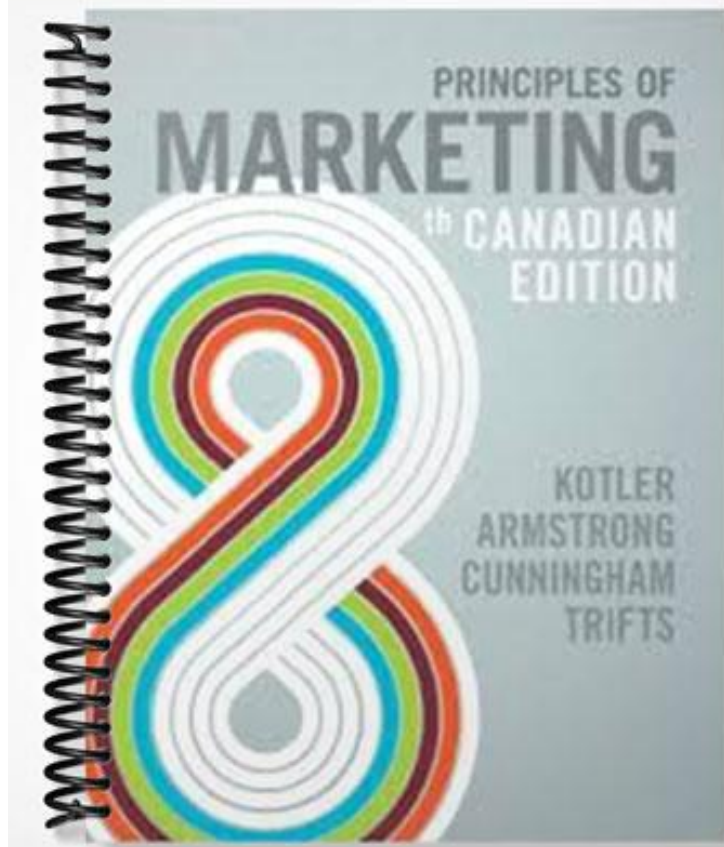


**TEST BANK**



**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

1) Which of the following involves adapting a firm to take advantage of opportunities in its constantly changing environment? 1) \_\_\_\_\_

- A) annual planning
- B) short-range planning
- C) strategic planning
- D) long-range planning
- E) media planning

Answer: C

2) When a firm develops and maintains a strategic fit between its goals and capabilities, it is performing \_\_\_\_\_. 2) \_\_\_\_\_

- A) business-portfolio planning
- B) operations planning
- C) values planning
- D) mission planning
- E) strategic planning

Answer: E

3) Which of the following is the first step in strategic planning? 3) \_\_\_\_\_

- A) set objectives and goals
- B) identify threats and weaknesses
- C) plan marketing strategies
- D) develop the business portfolio
- E) define the company mission

Answer: E

4) Which of the following is NOT a step in the strategic planning process? 4) \_\_\_\_\_

- A) setting company objectives and goals
- B) evaluating all members of the value chain
- C) planning marketing and other functional strategies
- D) designing the business portfolio
- E) defining the company mission

Answer: B

5) Which of the following provides an answer to these questions: What is our business? Who are our customers? What do our customers value? What should our business be? 5) \_\_\_\_\_

- A) marketing and functional strategies
- B) objectives and goals
- C) operational strategies
- D) a mission statement
- E) a business portfolio

Answer: D

6) \_\_\_\_\_ should be market oriented and defined in terms of \_\_\_\_\_. 6) \_\_\_\_\_

- A) Strategic plans; company needs
- B) Mission statements; customers' needs
- C) Annual plans; product needs
- D) Objectives; competitors' threats
- E) Long-range plans; company needs

Answer: B

- 7) All of the following are accurate guidelines for a company's mission statement EXCEPT which one? 7) \_\_\_\_\_
- A) A mission statement should be realistic.
  - B) A mission statement should motivate employees.
  - C) A mission statement should emphasize the company's strengths in the marketplace.
  - D) A mission statement should be specific.
  - E) A mission statement should be narrow.

Answer: E

- 8) A company's mission statement serves as a statement of \_\_\_\_\_. 8) \_\_\_\_\_
- A) values
  - B) purpose
  - C) financial goals
  - D) fact
  - E) employee commitment

Answer: B

- 9) Which of the following is NOT a market-oriented business definition? 9) \_\_\_\_\_
- A) "to bring aspiration and innovation to every athlete in the world"
  - B) "to deliver low prices every day"
  - C) "to sell tools and home repair and improvement items"
  - D) "to be the guardian of our customers' financial dreams"
  - E) "to make the Internet buying experience fast, easy, and enjoyable"

Answer: C

- 10) All of the following are examples of product-oriented mission statements, EXCEPT which one? 10) \_\_\_\_\_
- A) "We run theme parks."
  - B) "We provide online services."
  - C) "We sell shoes."
  - D) "We rent hotel rooms."
  - E) "We sell lifestyle and self-expression; success and status; memories, hopes, and dreams."

Answer: E

- 11) Which of the following is the principle objective of a market-oriented mission statement? 11) \_\_\_\_\_
- A) to satisfy basic stockholder needs
  - B) to satisfy basic partnership needs
  - C) to satisfy basic supplier needs
  - D) to satisfy basic customer needs
  - E) to satisfy basic owner needs

Answer: D

- 12) Revlon has clearly defined its "mission" of selling lifestyle and self-expression. In order for the firm to launch its strategic plan, the mission needs to next be turned into detailed \_\_\_\_\_ that guide each level of the company. 12) \_\_\_\_\_
- A) supporting objectives
  - B) sets of promotional tools
  - C) sets of strategies
  - D) product mixes
  - E) sets of tactics

Answer: A

- 13) The collection of businesses and products that make up a company is called its \_\_\_\_\_. 13) \_\_\_\_\_
- A) strategic plan
  - B) business portfolio
  - C) operational factor
  - D) mission statement
  - E) strategic business unit

Answer: B

- 14) Which of the following can be a company division, a product line within a division, or sometimes a single product or brand? 14) \_\_\_\_\_
- A) a market
  - B) a value delivery network
  - C) a PLC
  - D) the BCG
  - E) an SBU

Answer: E

- 15) After management has identified the key businesses making up its company, what is the next step in portfolio analysis? 15) \_\_\_\_\_
- A) identifying businesses in which to invest
  - B) assessing the attractiveness of its SBUs
  - C) completing short-range planning
  - D) identifying SBUs
  - E) deciding whether to harvest any businesses

Answer: B

- 16) The best known product portfolio planning method was developed by \_\_\_\_\_. 16) \_\_\_\_\_
- A) Philip Kotler
  - B) Harvard University
  - C) the SRI Consulting Firm
  - D) James P. Hess
  - E) the Boston Consulting Group

Answer: E

- 17) Most portfolio analysis methods evaluate SBUs on two dimensions, namely \_\_\_\_\_ and \_\_\_\_\_. 17) \_\_\_\_\_
- A) market share; strength of the SBU's position
  - B) market penetration; market development
  - C) market growth rates; profits
  - D) market diversification; relative market share
  - E) market or industry attractiveness; strength of the SBU's position

Answer: E

- 18) In the Boston Consulting Group approach, \_\_\_\_\_ provides a measure of market attractiveness. 18) \_\_\_\_\_
- A) market segmentation
  - B) market development
  - C) market growth rate
  - D) relative market share
  - E) market penetration

Answer: C

- 19) In the Boston Consulting Group approach, \_\_\_\_\_ serves as a measure of company strength in the market. 19) \_\_\_\_\_
- A) market growth rate
  - B) relative market share
  - C) market segmentation
  - D) market development
  - E) market diversification

Answer: B

- 20) The BCG growth-share matrix classifies four types of SBUs. They are \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_. 20) \_\_\_\_\_
- A) stars; cash cows; question marks; dogs
  - B) product; price; promotion; placement
  - C) market penetration; market development; product development; diversification
  - D) sales; market share; price; promotion
  - E) planning; implementing; leading; controlling

Answer: A

- 21) In the BCG approach, \_\_\_\_\_ are high-share, high-growth businesses or products. They need heavy investment to finance rapid growth. When their growth slows down, they turn into \_\_\_\_\_. 21) \_\_\_\_\_
- A) stars; cash cows
  - B) cash cows; stars
  - C) dogs; cash cows
  - D) question marks; dogs
  - E) stars; question marks

Answer: A

- 22) \_\_\_\_\_ are low-growth, high share businesses or products. They generate a lot of cash that the firm uses to pay its bills and support other SBUs that need investment. 22) \_\_\_\_\_
- A) Dogs
  - B) Cash cows
  - C) Cats
  - D) Stars
  - E) Question marks

Answer: B

- 23) In the BCG matrix, income from \_\_\_\_\_ can be used to help finance the company's question marks and stars. 23) \_\_\_\_\_
- A) SBU revenues
  - B) low-share businesses
  - C) cash cows
  - D) dogs
  - E) overseas operations

Answer: C

- 24) The four possible strategies that can be pursued for each SBU are building, holding, \_\_\_\_\_, and \_\_\_\_\_. 24) \_\_\_\_\_
- A) promoting; selling
  - B) diversifying; penetrating
  - C) developing; growing
  - D) harvesting; divesting

E) downsizing; expanding

Answer: D

- 25) Which of the following does NOT accurately reflect a problem with the BCG matrix approach? 25) \_\_\_\_\_
- A) It focuses on planning for the future.
  - B) It can be costly to conduct.
  - C) It is difficult to define SBUs and measure market share and growth.
  - D) It focuses on classifying current businesses.
  - E) It can be time consuming to implement.

Answer: A

- 26) Unlike strategic-planning efforts of the past, which were conducted primarily by senior managers, today's strategic planning is \_\_\_\_\_. 26) \_\_\_\_\_
- A) limitation-free
  - B) centralized
  - C) decentralized
  - D) product oriented
  - E) short-term oriented

Answer: C

- 27) To enter new global markets, a company like BASF can create new local partnerships within targeted countries. These are examples of \_\_\_\_\_. 27) \_\_\_\_\_
- A) broad strategies for growth
  - B) brand experiences
  - C) diversification
  - D) product development
  - E) value chains

Answer: A

- 28) Which department in a company carries the primary responsibility for achieving profitable growth? 28) \_\_\_\_\_
- A) product development
  - B) accounting
  - C) marketing
  - D) human resources
  - E) operations

Answer: C

- 29) Which of the following is a useful tool for identifying growth opportunities? 29) \_\_\_\_\_
- A) the BCG matrix
  - B) the product/market expansion grid
  - C) the business portfolio
  - D) the value delivery network
  - E) the value chain

Answer: B

- 30) Making more sales to current customers without changing a firm's products is \_\_\_\_\_. 30) \_\_\_\_\_
- A) market attractiveness
  - B) product development
  - C) market penetration
  - D) diversification
  - E) market development

Answer: C

- 31) Tim Hortons works to train people who come into Tim Hortons first thing in the morning for coffee and breakfast to return several times during the rest of the day. This effort by Tim Hortons management is an example of \_\_\_\_\_. 31) \_\_\_\_\_
- A) diversification
  - B) market penetration
  - C) product adaptation
  - D) market development
  - E) product development

Answer: B

- 32) While a valuable planning tool, a problem with using the BCG matrix centres is that it focuses on \_\_\_\_\_. 32) \_\_\_\_\_
- A) the past instead of the present
  - B) the future instead of the present
  - C) financial issues instead of the customer
  - D) the customer instead of suppliers
  - E) the present instead of the future

Answer: E

- 33) A common practice among marketers is to identify and develop new markets for their existing products. This practice is called \_\_\_\_\_. 33) \_\_\_\_\_
- A) product development
  - B) market development
  - C) market penetration
  - D) market skimming
  - E) dual adaptation

Answer: B

- 34) If Tim Hortons were to leverage its strong brand name onto products like sportswear that fit with its friendly, relaxed image, this would represent which strategy for growth? 34) \_\_\_\_\_
- A) partner development
  - B) market development
  - C) market penetration
  - D) diversification
  - E) product development

Answer: D

- 35) Which of the following entails reducing the business portfolio by eliminating products that no longer fit the company's overall strategy? 35) \_\_\_\_\_
- A) market redesign
  - B) market segmentation
  - C) downsizing
  - D) product line extension
  - E) the BCG approach

Answer: C

- 36) Which of the following is NOT a reason that a firm might want to abandon products or markets? 36) \_\_\_\_\_
- A) The economic environment is showing signs of recovery.
  - B) The firm has entered areas in which it does not have expertise.
  - C) The market has changed, making some of the products less profitable.

D) The firm has not properly researched foreign markets which it has entered.

E) The firm has grown too rapidly.

Answer: A

37) Each department in a company that carries out value-creating activities can be thought of as a link in the company's \_\_\_\_\_. 37) \_\_\_\_\_

A) value chain

B) market development

C) product development

D) business portfolio

E) value delivery network

Answer: A

38) Jack Welch, former CEO at General Electric, said that "Companies can't give job security, only \_\_\_\_\_ can." 38) \_\_\_\_\_

A) customers

B) growth

C) development

D) good strategy

E) efficiency

Answer: A

39) Multinationals like Honda Motor Co. and Wal-Mart stores 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 \_\_\_\_\_. 39) \_\_\_\_\_

A) value chain

B) business portfolio

C) value delivery network

D) low-cost operator

E) product mix

Answer: C

40) Which of the following is the marketing logic by which a company hopes to achieve profitable customer relationships? 40) \_\_\_\_\_

A) differentiation

B) price

C) the value delivery network

D) a consistent product mix

E) marketing strategy

Answer: E

41) Lucy Ortiz is preparing a PowerPoint presentation of the marketing process to show at a sales meeting. \_\_\_\_\_ should appear in the centre of her diagram depicting marketing strategies and the marketing mix. 41) \_\_\_\_\_

A) Company objectives

B) Sales goals

C) Customer retention rates

D) Competitors

E) Customer value and relationships

Answer: E

42) A sound marketing strategy begins with which of the following? 42) \_\_\_\_\_



- A) SWOT analysis
- B) promotion
- C) positioning
- D) differentiation
- E) customer analysis

Answer: E

43) Your firm is attempting to divide up the total market to determine the best segments it can serve. 43) \_\_\_\_\_

Which is the correct order of doing so?

- A) market segmentation, market positioning, target marketing
- B) market segmentation, target marketing, market positioning
- C) target marketing, market positioning, market segmentation
- D) market positioning, market segmentation, target marketing
- E) mass marketing, demographic segmentation, psychographic segmentation

Answer: B

44) The process of customer-driven marketing involves which of the following? 44) \_\_\_\_\_

- A) problem identification; information search; decision; implementation
- B) market segmentation; target marketing; differentiation; positioning
- C) product; price; promotion; adaptation
- D) analysis; targeting; implementation; control
- E) marketing analysis; planning; implementation; feedback

Answer: B

45) Which of the following is the process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviours? 45) \_\_\_\_\_

- A) market segmentation
- B) differentiation
- C) positioning
- D) marketing strategy
- E) market targeting

Answer: A

46) Your new employer has asked you, as a new marketing graduate, to develop a group of potential customers who might respond in a similar way to a given set of marketing efforts. You have been asked to develop a(n) \_\_\_\_\_. 46) \_\_\_\_\_

- A) target market
- B) market segment
- C) undefined niche
- D) market
- E) market strategy

Answer: B

47) Which of the following involves evaluating each market segment's attractiveness and selecting one or more segments to enter? 47) \_\_\_\_\_

- A) market targeting
- B) market segmentation
- C) positioning
- D) the market mix
- E) differentiation

Answer: A

- 48) Which of the following is the place a product occupies in the consumer's mind relative to competition? 48) \_\_\_\_\_
- A) position
  - B) product promotion
  - C) market segmentation
  - D) market targeting
  - E) placement
- Answer: A
- 49) Effective positioning begins with \_\_\_\_\_ the company's marketing offer in order to give consumers more perceived value. 49) \_\_\_\_\_
- A) pricing
  - B) placing
  - C) aligning
  - D) differentiating
  - E) promoting
- Answer: D
- 50) Which of the four Ps describes the goods-and-services combination the company offers to the target market? 50) \_\_\_\_\_
- A) product
  - B) package
  - C) place
  - D) promotion
  - E) price
- Answer: A
- 51) In the four Ps of the marketing mix, design, packaging, services, and variety all fall under the category of \_\_\_\_\_. 51) \_\_\_\_\_
- A) place
  - B) price
  - C) product
  - D) position
  - E) promotion
- Answer: C
- 52) Today the four Ps are compared to the four Cs. Product and place are called \_\_\_\_\_ and \_\_\_\_\_, respectively. 52) \_\_\_\_\_
- A) customer cost; convenience
  - B) customer solution; convenience
  - C) communication; customer solution
  - D) convenience; customer solution
  - E) communication; convenience
- Answer: B
- 53) In the marketing management functions, a SWOT analysis should \_\_\_\_\_ a marketing plan. 53) \_\_\_\_\_
- A) follow
  - B) evaluate
  - C) coincide with
  - D) take priority over
  - E) precede
- Answer: E
- 54) In a basic SWOT analysis the "T" stands for \_\_\_\_\_. 54) \_\_\_\_\_
- A) trade
  - B) timing
  - C) threats
  - D) tangible
  - E) trust
- Answer: C
- 55) In a basic SWOT analysis, the "S" stands for \_\_\_\_\_. 55) \_\_\_\_\_
- A) strengths
  - B) satisfactions

- C) solutions
- D) situation
- E) strategy

Answer: A

56) In SWOT analysis, which of the following would be considered a strength? 56) \_\_\_\_\_

- A) trends in the market
- B) internal resources
- C) factors that challenge the company's performance
- D) internal limitations
- E) favourable factors in the environment

Answer: B

57) In SWOT analysis, which of the following refers to factors in the external environment? 57) \_\_\_\_\_

- A) trends
- B) strengths
- C) strategies
- D) opportunities
- E) weaknesses

Answer: D

58) The main section of the marketing plan presents a detailed \_\_\_\_\_ analysis of the current marketing situation. 58) \_\_\_\_\_

- A) competitor
- B) when, where, how
- C) economic
- D) who, when, where
- E) SWOT

Answer: E

59) A marketing plan begins with an executive summary, which quickly overviews goals and \_\_\_\_\_ 59) \_\_\_\_\_

- A) controls
- B) obstacles
- C) promotions
- D) recommendations
- E) budgets

Answer: D

60) According to the textbook, your boss is most likely referring to \_\_\_\_\_ when she mentions "doing things right." 60) \_\_\_\_\_

- A) planning
- B) objectives
- C) strategy
- D) efficiency
- E) implementation

Answer: E

61) IBM has its sales and marketing people assigned to markets in specific countries, regions, and districts. This is an example of which type of marketing organization? 61) \_\_\_\_\_

- A) product
- B) psychographic

- C) functional
- D) geographic
- E) divisional

Answer: D

62) Which of the following is the most common approach to marketing organization? 62) \_\_\_\_\_

- A) geographic
- B) product management
- C) combination
- D) divisional
- E) functional

Answer: E

63) Berman Electric, a chain of 18 appliance stores, has a marketing organization in which specialists head different marketing activities. What is this type of organization called? 63) \_\_\_\_\_

- A) organic
- B) functional
- C) product
- D) market
- E) geographic

Answer: B

64) Modern marketing departments are arranged in the following ways, EXCEPT which one? 64) \_\_\_\_\_

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

Answer: A

65) The \_\_\_\_\_ organizational format was first used by Procter and Gamble in 1929. 65) \_\_\_\_\_

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

Answer: C

66) The \_\_\_\_\_ organizational system's main advantage is that the company is organized around the needs of specific market segments. 66) \_\_\_\_\_

- A) geographic
- B) market management
- C) product management
- D) functional
- E) vertical

Answer: B

67) An increasingly large number of firms are changing their organizational focus from \_\_\_\_\_ to \_\_\_\_\_.

- A) brand management; customer management
- B) product management; functional management
- C) global management; regional management

- D) product management; geographic management
- E) geographic management; functional management

Answer: A

- 68) Evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained is called \_\_\_\_\_. 68) \_\_\_\_\_
- A) strategic control
  - B) operating control
  - C) efficiency
  - D) marketing control
  - E) developmental control

Answer: D

- 69) The marketing control process entails the following steps in order: setting goals, \_\_\_\_\_, evaluating performance, and \_\_\_\_\_. 69) \_\_\_\_\_
- A) achieving goals; measuring performance
  - B) taking corrective action; measuring performance
  - C) measuring performance; taking corrective action
  - D) evaluating goals; measuring performance
  - E) taking corrective action; following up

Answer: C

- 70) Which of the following is NOT a step in the marketing control process? 70) \_\_\_\_\_
- A) taking corrective action
  - B) evaluating the causes of gaps between expected and actual performance
  - C) defining the mission
  - D) measuring performance
  - E) setting goals

Answer: C

- 71) Ensuring that the company achieves the sales, profits, and other goals set out in its annual marketing plan is the purpose of \_\_\_\_\_. 71) \_\_\_\_\_
- A) operating control
  - B) strategic control
  - C) a marketing audit
  - D) ROMI
  - E) marketing control

Answer: A

- 72) Which of the following involves looking at whether a company's basic strategies are well matched to its opportunities? 72) \_\_\_\_\_
- A) portfolio analysis
  - B) operating control
  - C) strategic control
  - D) ROMI
  - E) marketing control

Answer: C

- 73) Which of the following is a comprehensive and systematic analysis of a company's environment, objectives, strategies, and activities that is conducted by an outside and objective party? 73) \_\_\_\_\_
- A) SWOT analysis
  - B) a marketing mix analysis

- C) a portfolio analysis
- D) a marketing audit
- E) a marketing plan

Answer: D

- 74) Which of the following measures the profits generated by investments in marketing activities? 74) \_\_\_\_\_
- A) SWOT analysis
  - B) marketing ROI
  - C) a marketing audit
  - D) a budget
  - E) an executive summary

Answer: B

- 75) Which of the following would NOT be useful in determining marketing ROI? 75) \_\_\_\_\_
- A) customer equity
  - B) a marketing dashboard
  - C) brand awareness
  - D) market share
  - E) SWOT analysis

Answer: E

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

- 76) Mission statements should be realistic and general in nature. 76) \_\_\_\_\_
- Answer: True  False

- 77) ABC Fortunes has just developed a formal statement of its purpose. This firm has put together a mission statement. 77) \_\_\_\_\_
- Answer:  True  False

- 78) Mission statements should both emphasize the company's strengths in the marketplace and be motivating. 78) \_\_\_\_\_
- Answer:  True  False

- 79) At Zellers, "we offer products and services that deliver superior style and value to Canadians,," is a product-oriented business definition. 79) \_\_\_\_\_
- Answer: True  False

- 80) At Nike, "we sell athletic shoes and apparel" is a market-oriented business definition. 80) \_\_\_\_\_
- Answer: True  False

- 81) A firm's mission should always be stated as making more sales or profits. 81) \_\_\_\_\_
- Answer: True  False

- 82) The major activity in strategic planning is strategic business unit planning, whereby management evaluates the products and businesses making up the company. 82) \_\_\_\_\_
- Answer: True  False

- 83) An SBU is a company division or product line, never a single product or brand. 83) \_\_\_\_\_
- Answer: True  False

- 84) The purpose of strategic planning is to find ways in which your company can best use its strengths to take advantage of attractive opportunities in the environment. 84) \_\_\_\_\_

Answer:  True  False

- 85) In the BCG matrix, "dogs" are low-growth businesses and products that do not generate enough cash to maintain themselves. 85) \_\_\_\_\_  
Answer:  True  False
- 86) Question marks in the BCG matrix require a lot of cash to hold their share, let alone increase it. 86) \_\_\_\_\_  
Answer:  True  False
- 87) The growth strategy of diversification involves offering modified or new products to current markets. 87) \_\_\_\_\_  
Answer:  True  False
- 88) When an organization identifies and develops new markets for its current products and services, it is engaged in market development. 88) \_\_\_\_\_  
Answer:  True  False
- 89) When a firm finds products or businesses that no longer fit its overall strategy, it must carefully milk, harvest, or better develop them. 89) \_\_\_\_\_  
Answer:  True  False
- 90) In today's marketplace, competition increasingly takes place between entire value delivery networks rather than between individual competitors. 90) \_\_\_\_\_  
Answer:  True  False
- 91) To improve its value delivery network, a company needs to examine the value chains of its suppliers and distributors. 91) \_\_\_\_\_  
Answer:  True  False
- 92) Mandros International Foods evaluates each market segment's attractiveness and selects one or more segments to enter when considering adding new lines of imported foods. Mandros is engaged in selective marketing. 92) \_\_\_\_\_  
Answer:  True  False
- 93) The image of a product in the minds of consumers is called market segmentation. 93) \_\_\_\_\_  
Answer:  True  False
- 94) A market segment consists of consumers who respond in different ways to a given set of marketing efforts. 94) \_\_\_\_\_  
Answer:  True  False
- 95) Holiday Inn has divided the total customer market into smaller segments and selected the most promising segments. Deciding what position it wants to occupy in these segments is called targeting. 95) \_\_\_\_\_  
Answer:  True  False
- 96) When a company positions its product, it should first identify possible customer value differences within a market segment that could be the basis of a competitive advantage for the product. 96) \_\_\_\_\_  
Answer:  True  False
- 97) The marketing mix consists of product, price, place, positioning, and promotion. 97) \_\_\_\_\_

Answer: True  False

98) Guided by marketing strategy, the company designs a marketing mix made up of factors under its control: product, price, place, and promotion. 98) \_\_\_\_\_

Answer:  True  False

99) One valid criticism of the four Ps concept is that services are not considered. 99) \_\_\_\_\_

Answer: True  False

100) The four Ps concept takes the seller's view of the market. 100) \_\_\_\_\_

Answer: True  False

101) The four marketing management functions are: analysis, planning, implementation, and control. 101) \_\_\_\_\_

Answer:  True  False

102) A company can *divest* an SBU by selling it or phasing it out and using the resources elsewhere. 102) \_\_\_\_\_

Answer:  True  False

103) A brief summary of the main goals and recommendations of the plan belongs in the Objectives and Issues section of a marketing plan. 103) \_\_\_\_\_

Answer: True  False

104) The CMO heads up the company's entire marketing operation and represents marketing on the company's top management team. 104) \_\_\_\_\_

Answer:  True  False

105) The marketing audit covers *all* major marketing areas of a business, not just a few trouble spots. 105) \_\_\_\_\_

Answer:  True  False

106) In measuring financial ROI, both the *R* and the *I* are uniformly measured in dollars. But there is as of yet no consistent definition of marketing ROI. 106) \_\_\_\_\_

Answer:  True  False

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

107) Define strategic planning. Discuss the steps involved.

Answer: The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its marketing opportunities is called strategic planning. At the outset, beginning at the corporate level, each company must define its overall purpose and mission. What is our business? Who is the customer? What do our customers value? Answers to these questions are crucial in writing a clear mission statement. Mission statements need to be carefully defined in terms of customer needs. Missions should be realistic, motivating, and fit the market environment. Missions then lead to setting business and marketing objectives/goals in the planning process. This is followed by decisions regarding what portfolio of businesses and products is best for the company and how much support to give each one. Next, each business and product develops detailed marketing and other functional strategies. In this step, plans are drawn at the business unit, product, and market levels in support of company wide plans.

108) What is business portfolio planning? Discuss how a company might use the Boston Consulting Group's product portfolio analysis method.

Answer: A business portfolio is the collection of businesses and products that make up a company. Business portfolio planning entails two steps. First, there is an analysis of the company's current business



portfolio, followed by decisions about what businesses should receive more, less, or no investment. Second, planners must shape the future portfolio by developing strategies for growth and/or downsizing. The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in that market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks, and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU.

109) Describe some of the problems with matrix approaches.

Answer: The BCG and other portfolio planning approaches can be difficult to execute, time consuming, and also costly to implement. Defining SBUs and the measurement of relative market share and growth can be a difficult task as well. A serious flaw with these approaches is that, while they are helpful for classifying current businesses, they offer little or no advice for future planning.

110) The BCG is a useful approach to evaluate current businesses. Describe a device that a firm could use to identify future growth opportunities.

Answer: The product/market expansion grid is a useful device for identifying growth opportunities in the future. There are four strategies available to companies: market penetration, market development, product development, and diversification. Market penetration entails making more sales to current customers without changing products. Market development involves identifying and developing new markets for a company's products. New markets include demographic groups and geographic regions, among others. Companies can also consider product development, offering modified or new products to current markets. Diversifying companies might consider acquiring or starting new businesses unrelated to their core competencies. However, diversifying too broadly can be detrimental in the long run.

111) What does the term "value-delivery network" mean? Explain.

Answer: For decades, marketers have traditionally created value to satisfy customer needs and wants. Today, the manufacturer or retailer needs to look beyond its own value chain and into the value chains of suppliers and distributors to create value throughout the entire supply chain. More companies are partnering with other members of the supply chain to improve the performance of the customer value-delivery network. In fact, today competition takes place between entire value delivery networks instead of between individual competitors.

112) Define marketing strategy. Discuss the steps in formulating marketing strategy.

Answer: The marketing logic by which a company hopes to achieve profitable relationships is called its marketing strategy. Marketing strategy formulation entails four specific steps: market segmentation, market targeting, differentiation, and positioning. The process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviour is called market segmentation. Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain that value over time. Effective positioning begins with actually differentiating the company's marketing offer so that it gives consumers greater value. Positioning is defined as creating a distinct image of a product in the eyes of target consumers. A product's positioning should take advantage of a competitive advantage within the market target.

113) Explain why, according to the authors of your text, the four Ps concept of the marketing mix takes a seller's view of the market, not the buyer's view. How should marketers consider the buyer's view?

Answer: In today's day and age of customer relationship marketing, the four Ps can be described as the four Cs from the customer's point of view. In lieu of product, there is customer solution; that is, customers buy solutions to their problems or look for value in products. Customers are more interested in the total costs of obtaining, using, and disposing of a product. That is, customer cost replaces price in customer

relationships. The focus is on convenience. Convenience in availability is the central focus of customers. Finally, place element of customers and marketers want two-way communication. Marketers should use the four Cs as a base for the marketing mix for the four Ps of their marketing mix.

114) Define marketing planning. Briefly outline the major steps in a marketing plan.

Answer: Marketing planning involves deciding on marketing strategies that will help the company achieve its overall strategic objectives. A detailed marketing plan is needed at the business, product, or brand level. An executive summary is the first step in the plan. It contains a brief summary of the main goals and recommendations of the plan for management review. The main section of the plan presents a detailed SWOT analysis of the current marketing situation, along with potential threats and opportunities. The plan then states major objectives for the brand and outlines the specifics of a marketing strategy for achieving them. In addition, action programs for implementing the marketing strategy along with the details of a supporting marketing budget are presented. The final section outlines the controls used to monitor progress and corrective action.

115) Marketing departments are organized in several ways. Discuss the most common forms of marketing organizations.

Answer: Some common forms of marketing department organization include functional organization, geographical organization, product management organization and market management organization. Under a functional department organization, a functional specialist, such as a sales manager, advertising manager, or market research manager, is responsible for all marketing activities. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. Product management organization first appeared at P&G in 1929. Under this approach, a product manager develops and implements a complete strategy and marketing program for a specific product or brand. Under a market or customer management organization, the company is organized around the needs of specific customer segments. In firms that use this organization, one product line is sold to many different types of markets and customers that have different needs and preferences. Finally, large companies that produce many products sold in many geographic areas typically use some combination of these organizational forms.

116) Briefly discuss how marketers measure return on marketing investment, explaining why this figure can be difficult to assess.

Answer: Marketing ROI (return on investment) is the net return from a marketing investment divided by the costs of the marketing investment. In other words, ROI is a measure of the profits generated by investments in a marketing activity. Marketing ROI can be difficult to assess because the benefits of marketing are not always easily translated in dollar amounts. However, marketing ROI can be assessed in terms of brand awareness, sales, or market share. Some companies are now using marketing dashboards, which are single displays showing several sets of marketing performance measures. And beyond standard performance measures, many marketers are using customer-centred measures such as customer acquisition, retention, and lifetime value.

117) Discuss how Sun-Rype Products Ltd., headquartered in Kelowna, British Columbia, evolved through its use of product-based and geographic segmentation.

Answer: Most companies enter a new market by serving a single segment, and if this proves successful they add more segments. Sun-Rype began as a regional player, and thus it's not surprising that the Sun-Rype brand is the number-one player in Western Canada, holding a 55 percent share of the pure apple juice category in that region. Over the years, Sun-Rype has added other related products—more juice varieties and other fruitbased products, such as its Fruit to Go and Energy to Go products. Sun-Rype has also expanded its share of central and eastern Canadian marketplaces, and its Fruit to Go and Energy to Go bars command a 31 percent share of this broader market.

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

- 118) NASCAR is the number-one televised motorsport in Canada. It is a premier marketing organization that knows how to create customer value that translates into deep and lasting \_\_\_\_\_ 118) \_\_\_\_\_
- A) profit analysis
  - B) customer relationships.
  - C) value chains,
  - D) value delivery network
  - E) market segments.
- Answer: B
- 119) Canadian Tire sells tools and home improvement products. The retailer defines its \_\_\_\_\_ as such: "to offer products and services to meet the everyday needs of Canadian families – today and tomorrow." 119) \_\_\_\_\_
- A) business portfolio
  - B) marketing development
  - C) mission
  - D) value-delivery network
  - E) strategy
- Answer: C
- 120) Google's mission statement could be, "to be the world's best search engine" , yet Google's actual statement is, "to organize the world's information and make it universally accessible and useful." This reflects the guideline that mission statements should be \_\_\_\_\_. 120) \_\_\_\_\_
- A) specific
  - B) motivating
  - C) market-oriented
  - D) realistic
  - E) narrow
- Answer: C
- 121) A vendor for Ford Motor Company received the following message from one of Ford's marketing managers: "As we move forward during the 21<sup>st</sup> century, Ford is committed to building profitable customer relationships by creating more environmentally friendly cars and getting them to market faster at lower costs." The marketing manager is referring to Ford's \_\_\_\_\_. 121) \_\_\_\_\_
- A) marketing mix
  - B) business portfolio
  - C) mission statement
  - D) marketing strategy
  - E) business objectives
- Answer: C
- 122) When the makers of a ballpoint pen state they are in the communication equipment business, they are defining their mission too \_\_\_\_\_. 122) \_\_\_\_\_
- A) narrowly
  - B) specifically
  - C) realistically
  - D) futuristically
  - E) broadly
- Answer: E
- 123) Kimball Gardens is a company that operates as two distinct businesses: one that sells lawn and \_\_\_\_\_ gard en

products 123)  
and one  
that  
markets  
booklets.  
Each  
business  
is called  
a

\_\_\_\_  
-

- A) business portfolio
- B) separate entity
- C) cash cow
- D) star
- E) strategic business unit (SBU)

Answer: E

124) The pharmaceuticals division of Omni Healthcare holds low market share in a high-growth market. In order to increase market share, managers would be most likely to decide which of the following?

124) \_\_\_\_

- A) hold the pharmaceuticals division's share
- B) implement a harvest strategy
- C) use money from a cash cow to promote the pharmaceuticals division
- D) diversify the pharmaceutical division
- E) divest the SBU

Answer: C

125) Wal-Mart, the world's largest retailer, has successfully launched its stores in Mexico, Canada, the U.K., and Germany, and other nations. This is an example of how Wal-Mart is pursuing \_\_\_\_\_ as a growth strategy.

125) \_\_\_\_

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

Answer: C

126) Fence Patrol has developed an entirely new mounting system for chain link fences. Although they are a local company, through the acquisition of a distributor they now have the ability to market their products nationwide. Fence Patrol is most likely to be following a \_\_\_\_\_ strategy.

126) \_\_\_\_

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

Answer: D

127) Tim Hortons might consider adding gas bars to complement its drive-through services. In that case, the company would be pursuing a \_\_\_\_\_.

127) \_\_\_\_

- A) market penetration strategy

- B) product adaptation strategy
- C) diversification strategy
- D) downsizing strategy
- E) product development strategy

Answer: C

128) Acme, Inc., has slightly modified the production processes of its widgets and gadgets in order to tap into the Eastern European market. Acme is likely following a \_\_\_\_\_ strategy. 128) \_\_\_\_\_

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

Answer: A

129) Disney is identifying and developing new markets for its theme parks. Disney is exploring possibilities for \_\_\_\_\_. 129) \_\_\_\_\_

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

Answer: C

130) For Hyundai Corporation, customers who care about the price of a car and its operating economy make up one \_\_\_\_\_. 130) \_\_\_\_\_

- A) value network
- B) market segment
- C) market position
- D) value chain
- E) customer extension

Answer: B

131) Favorite Memories specializes in serving gift shoppers that major competitors overlook and ignore. Which of the following best describes Favorite Memories? 131) \_\_\_\_\_

- A) market nicher
- B) market follower
- C) full market coverer
- D) market challenger
- E) market seeker

Answer: A

132) Saturn is "a different kind of company, different kind of a car"; the Hummer is "like nothing else." These statements reflect a firm's \_\_\_\_\_. 132) \_\_\_\_\_

- A) target markets
- B) market positioning
- C) product portfolio
- D) strategy
- E) niche

Answer: B

133) Harris, the marketing manager at a small sports retail chain, has conducted a marketing analysis. He has

investiga 133)

ted the  
company  
's  
internal  
resources  
and  
situation  
al  
factors,  
as well  
as factors  
and  
trends in  
the  
competiti  
ve sports  
retail  
chain  
market.  
Which of  
the  
followin  
g has  
Harris  
complete  
d?

- A) a marketing mix
- B) a business portfolio analysis
- C) a SWOT analysis
- D) a marketing plan
- E) an executive summary

Answer: C

134) Which of the following most accurately identifies a difference between a weakness and a threat in SWOT analysis? 134) \_\_\_\_\_

- A) A company can more easily identify threats than weaknesses.
- B) A company is more able to change a weakness than a threat.
- C) A company is more able to change a threat than a weakness.
- D) A company can be more negatively affected by a weakness than by a threat.
- E) A company can be more negatively affected by a threat than by a weakness.

Answer: B

135) Emerson Studios, a chain of 25 portrait stores in five states, has organized its marketing organization into groups headed by a sales manager, an advertising manager, and a customer-service manager. What type of organization is this? 135) \_\_\_\_\_

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

Answer: D

- 136) Juanita Castro is looking at whether her company's strategies are well matched to its opportunities. Juanita is utilizing \_\_\_\_\_. 136) \_\_\_\_\_
- A) SWOT analysis
  - B) operating control
  - C) marketing control
  - D) a marketing audit
  - E) strategic control

Answer: E

- 137) As Starbucks continues to grow, it is faced with a myriad of challenges and surprises during the implementation of marketing plans. Hence, the marketing department must practice constant \_\_\_\_\_. 137) \_\_\_\_\_
- A) customer management
  - B) corrective action
  - C) marketing control
  - D) environmental scanning
  - E) performance analysis

Answer: C

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

- 138) Why should a mission statement be market oriented instead of product or technology oriented? 138) \_\_\_\_\_

Answer: A market-oriented mission statement defines the business in terms of customer needs; products and technologies become outdated, but basic market needs may last forever.

- 139) Why should a mission statement be "motivating" instead of stated in terms of sales or profits? 139) \_\_\_\_\_

Answer: Sales and profits are only a reward for undertaking a useful activity; a company's employees will be more dedicated to the company's mission if they feel that their work is significant.

- 140) What is a strategic business unit (SBU) and how is it involved in a business portfolio analysis? 140) \_\_\_\_\_

Answer: An SBU is a key part of a company—whether a product, product line, department, or an entire division—that has its own mission and objectives. Identifying and analyzing a company's SBUs are the first two steps in business portfolio analysis.

- 141) Into what BCG quadrant does a high-share, high-growth SBU fall? 141) \_\_\_\_\_

Answer: It falls into the "star" category.

- 142) What type of strategy should a company use to manage its cash cows and question marks? 142) \_\_\_\_\_

Answer: A company should invest in the more promising question marks to make them stars and to maintain the stars so that they will become cash cows as their markets mature. Income from cash cows will help finance a company's question marks, stars, and dogs.

- 143) How might the BCG matrix represent a life cycle? 143) \_\_\_\_\_

Answer: As time passes, SBUs change their positions in the growth-share matrix. Many SBUs start out as question marks and move into the star category if they succeed.

They later become falls, then finally die off or turn into dogs toward the end of their life cycle. The cash cows as company needs to add new products and units continuously so that some of them market growth will become stars and, eventually, cash cows that will help finance other SBUs.

144) How might Party Planning Paradise, a company that sells a wide range of party supplies for all occasions, implement a market development strategy? 144) \_\_\_\_\_

Answer: Party Planning Paradise might attempt to identify and develop new markets for its current products, looking for different demographic markets and geographical markets that might have a need its products would satisfy.

145) According to the product/market expansion grid, what strategy would a fast-food hamburger restaurant follow if it offered a salad bar option during lunch hours? 145) \_\_\_\_\_

Answer: In this scenario, the restaurant would be following a product development strategy.

146) Into what quadrant of the product/market expansion grid would a "new and improved" product fall? 146) \_\_\_\_\_

Answer: The "new and improved" product would fall into the product development quadrant.

147) How are partner relationship management and the value chain related? 147) \_\_\_\_\_

Answer: Marketers must work closely and coordinate activities with partners in other company departments to form an effective value chain, with each department executing value-creating activities to design, produce, market, deliver, and support the company's products.

148) Explain market targeting and the guidelines marketers should use when choosing what markets to enter. 148) \_\_\_\_\_

Answer: Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain it over time.

149) What makes Ferrari a market nicher? 149) \_\_\_\_\_

Answer: Ferrari sells only 1500 of its very high performance cars in North America each year, but at very high prices—from an eye-opening US\$190 000 for its Ferrari F430 model to an astonishing US\$2 million for its FXX super sports car, which can be driven only on race tracks. A nicher serves only one or a few special segments or "market niches."

150) What role does the marketing mix play in positioning? 150) \_\_\_\_\_

Answer: The marketing mix components of product, price, place, and promotion are the tools that a company can use to differentiate its products from competitors' and to achieve strong positioning in a target market.

151) Why is marketing analysis such an important part of marketing management? 151) \_\_\_\_\_

Answer: This function allows the marketer to analyze internal strengths and weaknesses as well as environmental opportunities and threats which, in turn, allows the marketer to match the company's strengths to opportunities to pursue. From this starting point, the market can continue with planning, implementation, and control.



- 152) Why are many marketers today using customer-centred measures of marketing ROI? 152) \_\_\_\_\_  
Answer: Companies are looking at marketing expenditures as investments in profitable customer relationships, with the goal of increasing individual customer lifetime values and overall customer equity.
- 153) Why is it more strategic for Canadian Tire's mission to be about meeting the everyday needs of Canadians instead of simply to sell tools and home improvement items? 153) \_\_\_\_\_  
Answer: A company's mission should be market-oriented instead of just product-oriented. It must be defined in terms of satisfying basic customer needs. Products and technologies eventually become outdated, but basic market needs may last forever.
- 154) What are some ways in which Tim Hortons' management has focused on product development as a growth strategy? 154) \_\_\_\_\_  
Answer: Tim Hortons' management has focused on product development by offering modified or new products to current markets. Tim Hortons introduced cappuccino, bagels, sandwiches, and soup to get consumers to see it as more than just a doughnut shop.
- 155) What is the role of a company's Chief Marketing Officer (CMO)? 155) \_\_\_\_\_  
Answer: The CMO heads up the company's entire marketing operation and represents marketing on the company's top management team. The CMO position puts marketing on equal footing with other C-level executives, such as the chief executive officer (CEO) and the chief financial officer (CFO).
- 156) What is the purpose of the Threats and Opportunities Analysis section in a marketing plan? 156) \_\_\_\_\_  
Answer: The Threats and Opportunities Analysis assesses major threats and opportunities that the product might face, helping management anticipate important positive or negative developments that might have an impact on the firm and its strategies.
- 157) What is meant by a "marketing dashboard"? 157) \_\_\_\_\_  
Answer: A company can assess return on marketing in terms of standard marketing performance measures, such as brand awareness, sales, or market share. Many companies are assembling such measures into *marketing dashboards*—meaningful sets of marketing performance measures in a single display used to monitor strategic marketing performance. Just as automobile dashboards present drivers with details on how their cars are performing, the marketing dashboard gives marketers the detailed measures they need to assess and adjust their marketing strategies.

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question. Refer to the scenario below to answer the following questions.**

Fun-Spot Fun Park began as a small amusement park in 1985. With nothing more than a merry-go-round, a slide, pony rides, and an ice cream stand, Fun-Spot grew into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theater.

"My wife, Gail, and I didn't know what we were getting into," commented Ron Hart, the owner. "We just knew that weekenders coming to the lakes in our rural area represented an untapped market."

Today, thousands of visitors flock to Fun-Spot: families, children of all ages, and even senior citizens who enjoy

strolling through the gardens and arbor.

"There's something here for everyone," Gail Hart said with a smile. "Dozens of companies hold annual company picnics here. We have welcomed class field trips. And we even had one wedding here at the park!"

"Here's the funny thing," Ron chimed in. "We really don't know why we've been so successful! There is nothing else like Fun-Spot Fun Park in the area. We were just lucky."

"I think it's the ambience of the park that has brought so many visitors," Gail added. We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time."

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "Like it says on the entrance to the park, 'We're here to make you happy!' And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

158) Fun-Spot's mission is \_\_\_\_\_. 158) \_\_\_\_\_

- A) market-oriented
- B) too focused on profits
- C) product-oriented
- D) technology-oriented
- E) too specific

Answer: A

159) Into which quadrant of the BCG matrix does Fun-Spot fall? 159) \_\_\_\_\_

- A) diversification
- B) question mark
- C) star
- D) profit centre
- E) dog

Answer: C

160) Ron and Gail plan to lower prices in an effort to encourage customers to stay longer, visit more often, and spend more money during each visit. What type of strategy are Ron and Gail planning? 160) \_\_\_\_\_

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

Answer: E

161) Gail and Ron strive to provide new offerings and entertainment options for their visitors. What type of strategy is this? 161) \_\_\_\_\_

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

Answer: A

162) Which of the following would be classified as an opportunity in a SWOT analysis of Fun Spot? 162) \_\_\_\_\_

- A) Fun Spot employees tend to be enthusiastic and young, projecting an image of fun and vitality at Fun Spot.
- B) A rival amusement park announces plans to open three new rides next season.
- C) Gail and Ron have paid off the mortgage on Fun Spot, significantly reducing their monthly expenses.

- D) Fun Spot plans to further diversify its offerings by beginning a two-week summer camp for elementary school students.
- E) A new luxury hotel is being constructed in the area, with the aim of luring more high-spending families on vacation.

Answer: E

- 163) Fun-Spot has grown into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theater. These products and services make up Fun-Spot's \_\_\_\_\_ 163) \_\_\_\_\_
- A) business portfolio.
  - B) delivery network.
  - C) cash cows.
  - D) marketing plan.
  - E) value chain.

Answer: A

- 164) Gail and Ron' amusement park serves families, seniors, corporations, and students. Fun-Spot has been very successful in meeting the distinct needs of individual \_\_\_\_\_. 164) \_\_\_\_\_
- A) market segments.
  - B) cash cows
  - C) market niches
  - D) partners
  - E) businesses

Answer: A

- 165) Which of the following scenarios would mean that Fun-Spot had become a market nicher? 165) \_\_\_\_\_
- A) The park is overhauled to meet only the needs of the physically disabled.
  - B) The restaurant is closed and replaced with a food court.
  - C) Fun-Spot adds a video game arcade to attract gamers.
  - D) Fun-Spot develops a promotion to attract college students every Friday.
  - E) Activities for families with young children are reduced.

Answer: A

- 166) "Fun-Spot is the nearby get-away that offers consistently fun, but ever-changing theatre, dining, and midway experience". This is an example of a \_\_\_\_\_ strategy. 166) \_\_\_\_\_
- A) value
  - B) positioning
  - C) vision
  - D) proposition
  - E) market

Answer: B

- 167) It takes the unified efforts of several departments at Fun-Spot to make the amusement park a success. The purchasing department, restaurant management, theatre group, and others all work in harmony to deliver a superior product. This is an example of the benefits of a strong \_\_\_\_\_ 167) \_\_\_\_\_
- A) value delivery network
  - B) market segment
  - C) marketing ROI
  - D) diversification strategy
  - E) value chain

Answer: E

- 1) C
- 2) E
- 3) E
- 4) B
- 5) D
- 6) B
- 7) E
- 8) B
- 9) C
- 10) E
- 11) D
- 12) A
- 13) B
- 14) E
- 15) B
- 16) E
- 17) E
- 18) C
- 19) B
- 20) A
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- 22) B
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- 92) FALSE
- 93) FALSE
- 94) FALSE
- 95) FALSE
- 96) TRUE
- 97) FALSE
- 98) TRUE
- 99) FALSE
- 100) FALSE
- 101) TRUE
- 102) TRUE
- 103) FALSE

- 104) TRUE
- 105) TRUE
- 106) TRUE
- 107) The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its marketing opportunities is called strategic planning. At the outset, beginning at the corporate level, each company must define its overall purpose and mission. What is our business? Who is the customer? What do our customers value? Answers to these questions are crucial in writing a clear mission statement. Mission statements need to be carefully defined in terms of customer needs. Missions should be realistic, motivating, and fit the market environment. Missions then lead to setting business and marketing objectives/goals in the planning process. This is followed by decisions regarding what portfolio of businesses and products is best for the company and how much support to give each one. Next, each business and product develops detailed marketing and other functional strategies. In this step, plans are drawn at the business unit, product, and market levels in support of company wide plans.
- 108) A business portfolio is the collection of businesses and products that make up a company. Business portfolio planning entails two steps. First, there is an analysis of the company's current business portfolio, followed by decisions about what businesses should receive more, less, or no investment. Second, planners must shape the future portfolio by developing strategies for growth and/or downsizing. The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in that market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks, and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU.
- 109) The BCG and other portfolio planning approaches can be difficult to execute, time consuming, and also costly to implement. Defining SBUs and the measurement of relative market share and growth can be a difficult task as well. A serious flaw with these approaches is that, while they are helpful for classifying current businesses, they offer little or no advice for future planning.
- 110) The product/market expansion grid is a useful device for identifying growth opportunities in the future. There are four strategies available to companies: market penetration, market development, product development, and diversification. Market penetration entails making more sales to current customers without changing products. Market development involves identifying and developing new markets for a company's products. New markets include demographic groups and geographic regions, among others. Companies can also consider product development, offering modified or new products to current markets. Diversifying companies might consider acquiring or starting new businesses unrelated to their core competencies. However, diversifying too broadly can be detrimental in the long run.
- 111) For decades, marketers have traditionally created value to satisfy customer needs and wants. Today, the manufacturer or retailer needs to look beyond its own value chain and into the value chains of suppliers and distributors to create value throughout the entire supply chain. More companies are partnering with other members of the supply chain to improve the performance of the customer value-delivery network. In fact, today competition takes place between entire value delivery networks instead of between individual competitors.
- 112) The marketing logic by which a company hopes to achieve profitable relationships is called its marketing strategy. Marketing strategy formulation entails four specific steps: market segmentation, market targeting, differentiation, and positioning. The process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviour is called market segmentation. Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain that value over time. Effective positioning begins with actually differentiating the company's marketing offer so that it gives consumers greater value. Positioning is defined as creating a distinct image of a product in the eyes of target consumers. A product's positioning should take advantage of a competitive advantage within the market target.
- 113) In today's day and age of customer relationship marketing, the four Ps can be described as the four Cs from the customer's point of view. In lieu of product, there is customer solution; that is, customers buy solutions to their problems or look for value in products. Customers are more interested in the total costs of obtaining, using, and disposing of a product. That is, customer cost replaces price in customer relationships. The place element of the

mark focuses on convenience. Convenience in availability is the central focus of customers. Finally, customers and marketing marketers want two-way communication. Marketers should use the four Cs as a base for the four Ps of their marketing mix.

- 114) Marketing planning involves deciding on marketing strategies that will help the company achieve its overall strategic objectives. A detailed marketing plan is needed at the business, product, or brand level. An executive summary is the first step in the plan. It contains a brief summary of the main goals and recommendations of the plan for management review. The main section of the plan presents a detailed SWOT analysis of the current marketing situation, along with potential threats and opportunities. The plan then states major objectives for the brand and outlines the specifics of a marketing strategy for achieving them. In addition, action programs for implementing the marketing strategy along with the details of a supporting marketing budget are presented. The final section outlines the controls used to monitor progress and corrective action.
- 115) Some common forms of marketing department organization include functional organization, geographical organization, product management organization and market management organization. Under a functional department organization, a functional specialist, such as a sales manager, advertising manager, or market research manager, is responsible for all marketing activities. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. Product management organization first appeared at P&G in 1929. Under this approach, a product manager develops and implements a complete strategy and marketing program for a specific product or brand. Under a market or customer management organization, the company is organized around the needs of specific customer segments. In firms that use this organization, one product line is sold to many different types of markets and customers that have different needs and preferences. Finally, large companies that produce many products sold in many geographic areas typically use some combination of these organizational forms.
- 116) Marketing ROI (return on investment) is the net return from a marketing investment divided by the costs of the marketing investment. In other words, ROI is a measure of the profits generated by investments in a marketing activity. Marketing ROI can be difficult to assess because the benefits of marketing are not always easily translated in dollar amounts. However, marketing ROI can be assessed in terms of brand awareness, sales, or market share. Some companies are now using marketing dashboards, which are single displays showing several sets of marketing performance measures. And beyond standard performance measures, many marketers are using customer-centred measures such as customer acquisition, retention, and lifetime value.
- 117) Most companies enter a new market by serving a single segment, and if this proves successful they add more segments. Sun-Rype began as a regional player, and thus it's not surprising that the Sun-Rype brand is the number-one player in Western Canada, holding a 55 percent share of the pure apple juice category in that region. Over the years, Sun-Rype has added other related products—more juice varieties and other fruitbased products, such as its Fruit to Go and Energy to Go products. Sun-Rype has also expanded its share of central and eastern Canadian marketplaces, and its Fruit to Go and Energy to Go bars command a 31 percent share of this broader market.
- 118) B
- 119) C
- 120) C
- 121) C
- 122) E
- 123) E
- 124) C
- 125) C
- 126) D
- 127) C
- 128) A
- 129) C
- 130) B
- 131) A
- 132) B
- 133) C

- 134) B
- 135) D
- 136) E
- 137) C
- 138) A market-oriented mission statement defines the business in terms of customer needs; products and technologies become outdated, but basic market needs may last forever.
- 139) Sales and profits are only a reward for undertaking a useful activity; a company's employees will be more dedicated to the company's mission if they feel that their work is significant.
- 140) An SBU is a key part of a company—whether a product, product line, department, or an entire division—that has its own mission and objectives. Identifying and analyzing a company's SBUs are the first two steps in business portfolio analysis.
- 141) It falls into the "star" category.
- 142) A company should invest in the more promising question marks to make them stars and to maintain the stars so that they will become cash cows as their markets mature. Income from cash cows will help finance a company's question marks, stars, and dogs.
- 143) As time passes, SBUs change their positions in the growth-share matrix. Many SBUs start out as question marks and move into the star category if they succeed. They later become cash cows as market growth falls, then finally die off or turn into dogs toward the end of their life cycle. The company needs to add new products and units continuously so that some of them will become stars and, eventually, cash cows that will help finance other SBUs.
- 144) Party Planning Paradise might attempt to identify and develop new markets for its current products, looking for different demographic markets and geographical markets that might have a need its products would satisfy.
- 145) In this scenario, the restaurant would be following a product development strategy.
- 146) The "new and improved" product would fall into the product development quadrant.
- 147) Marketers must work closely and coordinate activities with partners in other company departments to form an effective value chain, with each department executing value-creating activities to design, produce, market, deliver, and support the company's products.
- 148) Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain it over time.
- 149) Ferrari sells only 1500 of its very high performance cars in North America each year, but at very high prices—from an eye-opening US\$190 000 for its Ferrari F430 model to an astonishing US\$2 million for its FXX super sports car, which can be driven only on race tracks. A nicher serves only one or a few special segments or "market niches."
- 150) The marketing mix components of product, price, place, and promotion are the tools that a company can use to differentiate its products from competitors' and to achieve strong positioning in a target market.
- 151) This function allows the marketer to analyze internal strengths and weaknesses as well as environmental opportunities and threats which, in turn, allows the marketer to match the company's strengths to opportunities to pursue. From this starting point, the market can continue with planning, implementation, and control.
- 152) Companies are looking at marketing expenditures as investments in profitable customer relationships, with the goal of increasing individual customer lifetime values and overall customer equity.
- 153) A company's mission should be market-oriented instead of just product-oriented. It must be defined in terms of satisfying basic customer needs. Products and technologies eventually become outdated, but basic market needs may last forever.
- 154) Tim Hortons' management has focused on product development by offering modified or new products to current markets. Tim Hortons introduced cappuccino, bagels, sandwiches, and soup to get consumers to see it as more than just a doughnut shop.
- 155) The CMO heads up the company's entire marketing operation and represents marketing on the company's top management team. The CMO position puts marketing on equal footing with other C-level executives, such as the chief executive officer (CEO) and the chief financial officer (CFO).
- 156) The Threats and Opportunities Analysis assesses major threats and opportunities that the product might face, helping management anticipate important positive or negative developments that might have an impact on the firm and its strategies.
- 157) A company can assess return on marketing in terms of standard marketing performance



measured awareness, sales, or market share. Many companies are assembling  
measures, such as brand awareness, sales, and market share, into *marketing dashboards*—meaningful sets of marketing performance measures in a single display  
such as used to monitor strategic marketing performance. Just as automobile dashboards present drivers with details on  
as well as how their cars are performing, the marketing dashboard gives marketers the detailed measures they need to assess  
brand and adjust their marketing strategies.

158) A

159) C

160) E

161) A

162) E

163) A

164) A

165) A

166) B

167) E