Test Bank for Marketing Management 15th Kotler

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***Marketing Management, 15e* (Kotler)**
Chapter 2 Developing Marketing Strategies and Plans

1) The task of any business is to _____.
A) create customer needs
B) differentiate in terms of cost of production
C) deliver customer value at a profit
D) reduce competition
E) communicate similar value as provided by competitors
Answer: C
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

2) What is the traditional view of marketing?
A) Firms should just focus on production because if the products are good then they will automatically sell.
B) Firms should just focus on production and selling because marketing occurs as a part of the selling process.
C) Firms should have a proper marketing team that can increase consumers' awareness of their products and rouse their interest in them.
D) Firms should price their products as low as possible so that marketing them becomes easy.
E) Firms should remember that promotion is the most important of the four Ps.
Answer: B
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

3) The value delivery process can be divided into three phases, out of which "choosing the value" implies _____, which is the essence of strategic marketing.
A) segmentation, developing, and delivering
B) targeting, positioning, and communicating
C) targeting, positioning, and delivering
D) segmentation, targeting, and positioning
E) researching, developing, and delivering
Answer: D
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

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4) Apex Corporation is one of the best in its industry in terms of costs and performance. Many companies in its industry will probably consider Apex as a _____.
A) pioneer
B) benchmark
C) target for acquisition
D) future supplier
E) sounding board for ideas
Answer: B
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Application of knowledge

5) James Frank has been put in charge of gathering marketing intelligence, disseminating it within his organization, and eventually directing action on the information. Mr. Frank's task is best described as part of the _____ process.
A) market-sensing
B) new-offering realization
C) customer acquisition
D) customer relationship management
E) fulfillment management
Answer: A
Diff: 3
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking; Application of knowledge

6) When a customer places an order at BookBox.com, the company processes the customer's payment information, sends the order to the nearest warehouse, and ships the order via FedEx. This is best described as the _____ process.
A) market-sensing
B) customer acquisition
C) customer relationship management
D) fulfillment management
E) new-offering realization
Answer: D
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking; Application of knowledge

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7) Today, the "mass market" is actually splintering into numerous segments, each with its own wants, perceptions, preferences, and buying criteria. This implies that _____.
A) the traditional marketing approach would be the best approach to follow
B) the producers must consider themselves as a part of the value-chain process
C) the producers should focus on niche markets
D) all market segments are equally profitable
E) target market strategies are no longer effective
Answer: B
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

8) The first phase of the value creation and delivery sequence is _____ the value that represents the "homework" marketing must do before any product exists.
A) choosing
B) providing
C) communicating
D) considering
E) acquiring
Answer: A
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

9) What is the second phase of the value creation and delivery sequence?
A) choosing the value
B) providing the value
C) communicating the value
D) calculating the value
E) calibrating the value
Answer: B
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

10) The last step in the value creation and delivery sequence is _____ the value where the sales force, sales promotion, advertising, and other communication tools announce and promote the product.
A) developing
B) positioning
C) communicating
D) reversing
E) researching
Answer: C
Diff: 1
LO: 2.1: How does marketing affect customer value?

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11) Angelo made the decision to outsource the software components of his consulting company so he could focus on the company's _____, which are sources of competitive advantage, make a contribution to perceived customer benefits, have application in a wide variety of markets, and are difficult to imitate.
A) core competencies
B) infrastructure
C) market-sensing processes
D) fulfillment management processes
E) outbound logistics
Answer: A
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Application of knowledge

12) The _____ in the value chain cover the sequence of bringing materials into the business (inbound logistics), converting them into final products (operations), shipping out final products (outbound logistics), marketing them (marketing and sales), and servicing them (service).
A) operations processes
B) manufacturing processes
C) primary activities
D) secondary activities
E) tertiary activities
Answer: C
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

13) Michael Porter's value chain would identify which of the following as a support activity?
A) shipping out final products
B) marketing products
C) procurement
D) servicing products
E) operations
Answer: C
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

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14) Which of the following can be considered a primary activity in the value chain process?
A) procurement
B) human resource management
C) technology development
D) inbound logistics
E) firm infrastructure
Answer: D
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

15) The fulfillment management process includes all the activities in _____.
A) gathering and acting upon information about the market
B) researching, developing, and launching new high-quality offerings quickly and within budget standards
C) defining target markets and prospecting for new customers
D) building deeper understanding, relationships, and offerings to individual customers
E) receiving and approving orders, shipping the goods on time, and collecting payment
Answer: E
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

16) With respect to core business processes, the _____ process includes all the activities involved in gathering external information, disseminating it within the organization, and acting on the information.
A) market-sensing
B) market research
C) target marketing
D) market pulse
E) deployment
Answer: A
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

17) With respect to core business processes, the _____ process includes all the activities involved in developing and launching high-quality products quickly and within budget.
A) market-sensing
B) new-offering realization
C) fulfillment management
D) customer acquisition
E) customer relationship management
Answer: B
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

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18) Activities involved in building deeper understanding of existing consumers and what the product offerings mean to them would be a part of the _____ process.
A) customer acquisition
B) customer relationship management
C) customer prospecting
D) customer integrating management
E) customer equity
Answer: B
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

19) _____ management allows the company to discover who its target markets are, how they behave, and what they need or want. It also enables the company to respond appropriately, coherently, and quickly to different customer opportunities.
A) Network
B) Supply chain
C) Marketing
D) Customer relationship
E) Total quality
Answer: D
Diff: 1
LO: 2.1: How does marketing affect customer value?

20) Another way to describe a supply chain, where companies partner with specific suppliers and distributors to ensure a smooth functioning of the system, is to call it a _____.
A) teamwork group
B) horizontal integration
C) domestic power center
D) value exploration
E) value delivery network
Answer: E
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Interpersonal relations and teamwork

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21) The key to utilizing organizational core competencies is to _____ that make up the essence of the business.
A) force organizational departments to justify the budgetary components
B) vertically integrate and own all intermediaries
C) own and nurture the resources and competencies
D) emphasize global promotions
E) segment the workforces
Answer: C
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

22) A _____ has three characteristics: (1) a source of competitive advantage making a significant contribution to perceived customer benefits; (2) has applications in a wide variety of markets; and (3) is difficult to imitate.
A) core competency
B) market sensing process
C) corporate social responsibility effort
D) strategic business unit
E) philanthropic endeavor
Answer: A
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

23) Core competencies tend to refer to areas of special technical and production expertise, whereas _____ tend to describe excellence in broader business processes.
A) process benchmarks
B) distinctive capabilities
C) distributive capabilities
D) facultative benchmarks
E) concentric capabilities
Answer: B
Diff: 2
LO: 2.1: How does marketing affect customer value?

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24) Amber oversees the activities at a consumer packaged goods firm that include researching, developing, and launching new, high-quality shampoos, quickly and within budget. With which process is her job most closely aligned?
A) the fulfillment management process
B) the market-sensing process
C) the customer acquisition process
D) the customer relationship management process
E) the new-offering realization process
Answer: E
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Application of knowledge

25) As Kodak addresses the digital revolution taking over the photographic industry, it wants customers to see it as a leader in digital photography. Thus, it is moving away from the production of film roll cameras. This would be an example of which of the following value creation steps?
A) abandoning current product lines
B) changing the corporate vision
C) repositioning the company's brand identity
D) redoing the corporate logo
E) realigning core competencies
Answer: C
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

26) The traditional view of marketing is that the firm makes something and then sells it.
Answer: TRUE
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

27) Marketing goods that are currently in short supply would require significant marketing talent.
Answer: FALSE
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

28) The traditional view of marketing works best in economies with many different types of people, each with individual wants, perceptions, preferences, and buying criteria.
Answer: FALSE
Diff: 1
LO: 2.1: How does marketing affect customer value?

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29) In the communication stage of the value creation and delivery sequence, marketing must determine specific product features, prices, and distribution channels.
Answer: FALSE
Diff: 2
LO: 2.1: How does marketing affect customer value?

30) The customer relationship management process involves all the activities related to receiving and approving orders, shipping the goods on time, and collecting payment.
Answer: FALSE
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

31) The new-offering realization process involves all activities in defining target markets and prospecting for new customers.
Answer: FALSE
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

32) Companies including Amazon.com, BMW, Disney, eBay, LEGO, Nike, and Toyota are examples of master marketers.
Answer: TRUE
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Application of knowledge

33) A principle of the value chain is that every firm is a synthesis of activities performed to design, produce, market, deliver, and support its product.
Answer: TRUE
Diff: 1
LO: 2.1: How does marketing affect customer value?

34) Another name for a company's value delivery network is "distribution chain."
Answer: FALSE
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

35) Competitors in a given industry can be identified by the similarities in their core competencies.
Answer: FALSE
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

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36) A firm's core competency has applications only in the specific market in which the firm operates.
Answer: FALSE
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

37) Holistic marketing focuses on the integration of value exploration, value creation, and value delivery as a means to build long-term relationships with consumers.
Answer: TRUE
Diff: 1
LO: 2.1: How does marketing affect customer value?

38) When a manager is trying to identify how the company can efficiently create promising new offerings, he is addressing the question of value delivery.
Answer: FALSE
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Reflective thinking

39) The marketing plan is the central instrument for directing and coordinating the marketing effort.
Answer: TRUE
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

40) Briefly summarize the two views of the value delivery process that may be followed by organizations.
Answer: The traditional view of marketing is that the firm makes something and then sells it. Companies that subscribe to this view have the best chance of succeeding in economies marked by goods shortages where consumers are not fussy about the quality, features, or style. If abundant choices are present, this view does not work well. Another view emphasizes the organization's role in the value delivery process. Strategic and tactical marketing are used to choose the value, provide the value, and communicate the value to consumers and channel partners. The value delivery process begins before there is a product and continues through development and after launch.
Diff: 1
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

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41) The firm's success depends not only on how well each department performs its work, but also on how well the various departmental activities are coordinated to conduct core business processes. List and briefly describe the five core business processes.
Answer: The core business processes include:
1. the market-sensing process — all the activities involved in gathering market intelligence, disseminating it within the organization, and acting on the information
2. the new-offering realization process — all the activities involved in researching, developing, and launching new high-quality offerings quickly and within budget
3. the customer acquisition process — all the activities involved in defining target markets and prospecting for new customers
4. the customer relationship management process — all the activities involved in building deeper understanding, relationships, and offerings to individual customers
5. the fulfillment management process — all the activities involved in receiving and approving orders, shipping the goods on time, and collecting payment
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking; Interpersonal relations and teamwork

42) Describe the characteristics a core competency should possess.
Answer: Core competency has three characteristics. They are:
1. it is a source of competitive advantage
2. it has applications in a wide variety of markets
3. it is difficult for competitors to imitate
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

43) Hot Topic, a chain that sells rock-band-inspired clothes for teens, recently launched Torrid to give plus-size teens the same fashion options. Identify the three parts of the value delivery process and their function for Hot Topic.
Answer: The first phase, choosing the value, represents the "homework" marketing must do before any product exists. The second phase, providing the value, is where product features, prices, and distribution are selected. The third phase, communicating the value, utilizes the sales force, sales promotion, advertising, and other communication tools to announce and promote the product.
Diff: 2
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AACSB: Analytical thinking

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44) Critics of Nike often complain that its shoes cost almost nothing to make, yet are priced so high. Identify the elements of providing and communicating value that add to Nike's cost structure and result in the high price of Nike shoes.
Answer: Although the raw materials and manufacturing costs of a sneaker are relatively low, marketing the product to the consumer is quite expensive. Providing value includes R&D costs and the costs associated with shipping to retail locations as well as the retailers' overhead. Communicating value includes obtaining celebrity endorsement and extensive advertising. Nike must also pay for a sales force that communicates the product's value to retailers and helps ensure that products are available in retail locations convenient to end consumers.
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

45) Over the past 10 years, Cisco Systems has drastically reduced its number of suppliers and aligned itself more closely with its remaining suppliers for each of its product-based teams. How might this have helped Cisco improve its new-offering realization process?
Answer: By reducing the number of suppliers it uses, Cisco is able to work more closely with its few remaining suppliers, involving them in new-product development and tapping their expertise in improving overall product quality and supplier relationship**.**
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

46) Identify the elements of a tactical marketing plan for a new kind of cola.
Answer: The tactical marketing plan specifies the marketing tactics, including product features, promotion, merchandising, pricing, sales channels, and service. For a new kind of cola, the tactical marketing plan might include the packaging size and shape, the flavor, the kinds of advertising used (print, television, buzz marketing), how to price the new cola relative to other colas currently on the market, and where to sell the new cola (grocery stores, gas stations, vending machines, sandwich shops).
Diff: 2
LO: 2.1: How does marketing affect customer value?
AACSB: Analytical thinking

47) In the cycle of complete strategic planning, taking corrective action is a part of _____.
A) planning
B) implementation
C) controlling
D) organizing
E) analyzing
Answer: C
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

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48) Of the four organizational levels, the corporate level is likely to make which of the following decisions?
A) entering a new market
B) resource allocation for each product
C) strategic plan for individual business units
D) choosing specific suppliers for each business unit
E) marketing plan for each product
Answer: A
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

49) Most large companies consist of four organizational levels: the corporate level, the _____ level, the business unit level, and the product level.
A) board of director
B) major stakeholder
C) management team
D) division
E) strategic
Answer: D
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

50) During Jill's market research study, many customers indicated that traditional oven mitts made it very difficult to hold baking dishes, resulting in frequent spills. Jill brought her findings to the research department, and her company leveraged its engineering and design competencies to develop a new handheld hotpad that allows for significantly greater dexterity in handling hot cooking implements, while protecting the cook from burns. This is an example of the _____ element of the holistic marketing framework.
A) integrated marketing
B) value creation
C) negative demand
D) value networking
E) value focus
Answer: B
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

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51) The marketing plan**,** the central instrument for directing and coordinating the marketing effort of a company, operates at the _____ levels.
A) functional and operational
B) strategic and tactical
C) corporate and operational
D) customer and expenditure
E) corporate and division
Answer: B
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

52) The _____ lays out the target markets and the value proposition that will be offered, based on an analysis of the best market opportunities.
A) organizational plan
B) strategic marketing plan
C) corporate tactical plan
D) corporate mission
E) customer-value statement
Answer: B
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Reflective thinking

53) "Enriching Women's Lives" is a three-word mantra that is used by Mary Kay. This is an example of which of the following characteristics of good mission statements?
A) It is focused on a limited number of goals.
B) It is short, memorable, and meaningful.
C) It defines the major competitive spheres in which the company will operate.
D) It takes a long-term view.
E) It stresses the company's major policies and values.
Answer: B
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Application of knowledge

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54) Which of the following plans would most likely include directions for implementing and addressing daily challenges and opportunities in product features, promotion, merchandising, pricing, sales channels, and service areas?
A) the tactical marketing plan
B) the target marketing plan
C) the deployment plan
D) the product-launch plan
E) the product-development plan
Answer: A
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

55) Which of the following is NOT one of the four planning activities undertaken by all corporate headquarters?
A) defining the corporate mission
B) establishing strategic business units
C) assigning resources to each SBU
D) assessing growth opportunities
E) deciding sales channels
Answer: E
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Interpersonal relations and teamwork

56) Juan Garcia plans the daily promotional releases about his company's products and services. He can be described as a(n) _____ planner.
A) strategic
B) selective
C) tactical
D) niche
E) operational
Answer: C
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking; Application of knowledge

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57) A clear, thoughtful mission statement provides employees with a shared sense of purpose, direction, and _____.
A) profitability
B) target market feasibility
C) opportunity
D) continuous improvement
E) quality products
Answer: C
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Reflective thinking

58) Mission statements are at their best when they reflect a _____.
A) market
B) strength
C) competency
D) vision
E) value
Answer: D
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Reflective thinking

59) Which of the following is one of the five major characteristics of good mission statements?
A) They focus on a large number of goals.
B) They expand the range of individual employee discretion.
C) They define the major competitive spheres within which the company will operate.
D) They take a short-term view.
E) They are long and comprehensive to ensure that all critical concepts are included.
Answer: C
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Reflective thinking

60) The _____ sphere is the number of channel levels, from raw materials to final product and distribution, in which a company will participate.
A) industry
B) vertical
C) product/application
D) competence
E) market segment
Answer: B
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

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61) While viewing businesses in terms of customer needs can suggest additional growth opportunities, a _____ definition tends to focus on selling a product or service to a current market.
A) strategic market
B) target market
C) cognitive
D) product
E) tactical
Answer: B
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?

62) What are hollow corporations?
A) companies that market their products through franchisees
B) companies that have liabilities exceeding their assets
C) companies that outsource all production to suppliers
D) companies that do not have any physical presence and only operate online
E) companies that are horizontally integrated
Answer: C
Diff: 3
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?

63) A(n) _____ market definition of a business focuses on selling a product or service to an existing market.
A) target
B) strategic
C) mass
D) differentiated
E) integrated
Answer: A
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

64) Which of the following is best described as a market-oriented business definition?
A) Missouri-Pacific Railroad: We run a railroad.
B) Xerox: We make copying equipment.
C) Standard Oil: We sell gasoline.
D) Encyclopedia Britannica: We distribute information.
E) Columbia Pictures: We make movies.
Answer: D
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking; Application of knowledge

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65) A characteristic of a _____ unit is that it can be a single business or collection of related businesses that can be planned separately from the rest of the company.
A) strategic business
B) subsidiary
C) merged
D) niche market
E) specialized business
Answer: A
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Reflective thinking

66) A strategic-planning gap can be corrected by _____.
A) changing the company's mission
B) adjusting its core values
C) choosing integrative growth strategies
D) redefining organizational culture
E) increasing resource use
Answer: C
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

67) Market-penetration, product-development, and market-development strategies would all be examples of _____ strategies.
A) concentric growth
B) conglomerate
C) horizontal
D) intensive growth
E) integrative growth
Answer: D
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

68) Which of the following is an example of growth by diversification?
A) a company introducing its existing products in a new market
B) a company introducing new product category in a new market
C) a company increases its product line in an existing market
D) a company introducing a new product category in an existing market
E) a company integrates backward to cut costs
Answer: B
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Application of knowledge

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69) A company that seeks to increase its sales and profits through backward, forward, or horizontal integration within the industry is said to be employing a(n) _____ growth strategy.
A) diversification
B) intensive
C) target
D) integrative
E) conglomerate
Answer: D
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

70) Which of the following is an example of intensive growth?
A) a company improves its market share with its current products in the current markets
B) a company enters a new market with current products
C) a company develops new products for its existing markets
D) a company improving sales by integrating backward
E) a company developing new products for new markets
Answer: D
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Reflective thinking

71) If you were the CEO of a company that was looking to implement strategies to fill a perceived strategic-planning gap, you would most likely explore _____ strategy first because it is easier to improve an existing business than to build a new one.
A) market-penetration
B) market-development
C) diversification
D) product-development
E) exclusive
Answer: A
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking; Application of knowledge

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72) Once Starbucks established its presence in thousands of cities internationally, the company sought to increase the number of purchases by existing customers with a _____ strategy that led to new in-store merchandise, including compilation CDs and high-speed wireless access.
A) product-development
B) market-penetration
C) diversification
D) market-development
E) conglomerate
Answer: A
Diff: 3
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking; Application of knowledge

73) A(n) _____ is when a company might seek new businesses to purchase that have no relationship to its current technology, products, or markets.
A) concentric strategy
B) conglomerate strategy
C) horizontal strategy
D) intensive growth strategy
E) integrative strategy
Answer: B
Diff: 3
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?

74) Which of the following terms can be defined as "the shared experiences, stories, beliefs, and norms that characterize an organization"?
A) organizational dynamics
B) a business mission
C) an ethical/value statement
D) customer relationships
E) corporate culture
Answer: E
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

75) A strategy is a game plan for achieving what the business unit wants to achieve.
Answer: TRUE
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Reflective thinking

76) Mission statements that express unrealistic visions are usually unable to inspire employees to achieve their targets.
Answer: FALSE
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?

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77) Good mission statements should be long and clear, should emphasize on a wide range of goals, and stress on the company's major policies and values.
Answer: FALSE
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Reflective thinking

78) If Xerox Corporation defined its scope of business as "making copying equipment," it can be classified as a marketing definition.
Answer: FALSE
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Reflective thinking

79) An intensive growth strategy involving marketing current products to new markets is a market-development strategy.
Answer: TRUE
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

80) A company seeking to expand the number of existing products sold to its current markets, would be using a "market-penetration strategy."
Answer: FALSE
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

81) If a company sought to grow by starting new businesses that have no relation to its current technology, products, or markets, the company would be using a market penetration strategy.
Answer: FALSE
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking; Application of knowledge

82) "What will we do if it happens?" is a question that managers typically ask while conducting a scenario analysis.
Answer: TRUE
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?

83) When ESPN found new products for its existing markets by expanding into 10 cable channels, a Web site, and a magazine, it was using a product-development strategy.
Answer: TRUE
Diff: 3
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Application of knowledge

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84) If SanDisk demonstrates the benefits of using its flash memory storage/USBs for data storage in addition to music storage as a way to encourage its current customers to buy more of its existing product offering, it is using a diversification strategy.
Answer: FALSE
Diff: 3
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Application of knowledge

85) Indicate the differences and similarities between the following terms: *marketing plan, strategic marketing plan,* and *tactical marketing plan.*
Answer: The marketing plan is the central instrument for directing and coordinating the marketing effort. It operates at two levels: strategic and tactical. The strategic marketing plan lays out the target markets and the value proposition that will be offered, based on an analysis of the best market opportunities. The tactical marketing plan specifies the marketing tactics, including product features, promotion, merchandising, pricing, sales channels, and service.
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

86) Good mission statements are essential to being a success in business. Describe the three major characteristics that good mission statements should have.
Answer: Major characteristics of mission statements include the following:
- focus on a limited number of goals
- stress on the company's major policies and values
- definition of the major competitive spheres within which the company will operate (e.g., industry, products and applications, competence, market segment, vertical, and geographical)
- a long-term view
- should be as short, memorable, and meaningful as possible

Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Reflective thinking

87) During the planning process, if there is a gap between future desired sales and projected sales, corporate management will need to develop or acquire new businesses to fill it. Identify and describe the three strategies that can be used to fill the strategic gap.
Answer: The first option is to identify opportunities to achieve further growth with current businesses (intensive growth opportunities). The second option is to identify opportunities to build or acquire businesses that are related to current businesses (integrative growth opportunities). The third is to identify opportunities to add attractive businesses that are unrelated to the existing businesses (diversification growth opportunities).
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

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88) Outline the steps involved in business unit strategic-planning process.
Answer: Students should describe (in order) the business mission, SWOT analysis, goal formulation, strategy formulation, program formulation and implementation, and feedback and control.
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

89) Identify and give examples of the four major categories of strategic alliances.
Answer: Student examples will vary. The four major categories of strategic alliances include:
1. product or service alliances, where one company licenses its product, or two companies jointly market their complementary products or a new product
2. promotional alliances, where one company agrees to carry a promotion for another company's product or service
3. logistics alliances, where one company offers logistical services for another company's product
4. pricing collaboration, where one or more companies join in an agreement on coordinated pricing.
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

90) In the central role of strategic planning, only a handful of companies stand out as master marketers — Procter & Gamble, Southwest Airlines, Nike, Disney, Nordstrom, Walmart, and McDonald's to name a few. From a consumer's perspective why do you think they stand out? Explain.
Answer: Student answers will vary, but should explain that these companies focus on the customer and are organized to respond effectively to changing customer needs. They all have well-staffed marketing departments, and all their other departments — manufacturing, finance, research and development, personnel, purchasing — also accept the concept that the customer is king.
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

91) Goodwin's Grocery has decided to purchase a meat-processing plant to gain more control of its beef supply and improve its profits. Which form of integrative growth strategy has Goodwin's employed?
Answer: Goodwin's has selected a backward integration strategy.
Diff: 1
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

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92) From its origins as an animated film producer, Walt Disney Company has moved into licensing characters for merchandised goods and developed theme parks and vacation and resort properties. What strategy best describes Disney's growth?
Answer: Disney has employed a diversification growth strategy, taking advantage of opportunities outside its original animated film business, leveraging the strength of its characters in new businesses.
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

93) When Yahoo! began to flounder in 2001, CEO Terry Semel imposed a more conservative atmosphere on the freewheeling Internet start-up. At the new Yahoo!, spontaneity is out and order is in. Identify this organizational phenomenon.
Answer: This could be described as a change in corporate or organizational culture. Corporate culture has been defined as "the shared experiences, stories, beliefs, and norms that characterize an organization."
Diff: 2
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking

94) Describe what happens in scenario analysis and explain why firms such as Royal Dutch/Shell Group use the technique.
Answer: Scenario analysis consists of developing plausible representations of a firm's possible future that make different assumptions about forces driving the market and include different uncertainties. Answers may vary on why to use the concept but answers should be mindful of the definition given. Students should try to anticipate the problems that are likely to aggravate in the energy industry and how scenario analysis may help the companies to anticipate the future and be prepared to adjust their processes accordingly.
Diff: 3
LO: 2.2: How is strategic planning carried out at the corporate and divisional levels?
AACSB: Analytical thinking; Application of knowledge

95) Qantas, the Australian national airline carrier, introduces flights to the Middle East. This is an example of _____.
A) product development
B) diversification
C) market development
D) market penetration
E) differentiation
Answer: D
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking; Application of knowledge

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96) The first step in the business unit strategic-planning process deals with which of the following?
A) formulate goals
B) define business mission
C) implement strategies
D) execute programs
E) conduct SWOT analysis
Answer: B
Diff: 1
LO: 2.3: How is strategic planning carried out at the business unit level?

97) Through its cutting-edge point-of-sale inventory management technology and highly efficient shipping practices, Walmart is able to keep its inventory expenditure extremely low and to pass these savings on to consumers in the form of low prices. Walmart's strategy is best described as _____.
A) a focused approach
B) integrative growth
C) differentiation
D) market development
E) overall cost leadership
Answer: E
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking

98) When a firm aims to underprice competitors and win market share, it is using a(n) _____ strategy that requires relatively less marketing skills as compared to other strategies.
A) product differentiation
B) overall cost leadership
C) focus
D) domestic customer relationship
E) price skimming
Answer: B
Diff: 1
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Reflective thinking

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99) After analyzing their company's strengths and weaknesses, top managers at Loan Bright decided that they would serve individual loan officers who typically only wanted to purchase small sets of homebuyer data, rather than bigger institutional clients. To meet the needs of this segment, Loan Bright simplified its sales contract, restructured its advertising efforts to focus on Google ads, and created a separate customer-service department. Loan Bright's strategy is best described as a(n) _____ strategy.
A) overall cost leadership
B) focus
C) differentiation
D) diversification
E) promotional
Answer: B
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking; Application of knowledge

100) Unlike its competitors in the online air travel industry, Travelocity provides its customers with a greater variety of services such as cruise reservations, package tours, hotel bookings, and car rentals. This is an example of a(n) _____ strategy.
A) overall cost leadership
B) focus
C) differentiation
D) diversification
E) promotional
Answer: C
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking; Application of knowledge

101) McDonald's has often teamed up with Disney to offer products related to current Disney films as part of its meals for children. The best description of this form of alliance would be a _____.
A) product alliance
B) logistics alliance
C) pricing collaboration
D) network alliance
E) promotional alliance
Answer: E
Diff: 1
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking

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102) Abbot Laboratories warehouses and delivers 3M's medical and surgical products to hospitals across the United States. The best description of this form of alliance would be a(n) _____.
A) product alliance
B) logistics alliance
C) pricing collaboration
D) indirect collaboration
E) promotional alliance
Answer: B
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking

103) MasterCard and Visa may team up with university alumni associations to offer affinity credit cards that typically display an iconic image associated with the university on the card itself and may include an incremental donation program associated with purchases made using the card. The best description of this form of alliance would be a _____.
A) product alliance
B) logistics alliance
C) pricing collaboration
D) network alliance
E) promotional alliance
Answer: E
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking; Application of knowledge

104) When a business gets to know market segments intimately and pursues either cost leadership or differentiation within the target segment, it is employing a _____ strategy.
A) defined
B) focused
C) value-added
D) competitive advantage
E) customer-focused
Answer: B
Diff: 3
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking

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105) When one company licenses another to produce its offerings, or two companies jointly market their complementary offerings, it is called a _____.
A) pricing collaboration
B) product or service alliance
C) promotional alliance
D) logistics collaboration
E) total quality management
Answer: B
Diff: 1
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking

106) To keep their strategic alliances thriving, corporations have begun to develop organizational structures to support them and have come to view the ability to form and manage strategic alliances as core skills. This is called _____.
A) value managed partnership
B) decentralized partnership
C) centralized partnership
D) partner relationship management
E) intensive growth management
Answer: D
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking

107) An environmental threat is a challenge posed by an unfavorable trend or development that, in the absence of defensive marketing action, would lead to lower sales or profit.
Answer: TRUE
Diff: 1
LO: 2.3: How is strategic planning carried out at the business unit level?

108) Internal analysis in SWOT involves analyzing the possible opportunities and threats that can come from the market.
Answer: TRUE
Diff: 1
LO: 2.3: How is strategic planning carried out at the business unit level?

109) Once a SWOT analysis has been completed, the strategic planner is ready to proceed to the goal formulation stage of the strategic-planning process model.
Answer: TRUE
Diff: 1
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking

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110) In applying MBO (management by objectives) all objectives are treated as being equally important.
Answer: FALSE
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?

111) For an MBO (management by objectives) system to work, one of the four criteria that the unit's objectives must meet is that objectives must be stated quantitatively whenever possible.
Answer: TRUE
Diff: 1
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Reflective thinking

112) Contrary to popular belief, it is not possible to maximize sales and profits simultaneously.
Answer: TRUE
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Ethical understanding and reasoning

113) A firm that is always working to improve its product offerings such that consumer needs are addressed more efficiently is following a differentiation strategy.
Answer: TRUE
Diff: 1
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Reflective thinking

114) A firm employing a focus strategy concentrates on achieving superior performance in an important customer benefit area valued by a large part of the market.
Answer: FALSE
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking

115) Partner relationship management is now considered as a core skill fundamental to the development and maintenance of strategic alliances.
Answer: TRUE
Diff: 1
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Interpersonal relations and teamwork

116) Firms directing the same strategy to the same target market constitute a strategic group.
Answer: TRUE
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking

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117) A written document that summarizes what the marketer has learned about the marketplace and indicates how the firm plans to reach its marketing objectives is called a vision statement.
Answer: FALSE
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?

118) The final step in the business unit strategic-planning process is strategy formulation.
Answer: FALSE
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Reflective thinking

119) Explain what happens in a SWOT analysis during the strategic planning process.
Answer: SWOT (strengths, weaknesses, opportunities, and threats) monitors the external and internal environment by examining key macroeconomic and microeconomic forces and actors that have an impact on the organization's business and industry.
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?

120) Good marketing is the art of finding, developing, and profiting from marketing opportunities. What are the three primary methods for uncovering possible product or service improvements?
Answer: Methods for uncovering possible product or service improvements include:
1. the problem detection method, which asks consumers for their suggestions
2. the ideal method, which asks consumers to imagine an ideal version of the product or service
3. the consumption chain method, which asks consumers to chart their steps in acquiring, using, and disposing of a product.
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking

121) What questions would typically be asked during a market opportunity analysis (MOA)?
Answer: Questions would typically be:
- Can the benefits involved in the opportunity be articulated convincingly to a defined target market(s)?
- Can the target market(s) be located and reached with cost-effective media and trade channels?
- Does the company possess or have access to the critical capabilities and resources needed to deliver the customer benefits?
- Can the company deliver the benefits better than any actual or potential competitors?
- Will the financial rate of return meet or exceed the company's required threshold for investment?

Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking

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122) For an MBO system (manage by objectives) to work, the business unit attempting to implement the process must meet four criteria. What are those criteria?
Answer: The criteria are:
1. they must be arranged hierarchically, from the most to the least important
2. objectives should be stated quantitatively whenever possible
3. goals must be realistic
4. objectives must be consistent
Diff: 1
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Reflective thinking

123) Michael Porter draws a firm distinction between operational effectiveness and a strategy. Briefly describe this distinction and identify when a company can claim that it has a strategy.
Answer: Competitors can quickly copy the operationally effective company using benchmarking and other tools, thus diminishing the advantage of operational effectiveness. Porter defines strategy as "the creation of a unique and valuable position involving a different set of activities." A company can claim that it has a strategy when its activities differ from those of its rivals or performs similar activities in different ways.
Diff: 1
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Reflective thinking

124) When two service businesses, H&R Block and Hyatt Legal Services, combined their efforts, they also joined marketing forces to create a strong alliance. This would classify as which type of strategic alliance? Explain your answer.
Answer: This alliance is called a *product* or *service alliance* where one company licenses another to produce its product, or two companies jointly market their complementary products or a new product.
Diff: 2
LO: 2.3: How is strategic planning carried out at the business unit level?
AACSB: Analytical thinking

125) Which of the following statements is true of marketing plans?
A) They can be independently developed without worrying about other functional areas.
B) They provide direction and focus for a brand, product, or company.
C) They are usually profit-oriented.
D) They are of limited use to nonprofit organizations.
E) They are typically five-year plans and they lay out the strategies required to achieve targets in those five years.
Answer: B
Diff: 2
LO: 2.4: What does a marketing plan include?

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126) Which of the following elements of a marketing plan permits senior management to grasp the plan's major thrust?
A) the situation analysis
B) the marketing strategy
C) the executive summary
D) the financial projections
E) the short-term targets
Answer: C
Diff: 1
LO: 2.4: What does a marketing plan include?

127) The most frequently cited shortcomings of current marketing plans, according to marketing executives, are lack of realism, insufficient competitive analysis, and a _____ focus.
A) long-term
B) profit
C) short-run
D) product
E) price
Answer: C
Diff: 1
LO: 2.4: What does a marketing plan include?

128) The _____ is the last section of the marketing plan. It spells out the goals and budget for each month or quarter so management can review each period's results and take action as needed.
A) executive summary
B) situation analysis
C) marketing strategy
D) financial projections
E) implementation controls
Answer: E
Diff: 1
LO: 2.4: What does a marketing plan include?
AACSB: Analytical thinking

129) How does a marketing plan affect relationships?
A) It influences how marketing staff work with each other.
B) It influences how marketing staff work with other departments.
C) It affects how the company works with suppliers.
D) It influences the company's dealings with other stakeholders.
E) All of the above
Answer: E
Diff: 2
LO: 2.4: What does a marketing plan include?
AACSB: Reflective thinking

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130) Which financial projections include three estimates (optimistic, pessimistic, and most likely)?
A) sales forecasts
B) risk analyses
C) expense forecasts
D) break-even analyses
E) per-unit variable costs
Answer: B
Diff: 3
LO: 2.4: What does a marketing plan include?
AACSB: Analytical thinking

131) Pegasus writes about its target market and demographics in the _____ section of its marketing plan.
A) executive summary
B) implementation
C) situation analysis
D) strategy
E) tactics
Answer: C
Diff: 3
LO: 2.4: What does a marketing plan include?
AACSB: Application of knowledge

132) Major cell manufacturers have released phones with digital photo and video capabilities and GPS. This is an example of converging industry trends to introduce hybrid products that are new to the market.
Answer: TRUE
Diff: 2
LO: 2.4: What does a marketing plan include?
AACSB: Application of knowledge

133) Marketing plans are becoming more production oriented because of the high costs of doing business in today's economy.
Answer: FALSE
Diff: 1
LO: 2.4: What does a marketing plan include?
AACSB: Reflective thinking

134) A marketing plan should open with a situation analysis.
Answer: FALSE
Diff: 1
LO: 2.4: What does a marketing plan include?

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135) Definitions of a firm's mission as well as its marketing and financial objectives are included in the marketing strategy section of the marketing plan.
Answer: TRUE
Diff: 1
LO: 2.4: What does a marketing plan include?
AACSB: Analytical thinking

136) Sales forecasts, expense forecasts, and break-even analysis are usually found in the section on financial projections in the marketing plan.
Answer: TRUE
Diff: 1
LO: 2.4: What does a marketing plan include?

137) A marketing plan is evaluated on the basis of how simple, specific, realistic, and complete it is.
Answer: TRUE
Diff: 1
LO: 2.4: What does a marketing plan include?
AACSB: Reflective thinking

138) Good marketing plans are usually short and to the point.
Answer: FALSE
Diff: 1
LO: 2.4: What does a marketing plan include?
AACSB: Analytical thinking

139) Most marketing plans conclude with a section that indicates how the plan will be implemented.
Answer: TRUE
Diff: 1
LO: 2.4: What does a marketing plan include?

140) The marketing strategy section of the marketing plan spells out goals and budgets for each month or quarter so the management can review each period's results and take corrective action as needed.
Answer: FALSE
Diff: 1
LO: 2.4: What does a marketing plan include?

141) Describe a marketing plan.
Answer: A marketing plan is a written document that summarizes what the marketer has learned about the marketplace and indicates how the firm plans to reach its marketing objectives. It contains tactical guidelines for the marketing programs and financial allocations over the planning period.
Diff: 1
LO: 2.4: What does a marketing plan include?
AACSB: Reflective thinking

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142) Briefly list the contents of a marketing plan.
Answer: The contents of a marketing plan include:
- an executive summary and table of contents
- a situation analysis
- marketing strategy
- financial projections
- implementation controls

Diff: 2
LO: 2.4: What does a marketing plan include?

143) Explain how risk analysis is used to estimate profits.
Answer: In risk analysis, we obtain three estimates (optimistic, pessimistic, and most likely) for each uncertain variable affecting profitability, under an assumed marketing environment and marketing strategy for the planning period. The computer simulates possible outcomes and computes a distribution showing the range of possible rates of returns and their probabilities.
Diff: 3
LO: 2.4: What does a marketing plan include?
AACSB: Application of knowledge

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