

# TEST BANK

## STRATEGIC MARKETING



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***Strategic Marketing (Mooradian/Matzler)***

**Chapter 2: Situation Assessment - The External Environment**

1) Which stage of the marketing process primarily involves monitoring the environment, evaluating the firm's core competencies, and anticipating future events?

- A) market segmentation
- B) situation assessment
- C) budget analysis
- D) positioning

Answer: B

Diff: 2 Page Ref: 9

2) In the marketing process, which of the following is NOT one of the four Cs considered essential during a situation assessment?

- A) context
- B) customers
- C) conversions
- D) competition

Answer: C

Diff: 2 Page Ref: 9

3) Which of the following would most likely occur during an assessment of the external marketing environment?

- A) analyzing the specific industry
- B) evaluating core competencies
- C) contacting financial resources
- D) establishing strategic moves

Answer: A

Diff: 3 Page Ref: 9

4) For the most effective situation assessment, which of the following should occur first?

- A) determining a marketing mix
- B) reviewing customer needs
- C) evaluating technology
- D) defining the market

Answer: D

Diff: 3 Page Ref: 9-10

5) In a concentric market, which of the following is the core?

- A) generic competition
- B) product form
- C) budget competition
- D) product category

Answer: B

Diff: 2 Page Ref: 10-11

6) What is the broadest level of a concentric market?

- A) product form

- B) product category
- C) budget competition
- D) generic competition

Answer: C

Diff: 2 Page Ref: 10-11

7) A supply side approach to market definition focuses on the \_\_\_\_\_.

- A) primary industry
- B) budget competition
- C) alternative products
- D) customers' perspectives

Answer: A

Diff: 2 Page Ref: 11

8) Marketers should be aware of tax codes, operating rules, and guidelines that affect business and industry in a given society. This is the \_\_\_\_\_ context.

- A) social
- B) political
- C) economic
- D) physical

Answer: B

Diff: 2 Page Ref: 12

9) Demographics, norms, and lifestyles are factors in the \_\_\_\_\_ context that marketers must always consider.

- A) social
- B) political
- C) physical
- D) regulatory

Answer: A

Diff: 1 Page Ref: 12

10) A marketer who is conducting a broad exploration of customer insights and emerging market trends is most likely involved with \_\_\_\_\_.

- A) segmentation
- B) strategy formation
- C) customer assessment
- D) customer relationship management

Answer: C

Diff: 2 Page Ref: 13

11) What is the primary goal of customer assessment?

- A) analyzing historical consumer trends
- B) attracting interest among new customers
- C) customizing product offerings to consumers
- D) predicting future patterns of customer needs

Answer: D

Diff: 3 Page Ref: 13

12) Findings about customers discovered through \_\_\_\_\_ techniques often lead to marketing opportunities.

- A) data mining
- B) value networking
- C) data warehousing
- D) product branding

Answer: A

Diff: 2 Page Ref: 13-14

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13) A broad, subjective search for trends across media and other environments is known as \_\_\_\_\_.

- A) targeting
- B) coolhunting
- C) positioning
- D) data mining

Answer: B

Diff: 1 Page Ref: 14

14) According to the text, identifying customer insights is the first step in \_\_\_\_\_.

- A) implementing the marketing mix
- B) maintaining economies of scale
- C) discovering new markets
- D) branding products

Answer: C

Diff: 2 Page Ref: 14

15) Which of the following would most likely be used by a marketer gathering customer insights about unmet and unrecognized customer needs?

- A) trendspotting
- B) in-depth interviews
- C) data mining
- D) loyalty surveys

Answer: B

Diff: 2 Page Ref: 15

16) Which of the following is NOT one of the forces that drive industry analysis?

- A) competitive rivalry
- B) threat of new entrants
- C) product-market evolution
- D) bargaining power of buyers

Answer: C

Diff: 2 Page Ref: 15

17) Competitive rivalry, the bargaining power of suppliers and customers, and the threat of substitute products and new entrants are the forces that jointly influence \_\_\_\_\_.

- A) industry profitability
- B) economies of scope
- C) product scale effects
- D) demographic trends

Answer: A

Diff: 3 Page Ref: 15

18) Which of the following is NOT a challenge presented to marketers by the product life cycle?

- A) Sales and profits for all products eventually decline.
- B) It is difficult to plot the life cycle stages as a product goes through them.
- C) A firm must be effective at adapting its marketing strategies for different life cycle stages.
- D) Changing tastes and technologies affect the marketing of a product as it passes through life cycle stages.

Answer: B

Diff: 3 Page Ref: 15-16

19) Major strategic gains and losses will most likely occur at which stage of the product life cycle?

- A) introduction
- B) maturity
- C) decline
- D) growth

Answer: D

Diff: 1 Page Ref: 16

20) Marketers can most likely use the product life cycle concept as a tool for \_\_\_\_\_.

- A) predicting sales trends
- B) targeting niche consumers
- C) conducting advertising tests
- D) collecting data for product analysis

Answer: A

Diff: 3 Page Ref: 16

21) In which stage of the product life cycle would share building most likely be difficult and lead to price competition?

- A) growth
- B) decline
- C) maturity
- D) introduction

Answer: C

Diff: 2 Page Ref: 16

22) Which term best describes the effect that occurs when production volume increases and unit costs decline?

- A) competitive advantage
- B) experience curve
- C) virtuous circles
- D) single sourcing

Answer: B

Diff: 1 Page Ref: 16

23) Which of the following would most likely lower unit costs while increasing reliability and conformance quality?

- A) network effects
- B) economies of scope
- C) diseconomies of scale
- D) learning curve effects

Answer: D

Diff: 3 Page Ref: 17

24) Producing more than one product and lowering the cost of production of all products is best known as \_\_\_\_\_.

- A) experience curve effects
- B) diseconomies of scale
- C) economies of scope
- D) virtuous circles

Answer: C

Diff: 1 Page Ref: 17

25) \_\_\_\_\_ occurs when a product provides more value to each customer when more overall customers own or use the product.

- A) Network effect
- B) Virtuous circle
- C) Economy
- D) Synergy

Answer: A

Diff: 1 Page Ref: 17

26) Which term refers to increases in unit costs as production increases?

- A) vicious circle
- B) economies of scope
- C) diseconomies of scale
- D) experience curve effects

Answer: C

Diff: 1 Page Ref: 17

27) Which of the following best describes a situation in which more people are buying a product, more retailers are wanting to stock the product, and sales of the product are increasing?

- A) synergy
- B) virtuous circles
- C) economies of scope
- D) learning curve effects

Answer: B

Diff: 2 Page Ref: 17

28) Economies of scale are primarily increased by \_\_\_\_\_.

- A) strict industrial standards
- B) knowledge retention rates
- C) major quality modifications
- D) higher units of production

Answer: D

Diff: 2 Page Ref: 17

29) PIMS data shows a strong correlation between \_\_\_\_\_ and \_\_\_\_\_.

- A) market share; profitability
- B) unit costs; marketing strategy
- C) market share; product quality
- D) profitability; marketing success

Answer: A

Diff: 2 Page Ref: 17

30) Which of the following is most likely to result from higher market share?

- A) higher unit costs
- B) lower reliability
- C) higher profits
- D) lower volume

Answer: C

Diff: 2 Page Ref: 17

31) In order to be the most effective, the scope of a market definition should be fixed.

Answer: FALSE

Diff: 1 Page Ref: 11

32) The micro environment consists of larger societal forces that affect a company, such as demographic, economic, political, and cultural forces.

Answer: FALSE

Diff: 1 Page Ref: 12

33) Using interviews and ethnographies to gather customer insights produces general findings that can be applied to the mass market.

Answer: FALSE

Diff: 2 Page Ref: 15

34) The product life cycle, scale effects, and market share effects are generalizations in strategic marketing that cannot be changed.

Answer: TRUE

Diff: 2 Page Ref: 15

35) Most significant strategic gains and losses occurring during the growth phase of a market.

Answer: TRUE

Diff: 1 Page Ref: 16

36) Why is it important to conduct a situation assessment? What are the primary external factors to consider during a situation assessment?

Answer: Situation assessment involves monitoring the environment (external forces) while also scrutinizing the company itself (internal factors). Understanding external and internal factors at a given time and, importantly, anticipating future events, trends, and conditions is critical to creating and advancing effective strategies. External assessment includes the analysis of the dynamics of the specific industry within which the firm operates and the understanding of some prominent and powerful regularities or "laws of marketing" such as changes in the market as it evolves, the cost benefits of economies of scale, or the profitability advantages of market share.

Diff: 3 Page Ref: 9

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37) Why is it important to define the market when conducting a situation assessment?

Answer: Before assessing "the situation" it is necessary to first specify exactly what situation should be assessed. In what market does the firm participate? Who are its competitors? Who are its customers? How the market or the submarket as defined is critical to all marketing activities? If we define the market too broadly, our marketing activities lose focus. If we define the market too narrowly, we risk missing opportunities. Market definition is the basis upon which we measure our participation, or market share. Even the labeling of the market tends to define the boundaries of the firm's efforts and its vision. Because all markets are constantly evolving, market definition is also important to understand the dynamics in the market. Is the market growing or declining, and how do these dynamics relate to customer needs, wants, expectations, and requirements?

Diff: 3 Page Ref: 10

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38) How do marketers benefit from understanding where a product and an industry are in the product life cycle?

Answer: Markets behave differently at different stages: competitors compete differently, sales are more profitable or less profitable, customers buy differently, and different customers buy. Different strategies and tactics work better than others at various stages in the product life cycle. Thus, understanding where a product and an industry are in the life cycle facilitates better prediction of competitor actions, of customer responses, and of sales trends and will inform considerations about what strategies are typically effective. Recognizing when the market is evolving from one "stage" to another—that is, anticipating "inflection" points—can create a significant advantage; missing such a shift can be a substantial disadvantage.

Diff: 3 Page Ref: 15-16

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