

TEST BANK



Chapter 2: Strategic Marketing Planning

MULTIPLE CHOICE

1. Which of the following statements best describes the nature of a marketing plan?
 - a. It clearly outlines the organization's mission and vision.
 - b. It outlines how the organization will raise capital to finance growth.
 - c. It focuses solely on the internal resources needed to develop a marketing strategy.
 - d. It clearly outlines the organization's marketing activities.
 - e. All of these statements describe a marketing plan.**

ANS: D

2. Whether at the corporate, business-unit, or functional level, the planning process always begins with an in-depth:
 - a. a statement of goals and objectives.
 - b. a situation analysis.
 - c. strategy for achieving growth.
 - d. statement of the organization's competitive advantages.
 - e. assessment of the organization's resources.

ANS: B

3. When creating a corporate vision statement, organizations are attempting to answer which of the following questions?
 - a. What do we want to become?
 - b. What business are we in?
 - c. What are our competitive advantages?
 - d. How can we be the best?
 - e. Who are we and what do we stand for?

ANS: A

4. Which of the following is one of the five basic questions that a good mission statement should answer?
 - a. Who are our competitors?
 - b. What is our market position?
 - c. What is our operating philosophy?
 - d. What are our opportunities?
 - e. Where have we been?

ANS: C

5. Sears at one time lost sight of its mission and jumped into markets that did not fit its strengths. This occurred because Sears lacked a mission statement with the appropriate:
 - a. focus
 - b. strategic fit
 - c. stability
 - d. profitability
 - e. width

ANS: E

6. All organizations need a _____, the central scheme for utilizing and integrating resources in the areas of production, finance, research and development, human resources, and marketing to carry out the organization's mission and achieve desired goals and objectives.
 - a. marketing strategy
 - b. cross-functional strategy
 - c. cross-functional goal
 - d. corporate strategy
 - e. corporate mission

ANS: D

7. When a firm possesses capabilities that allow it to serve customers' needs better than the competition, the firm is said to have a:
- a. resource advantage
 - b. competitive advantage
 - c. value-based advantage
 - d. marketing advantage
 - e. relative advantage

ANS: B

8. With respect to developing a marketing plan, what does it mean for a marketing plan outline to be consistent?
- a. The outline should be sufficient to ensure that information is not omitted
 - b. The outline should have the ability to be modified to fit the situation
 - c. The outline should flow in a logical manner
 - d. The outline should have some connection to other functional area plans
 - e. The outline should be consistent across firms in the same industry

ANS: D

9. In a marketing plan, the executive summary should be a complete but concise overview of the entire marketing plan because:
- a. the executive summary is the most important part of the plan.
 - b. the executive summary is the first part of the marketing plan to be written.
 - c. most readers of a marketing plan are busy and value condensed information.
 - d. the executive summary is the least read part of the marketing plan.
 - e. the executive summary does not provide any quantitative information.

ANS: C

10. In developing a marketing plan, the section on goals and objectives defines the parameters by which the firm will measure actual performance. In this respect, the goals and objectives section is tied closely to the _____ section of the marketing plan.
- a. SWOT analysis
 - b. evaluation and control
 - c. executive summary
 - d. marketing implementation
 - e. situation analysis

ANS: B

11. Motorola continuously establishes performance standards and assesses actual performance by comparing it with these standards. Afterwards, Motorola often takes corrective action to reduce any discrepancies. This process is most likely outlined in the _____ section of Motorola's marketing plan.
- a. evaluation and control
 - b. marketing strategy
 - c. marketing implementation
 - d. SWOT analysis
 - e. goals and objectives

ANS: A

12. Which of the following **IS NOT** a purpose of a marketing plan?
- a. It explains the present and future situations of the organization.
 - b. It specifies the expected outcomes of the plan.
 - c. It describes specific actions that are to take place.
 - d. It explains how marketing activities mesh with other functional areas.
 - e. It identifies resources needed to carry out the plan.

ANS: D

13. While all marketing plans face a number of obstacles in development and implementation, _____ is by far the most commonly occurring obstacle across most firms.
- a. failure to see the whole picture
 - b. inadequate information
 - c. resistance to change
 - d. lack of time for planning
 - e. inadequate communication

ANS: E

14. In the context of marketing planning, why is it vital that the marketing plan be capable of selling itself to top management?
- a. Because top managers are responsible for executing the marketing plan
 - b. Because top managers must be able to evaluate the performance of the marketing program
 - c. Because top managers must be able to clearly communicate the strategy to external stakeholders
 - d. Because top managers must decide whether the marketing plan is the best use for the organization's scarce resources
 - e. Because top managers are compensated on how well the marketing strategy works

ANS: D

15. It is a well-known fact that most American firms focus on short-term results and tend to ignore long-range strategy. Why is this mindset not a good approach when dealing with marketing strategy?
- a. Because many foreign competitors respond to market conditions faster than American firms
 - b. Because the results of marketing activities occur over longer planning horizons
 - c. Because the short-term results of marketing efforts are always favorable
 - d. Because the most innovative firms always take a long-term approach toward marketing strategy
 - e. All of the above are valid reasons.

ANS: B

16. Focusing on customers has not always been the hallmark of strategic planning. In fact, in the early 20th century, firms tended to focus strictly on _____ rather than on developing relationships with customers.
- a. efficiency and quality
 - b. selling products to customers
 - c. marketing research
 - d. growth and corporate profits
 - e. new product development

ANS: A

17. _____ firms are those that successfully generate, disseminate, and respond to market information.
- a. Customer-oriented
 - b. Information-oriented
 - c. Satisfaction-oriented
 - d. Market-oriented
 - e. Competitive-oriented

ANS: D

18. In today's business environment, firms that truly focus on customers instill a corporate culture that places customers and other stakeholders at the top of the organizational hierarchy. When this occurs, the firm shifts its focus from transactions to _____, and from _____ to collaboration.
- a. market share; competition
 - b. information; rivalry
 - c. relationships; competition
 - d. value; cooperation
 - e. long-range planning; contracts

ANS: C

19. Many firms have shifted to balanced strategic planning because traditional planning and measurement approaches are not able to capture:
- key competitive information to drive marketing planning.
 - real-time customer satisfaction metrics.
 - the value created by an organization's intangible assets.
 - either internal or external innovation.
 - real-time financial performance metrics.

ANS: C

20. The Balanced Performance Scorecard cautions business leaders to look at strategy and performance through four interrelated perspectives. Which of the following **IS NOT** one of these perspectives?
- Financial Perspective
 - Customer Perspective
 - Vision and Strategy Perspective
 - Learning and Growth Perspective
 - Internal Process Perspective

ANS: C

ESSAY

1. Identify and discuss the five questions that should be answered by a good mission statement. Why do you think some firms have mission statements that do not answer these basic questions?

ANS:

A well-devised mission statement should answer the same five basic questions:

- Who are we?
- Who are our customers?
- What is our operating philosophy (basic beliefs, values, ethics, etc.)?
- What are our core competencies or competitive advantages?
- What are our responsibilities with respect to being a good steward of our human, financial, and environmental resources?

A mission statement that delivers a clear answer to each of these questions installs the cornerstone for the development of the marketing plan. If the cornerstone is weak, or not in line with the foundation laid in the preliminary steps, the entire plan will have no real chance of long-term success. In recent years, firms have realized the role that mission statements can play in their marketing efforts. Consequently, mission statements have become much more customer oriented. People's lives and businesses should be enriched because they have dealt with the organization. A focus on profit in the mission statement means that something positive happens for the owners and managers of the organization, not necessarily for the customers or other stakeholders.

It is likely that most firms have weak mission statements simply out of neglect. Perhaps these firms do not understand the importance of having a solid mission statement. Firms can still be successful if their mission statements do not answer these five basic questions. However, the potential always exists for the firm to step beyond its mission and core competencies.

2. Defend or contradict this statement: "The most important aspect of strategic market planning is marketing implementation. Without good implementation, nothing gets accomplished and customers do not receive desired benefits."

ANS:

It is difficult to contradict this statement. However, students must realize that implementation occurs on two fronts: externally with markets and customers and internally with employees. It is obvious that external implementation is vital to the success of the strategy—even if the strategy is flawed. In Chapter 1, the text describes how there are very few rules in marketing. Hence, a bad strategy could prove to be correct by the time it is implemented. However, poor implementation is always a key reason for marketing failure.

Internally, good implementation is essential for getting things done. All marketing plans, when executed, have repercussions both inside and outside the firm. Even seemingly disconnected events in finance or human resources can have an effect on the firm's ultimate customers—the individuals and businesses that buy the firm's products. The short answer is that the firm must rely on its people to implement the strategy. Hence, good implementation will always consider the effects of the strategy on employees.

3. Explain how and why the process of developing a marketing plan might be more important than the marketing plan document itself. What are the benefits of the planning process irrespective of the actual outcomes of the process?

ANS:

The key to the benefits of the planning process is communication, which is vital for synchronizing actions within the firm. As stated in the quote in Chapter 2:

“the process of preparing the plan is more important than the document itself. . . . A marketing plan does compel attention, though. It makes the marketing team concentrate on the market, on the company's objectives, and on the strategies and tactics appropriate to those objectives. It's a mechanism for synchronizing action.”

Research indicates that organizations that develop formal, written strategic marketing plans tend to be more tightly integrated across functional areas, more specialized, and more decentralized in decision making. The end result of these marketing plan efforts is improved financial and marketing performance.

This question also coincides with Exhibit 2.4 regarding the key obstacles to developing and implementing marketing plans. Students should note that lack of communication is the major stumbling block to effective marketing planning.

4. Identify and discuss the major problems associated with creating marketing plans. What are some potential ways that firms and managers can overcome these problems?

ANS:

This question is based on Exhibit 2.4. Most students will focus on the fact that poor communication is the key obstacle in developing and implementing marketing plans. However, astute students will note that most of the factors in the exhibit are internal characteristics of an organization—most of them being based in the organization's culture or management style. Consequently, most of these obstacles can be overcome by developing a culture that fully supports strategic planning. This might involve opening channels of communication, breaking down barriers among departments, employee training, top management commitment, and dedicating adequate time to the planning process.

5. Discuss the concept of balanced strategic planning and the approach outlined by the Balanced Performance Scorecard. What are the five common principles associated with implementing the balanced approach to strategic planning?

ANS:

The shift to balanced strategic planning was born out of necessity. As the twenty-first century approached, firms realized that traditional planning and measurement approaches could not capture value created by the organization's intangible assets. These assets—including such vital issues as customer relationships, processes, human resources, innovation, and information—were becoming increasingly important to business success, but they were not being reported through traditional financial measures.

The basic tenet of the balanced performance scorecard is that firms can achieve better performance if they align their strategic efforts by approaching strategy from four complementary perspectives: financial, customer, internal process, and learning and growth. The financial perspective is the traditional view of strategy and performance. This perspective is vital but should be balanced by the other components of the scorecard. The customer perspective looks at customer satisfaction metrics as a key indicator of firm performance, particularly as the firm moves ahead. Financial measures are not suited to this task because they report past performance rather than current performance. The internal process perspective focuses on the way that the business is running by looking at both mission-critical and routine processes that drive day-to-day activity. Finally, the learning and growth perspective focuses on people and includes such vital issues as corporate culture, employee training, communication, and knowledge management.

The five common principles associated with implementing the balanced approach to strategic planning are:

1. Translate the strategy into operational terms. Successful firms can illustrate the cause-and-effect relationships that show how intangible assets are transformed into value for customers and other stakeholders. This provides a common frame of reference for all employees.
2. Align the organization to strategy. Successful firms link different functional areas through common themes, priorities, and objectives. This creates synergy within the organization that ensures that all efforts are coordinated.
3. Make strategy everyone's everyday job. Successful firms move the strategy from the executive boardroom to the front lines of the organization. They do this through communication, education, allowing employees to set personal objectives, and tying incentives to the balanced scorecard.
4. Make strategy a continual process. Successful firms hold regular meetings to review strategy performance. They also establish a process whereby the firm can learn and adapt as the strategy evolves.
5. Mobilize change through executive leadership. Successful firms have committed energetic leaders who champion the strategy and the balanced scorecard. This ensures that the strategy maintains momentum. Good leaders also prevent the strategy from becoming an obstacle to future progress.

The balanced scorecard doesn't refute the traditional approach to strategic planning. It does, however, caution business leaders to look at strategy and performance as a multidimensional issue. Financial measures, though important, simply cannot tell the whole story. One of the major benefits of the balanced scorecard is that it forces organizations to explicitly consider during strategy formulation those factors that are critical to strategy execution.