 111) ____
- 112) Marketing strategies operate within company strategies. 112) ____
- 113) Strategic planning involves defining a clear company mission and other activities. 113) ____
- 114) The strategic plan deals a the company's current businesses and how to keep it going. 114) ____
- 115) The first step in strategic planning is to set company objectives and goals. 115) ____
- 116) To avoid confusing interested stakeholders, mission statements should always be product-oriented. 116) ____
- 117) Management should always aim to make the mission statement as broad as possible to avoid limiting themselves to taking advantage of new opportunities in the future. 117) ____
- 118) "We run theme parks" would be an example of a market-oriented mission for the Disney company. 118) ____

- 119) If Home Depot's mission were product-oriented, it might contain the phrase: "We sell tools and home repair and improvement items." 119) ____
- 120) An organization should base its mission statement on its distinctive competencies. 120) ____
- 121) A strategic business unit (SBU) is a unit within a company that has a separate mission and objectives that can be planned independently from other company businesses. 121) ____
- 122) P&G's Eukanuba brand is an example of an SBU. 122) ____
- 123) A tool used by management to identify and evaluate the different businesses that compose a company is called portfolio analysis. 123) ____
- 124) The Boston Consulting Group's Growth Share Matrix measures portfolio performance by comparing market growth rate versus relative market share. 124) ____
- 125) In the BCG Growth Share Matrix, a Star is characterized as being a low market-share business unit competing in a high growth market. 125) ____
- 126) In the BCG Growth Share Matrix, a Question Mark is an SBU where the company is approaching globalization as a primary strategy to expand sales. 126) ____
- 127) In the BCG Growth Share Matrix, the photocopier division of Xerox would most likely be considered a Star, due to its high market share in a low growth-rate market. 127) ____
- 128) In the BCG Growth Share Matrix, the sport utility vehicle division of a vehicle manufacturer such as Ford would be considered a Dog, due to its high market share but relatively poor future sales outlook. 128) ____
- 129) If a firm wants to milk its short-term cash flow regardless of the long-term effect, then a strategy of harvesting should be considered. 129) ____
- 130) If a company decides to invest its money elsewhere and get rid of one of its SBUs that is considered a Dog, this is referred to as divesting. 130) ____
- 131) Companies need growth if they are to compete more effectively, satisfy their stakeholders, and attract top talent, so growth must be a company objective. 131) ____
- 132) According to the product/market expansion grid, a market penetration strategy would suggest that a company grow using an established product in an established market. 132) ____
- 133) According to the product/market expansion grid, a market development strategy allows managers to pursue new demographic and geographic markets with existing products. 133) ____
- 134) When Tim Hortons added Hot Smoothie drinks to its menu in 2005, it was pursuing a product development strategy. 134) ____
- 135) Starbucks is pursuing a diversification strategy when it focuses on adding an average of 46 stores a week internationally. 135) ____
- 136) One reason a company may decide to go international is when foreign companies enter a domestic market offering worse products at higher prices. 136) ____

- 137) Companies should decide to go global based only on potential market size. 137) ____
- 138) Generally, it makes sense for a company to operate in as many countries as possible when pursuing an international strategy. 138) ____
- 139) The marketing concept suggests that company strategy should revolve around building profitable relationships with customers. 139) ____
- 140) When each department within an organization carries out value-creating activities to design, produce, market, deliver, and support the firm's products, the department is part of what is called a value chain. 140) ____
- 141) Creating customer value is almost always left to the responsibility of the marketing department in an organization. 141) ____
- 142) A key factor in Toyota's success has been its exceptionally well-developed value delivery network, which consists of the company itself, suppliers, distributors, and, ultimately, customers. 142) ____
- 143) Dividing a market into distinct groups with distinct needs, characteristics, or behaviours that might need separate products or marketing mixes is called profiling. 143) ____
- 144) Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. 144) ____
- 145) High-end luxury cars and high performance sports cars generally target a niche market where they serve a very small but highly focused target market. 145) ____
- 146) A market position consists of consumers who respond in a similar way to a given set of marketing efforts. 146) ____
- 147) If Ford Taurus establishes itself in the consumer's mind as a car that is "built to last," it has established a market position. 147) ____
- 148) Without product differentiation or competitive advantage, achieving a market position becomes very difficult as the consumer has nothing to base an opinion on. 148) ____
- 149) The set of controllable tactical marketing tools of product, price, promotion, and place are also known as the marketing mix. 149) ____
- 150) For maximum effectiveness, a marketing mix must be internally consistent; that is, all four of its *Ps* must work together to create value for the customer. 150) ____
- 151) The most important of the 4 *Ps* of the marketing mix is promotion, because without promotion, no one would know about the products or services. 151) ____
- 152) The text indicates that 4 *Cs* (of connectedness) match the 4 *Ps* of the marketing mix. The *C* that would match the "product" component of the 4 *Ps* would be "customer goods." 152) ____
- 153) Managing the marketing process begins with planning. 153) ____

- 154) Marketing analysis is what is used by the marketer to develop a projected profit-and-loss statement. 154) _____
- 155) The element of the marketing plan that is used to present a brief summary of its main goals and recommendations for management review is the marketing audit. 155) _____
- 156) The broad marketing logic by which the business unit hopes to achieve its marketing objectives is called the action program. 156) _____
- 157) The most common form of marketing organization is the functional organization. 157) _____
- 158) When Zeller's evaluates the results of its marketing strategies and plans and then takes corrective action to ensure that objectives are attained, it is practising marketing control. 158) _____
- 159) Return on marketing investment (marketing ROI) is a measurement of the losses resulting from investments in marketing activities. 159) _____

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

- 160) Describe the strategic planning process. Identify the four steps of the strategic planning process. 160) _____
- 161) Define a mission statement. Characterize what good mission statements should be. 161) _____
- 162) Describe the Boston Consulting Group's approach to portfolio analysis, including the four types of SBUs that it identifies. 162) _____
- 163) What are some problems with matrix approaches like BCG's? 163) _____
- 164) Describe the four growth strategy possibilities identified by the product/market expansion grid. 164) _____
- 165) Second Cup is a Canadian company that has recently expanded its operations and opened up franchises in the Middle East. List and discuss the main questions that Second Cup had to answer prior to making the decision to go abroad. 165) _____
- 166) Describe a value chain and how it might help a business such as Loblaw's. 166) _____
- 167) Describe how a company such as Toyota might partner with its suppliers to provide lower-cost, higher-quality cars to satisfy its customers. 167) _____
- 168) Discuss the differences between market segmentation, market targeting, and market positioning. How are these processes related? 168) _____
- 169) List and discuss the 4 Ps of the marketing mix. 169) _____
- 170) Compare the 4 Ps of the marketing mix against the 4 Cs that might result from the new age of connectedness. How does this new idea improve upon the old? 170) _____
- 171) Describe the four marketing management functions that are fundamental in the management of the marketing process. 171) _____
- 172) A SWOT analysis is a tool used to conduct a marketing analysis. Select your favourite grocery store chain

(i.e., 172)

Safeway,
Loblaws,
Sobeys,
Supersto
re, etc.)
and
conduct
a short
SWOT
analysis
based on
your
own
knowled
ge of the
company
.

173) A detailed marketing plan is needed for each business unit, product, and brand. Describe the elements of a proper marketing plan. 173) _____

174) Modern marketing departments can be arranged in several ways. List and briefly describe the ways cited in the text. 174) _____

175) Define a marketing audit and describe how it relates to marketing control. Briefly describe the areas that are covered in the audit and how it can be used to improve a company's marketing performance. 175) _____

176) Discuss the challenges marketers face when they are under pressure from corporate management and finance to prove that their marketing dollars are being well spent. 176) _____

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

177) For more than 25 years, Intel has dominated the microprocessor market for personal computers. Intel's stunning success results from strong strategic planning and its relentless dedication to a simple marketing strategy. Explore the Intel website and do some background research to identify this simple strategy and how it was implemented. Where can the company go from here?

178) You are a newly hired marketing specialist with Home Depot and your first assignment is to prepare a report discussing how the product/market expansion grid could be used to increase sales for the company. Your report should discuss how each of the four growth strategies could be used, illustrated with examples from the building supply and hardware industry.

179) To be effective in the marketplace, a company must divide up the total market available, choose the best market segments, and design strategies for profitably serving chosen segments better than its competitors. One company that seems to have done this extremely well is Ty Corporation, with its line of Beanie Babies. The products sell well to young and old alike. Taking what you know about the company and its products, develop a plan for applying market segmentation, market targeting, and market positioning to the company's current line of Beanie Babies (be sure to address each of these issues separately). You may make assumptions; however, be sure to state them. Remember to look for new market segments to keep the company viable in the future, and carefully consider how to position the company for success in the next century.

- 1) D
- 2) C
- 3) A
- 4) B
- 5) D
- 6) B
- 7) C
- 8) A
- 9) C
- 10) E
- 11) C
- 12) C
- 13) B
- 14) E
- 15) B
- 16) D
- 17) A
- 18) D
- 19) A
- 20) A
- 21) E
- 22) E
- 23) A
- 24) B
- 25) C
- 26) D
- 27) D
- 28) C
- 29) B
- 30) C
- 31) D
- 32) B
- 33) D
- 34) A
- 35) E
- 36) C
- 37) D
- 38) A
- 39) D
- 40) D
- 41) C
- 42) E
- 43) A
- 44) C
- 45) C
- 46) E
- 47) D
- 48) E
- 49) E
- 50) E
- 51) A

- 52) E
- 53) A
- 54) B
- 55) E
- 56) B
- 57) B
- 58) A
- 59) A
- 60) A
- 61) A
- 62) E
- 63) D
- 64) A
- 65) B
- 66) E
- 67) B
- 68) A
- 69) D
- 70) E
- 71) D
- 72) D
- 73) A
- 74) E
- 75) C
- 76) E
- 77) A
- 78) D
- 79) D
- 80) B
- 81) C
- 82) A
- 83) C
- 84) C
- 85) C
- 86) B
- 87) D
- 88) B
- 89) D
- 90) C
- 91) D
- 92) C
- 93) E
- 94) A
- 95) A
- 96) A
- 97) A
- 98) E
- 99) E
- 100) A
- 101) A
- 102) C
- 103) C

104) E
105) C
106) B
107) E
108) A
109) D
110) TRUE
111) FALSE
112) TRUE
113) TRUE
114) FALSE
115) FALSE
116) FALSE
117) FALSE
118) FALSE
119) TRUE
120) TRUE
121) TRUE
122) TRUE
123) TRUE
124) TRUE
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127) FALSE
128) FALSE
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- 157) TRUE
- 158) TRUE
- 159) FALSE
- 160) Strategic planning is defined as the process of developing and maintaining a strategic fit between an organization's goals and capabilities and its changing marketing opportunities. The four steps in the strategic planning process include: a) defining the company mission (a statement of purpose); b) setting company objectives and goals (what do we want to accomplish?); c) designing business portfolios; and d) planning marketing and other related strategies.
- 161) A mission statement is a statement of an organization's purpose - what it wants to accomplish in the larger environment. Good mission statements should be realistic, specific, and motivational, and should fit the market environment.
- 162) The Boston Consulting Group's approach involves the Growth Share Matrix, in which strategic business units are evaluated in terms of their market growth rate and relative market share. The BCG approach identifies four types of strategic business units □ Stars, Cash Cows, Question Marks, and Dogs. Stars are high-growth, high-share businesses or products. Cash Cows are low-growth, high-share businesses or products. Question Marks are low-share business units in high-growth business markets. Dogs are low-growth, low-share business units in high-growth markets. (See text for additional details.)
- 163) BCG's and other portfolio planning approaches can be difficult to execute, time-consuming, and costly to implement. Defining SBUs and the measurement of relevant market share can also be difficult. While such approaches are helpful for classifying current businesses, little advice is available for future planning.
- 164) This grid is a portfolio-planning tool for identifying company growth opportunities through market penetration, market development, product development, and diversification. Strategies for each include: a) market penetration □ increase sales of current products to current market segments without changing the product; b) market development □ identify and develop new markets (demographic or geographic) for existing company products; c) product development □ offer modified or new products to current market segments; and d) diversification □ offer new products to new market segments.
- 165) First, Second Cup most likely decided what volume of foreign sales it wants. It then asked how many countries it wanted to market in and decided to focus on the Middle East. It then asked what *kind* of countries it wanted to enter. All of the countries in the Middle East are fairly similar in that they are opening themselves up to more Western products, which provides a number of opportunities. However, there is still some political instability, as well as some legal and cultural issues, that a company such as Second Cup must be aware of in order to determine the level of risk.
- 166) A value chain is defined as a series of departments that carry out value-creating activities to design, produce, market, deliver, and support a firm's products. The text uses the illustration of Loblaw's and how it uses its suppliers, distributors, and employees to create a "chain" of superior value for its customers.
- 167) Toyota works hand-in-hand with its suppliers, learning about their businesses, working with them on activities, training their employees, and actively seeking out their concerns. Toyota is always driving and striving for innovation and evolution (principle of *kaizen*) and relies on its suppliers to practice the same principle.
- 168) Market segmentation is the process of dividing a market into distinct groups with distinct needs, characteristics, or behaviours that might require separate products or marketing mixes. Market targeting is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter - ideally, those that the company can most profitably serve. Market positioning is arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers. The three processes are related in that one should follow the other in determining marketing strategy. Further detail can be found in Chapter 7.
- 169) The 4 Ps are product, price, promotion, and place. Product refers to whatever goods or services a company offers to the market. Price is the amount of money a customer must pay in exchange for the product. Place refers to the physical locations and types of outlets through which the product is made available to the customer. Promotion is a broad term for all marketing communications activities.
- 170) As suggested in the chapter, the traditional 4 Ps of the marketing mix are product, price, promotion, and place. The 4 Cs are, respectively, customer solution, customer cost, communication, and convenience. This new way of looking at the marketing mix is an improvement because it looks at the controllable marketing variables from the

customer's perspective, which is, ultimately, the only view that really counts.

- 171) The four functions are analysis, planning, implementation, and control. Analysis is a detailed description and analysis of the current situation facing the company through a tool called the SWOT analysis. Planning is deciding on the marketing strategies that will help the company attain its overall objectives. Implementation is turning the marketing plans into marketing actions in order to accomplish strategic marketing objectives. Finally, marketing control involves evaluating the results of marketing strategies and plans and taking corrective action to ensure objectives are attained.
- 172) Answers will depend on what chain the students choose; however, students must define and discuss the SWOT analysis and list examples of strengths, weaknesses, opportunities, and threats to receive full marks.
- 173) The plan starts with an executive summary, which is a brief version of its key points. It then describes the current market situation, including the SWOT; outlines the major objectives for the product or brand; describes the specifics of the programs that will achieve the marketing goals; and, finally, describes the marketing strategy, lays out an action plan and details the marketing budget, and outlines controls that will be used to monitor progress.
- 174) A functional organization is the most common form of marketing organization, whereby different marketing activities are headed by a functional specialist (sales manager, advertising manager, marketing research manager, etc.). A geographic organization is when sales and marketing people are assigned to specific countries, regions, and districts. Geographic organization allows salespeople to settle into a territory, get to know their customers, and work with a minimum of travel time and cost. A product management organization uses a product manager to develop and implement a complete strategy and marketing program for a specific product or brand. A market or customer management organization uses marketing managers who are responsible for developing marketing strategies and plans for their specific markets or customers. Many organizations use a combination of these types of arrangements.
- 175) A marketing audit is a comprehensive, systematic, independent, and periodic examination of a company's environment, objectives, strategies, and activities to determine problem areas and opportunities. The audit covers all major marketing areas of a business, including the marketing environment, marketing strategy, marketing organization, marketing systems, marketing mix, and marketing productivity and profitability. Audits are usually conducted by third parties and provide good input for a plan of action to improve a company's marketing performance.
- 176) It's very difficult to quantify returns on marketing dollars spent, as marketing produces many intangible outcomes such as customer satisfaction, loyalty, and brand value. It is often referred to as a "cost centre" and, aside from sales or market share, it's difficult to measure the outcomes of marketing activities.
- 177) Intel's simple strategy is "to provide the most value and satisfaction to customers through product leadership." Intel's strategy rests on delivering superior value by creating a continuous stream of leading-edge products. It then communicates its superior value to consumers. This has built intense customer loyalty and preference, which forces computer manufacturers to install Intel processors rather than another brand or processors of their own design.

Since Intel's growth depends on increasing demand for microprocessors, which in turn depends on growth in PC applications and sales, the company has an intense interest in the PC industry and its fate. To control its own destiny, Intel is now developing applications on the PC itself. Its investment in technology and market development has paid off. Intel's advertising campaigns have made the company's name a household word. Additionally, Intel is working with small companies to spur the next "killer app." Students should think carefully about what they perceive to be Intel's best strategy, whether it is advertising, market development, or technology. Any of these can be justified with detailed explanations taken from the introductory example in the text.

- 178) Home Depot can attempt to increase sales by using the market penetration growth strategy, which consists of selling existing products to existing markets. Known as the "work harder" strategy, this might involve offering better pricing, more aggressive advertising, or improving service levels to current customers. Home Depot might use the market development growth strategy by attempting to find new markets for their existing line of products sold; for example, exporting or appealing to a different customer group such as professional building contractors, commercial property owners, or government agencies. The product development growth strategy would involve finding new products for Home Depot's existing customers. This strategy follows the spirit of the marketing concept, as it creates extra value for customers by supplying them with things that they might have to buy elsewhere. Lastly, Home Depot might use the diversification growth strategy, which would involve finding new products to sell to new markets. This could be many things, such as rental properties, food sales, or even

manufacturing.

179) Prior to giving this question, the instructor can give outside reading assignments or refer students to www.ty.com, where a wealth of information exists on the company. In fact, the company claims to have had 2 billion visitors to its website since its inception □ that is amazing!

The first section that should be discussed is a plan for market segmentation. Students can be creative with this; however, they should be sure to include information about children, senior citizens, mothers, and serious collectors as potential segments that might be explored by the company. The different needs, characteristics, or behaviours of these groups would be a good starting point for discussion.

Next, students should outline their plan for picking a target market that they perceive to be the most attractive of the market segments mentioned above. Their pick should be justified. Special niches can be identified, but a primary target market should be identified as well.

Lastly, students should consider the communication and promotion opportunities facing the company in its positioning strategy. Consider competitive advantages and how they could be built upon. Remember, the company must be willing to deliver on its promises. How can Ty sustain its growth? How can it deal with negatives or short supply of its products? How are prices charged by collectors or scalpers? Each of these issues might be side issues in the question.