Test Bank for Marketing The Core - The Core 8th Kerin

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***Core: Marketing, 8e* (Kerin)**
Chapter 2 Developing Successful Organizational and Marketing Strategies

1) Ben & Jerry's mission to make the world a better place is linked to various organizational and marketing strategies, one of which is
A) supporting farmers who agree to use sustainable farming practices, implementing fair working standards, and investing in local communities.
B) the intent of making modest profits without sacrificing high product quality standards.
C) ingredients that are all completely organic and are available only in Vermont to ensure freshness and contribute to the local economy.
D) a commitment to donating a percentage of profits to Teach for America.
E) ingredients that come exclusively from developed countries promoting fair trade practices.

Answer: A
Explanation: Ben & Jerry's founders believe that farmers who grow ingredients for their ice cream products (such as cocoa, coffee, and vanilla) should receive a fair price for their harvest. In return, farmers agree to use sustainable farming practices, implement fair working standards, and invest in local communities.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

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2) Ben & Jerry's entrepreneurial approach led the company to successfully implement many highly creative organizational and marketing strategies. One example includes
A) ISO 9000, promoting the quality concept through its commitment to making the finest ice cream from the best ingredients.
B) "linked prosperity," which encouraged the success of all constituents including employees.
C) Regeneration Nation, generating enough revenue for the firm to be a completely nonprofit organization.
D) Give and Go, donating 10 percent of its net profits to local charitable causes and an additional 5 percent to support producers that practice sustainable farming.
E) PartnerShops, Ben & Jerry scoop shops that are independently owned and operated by community-based nonprofit organizations.

Answer: E
Explanation: Ben & Jerry's mission-driven approach led the company to successfully implement many highly creative organizational and marketing strategies, including the PartnerShop program. PartnerShops are Ben & Jerry scoop shops that are independently owned and operated by community-based nonprofit organizations. The shops employ youth and young adults who may face barriers to employment to help them build better lives.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
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3) Ben & Jerry's has earned B-Corp certification from B-Lab, which means it has
A) reached the goal of generating enough revenue to be a completely nonprofit organization.
B) a sustainable financial basis of profitable growth, increasing value for stakeholders and expanding opportunities for development and career growth for employees.
C) the goal of making profits for selected charitable organizations such as Fair Trade.
D) been recognized for its efforts to use the power of business to solve social and environmental problems.
E) been instrumental in expanding into international markets by creating dairies for developing nations.

Answer: D
Explanation: Ben & Jerry's social mission has earned it B-Corp certification. This is a designation from B-Lab, a nonprofit organization whose purpose is to "use the power of business to solve social and environmental problems" in order to positively impact the community and environment within which the organization operates.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

4) Which of the following statements regarding Ben & Jerry's is most accurate?
A) Ben & Jerry's is owned by Unilever, the market leader in the global ice cream industry.
B) Ben & Jerry's is a privately owned ice cream producer.
C) Ben & Jerry's prides itself on offering more ice cream flavors than its competitors.
D) Ben and Jerry are not real people; the names were a clever reference to Tom and Jerry cartoon characters in order to capitalize on childhood nostalgia.
E) Ben & Jerry's has only been in business for 20 years and is already the industry leader in premium ice cream.

Answer: A
Explanation: Today, Ben & Jerry's is owned by Unilever. Unilever is the market leader in the global ice cream industry, which is expected to reach $89.5 billion by 2023.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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5) A(n) _____ is a legal entity that consists of people who share a common mission.
A) department
B) organization
C) SBU
D) industry
E) market

Answer: B
Explanation: Text term definition—organization.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

6) In marketing, an organization refers to
A) a legal entity that consists of people who share a common mission.
B) a group of people united through contractual or corporate ownership.
C) a legal entity engaged in business activities solely with the intent of making a profit.
D) a legal entity engaged in business activities solely with the intent of serving its employees without the intent of making a profit.
E) a privately owned entity that serves its customers to earn a profit so that it can survive.

Answer: A
Explanation: Text term definition—organization.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
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7) A(n) _____ is a good, service, or idea that creates value for both the organization and its customers by satisfying their needs and wants.
A) organization
B) business firm
C) nonprofit
D) offering
E) industry

Answer: D
Explanation: Text term definition—offerings.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

8) In marketing, an offering refers to
A) the formal designation of a publicly traded stock for a specific product, service, or idea.
B) a form of currency used by buyer and seller to minimize the tax burden for both parties.
C) a good, service, or idea that creates value for both the organization and its customers by satisfying their needs and wants.
D) the manufacturer's suggested retail price of a product or service to the general public or the wholesale price to distributors and retailers.
E) the service suppliers and distributors provide to help manufacturers bring a product to market.

Answer: C
Explanation: Text term definition—offerings.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
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9) Organizations can be divided into three groups, which are _____ organizations.
A) company, nonprofit, and cooperative
B) corporation, employee-owned, and interest
C) for-profit, nonprofit, and governmental
D) employee, distributor, and customer
E) public, private, and international

Answer: C
Explanation: Organizations can be divided into three groups: for-profit, nonprofit, and government agencies.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

10) A(n) _____ is a privately owned organization that serves its customers to earn a profit so that it can survive.
A) agency
B) for-profit organization
C) institution
D) nonprofit organization
E) cooperative

Answer: B
Explanation: Text term definition—for-profit organization.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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11) A for-profit organization refers to
A) a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers.
B) a legal entity engaged in business activities solely with the intent of serving its employees without the intent of making a profit.
C) a privately owned organization that serves its customers to earn a profit so that it can survive.
D) a group of people united through contractual or corporate ownership.
E) a publicly owned organization that serves the general population.

Answer: C
Explanation: Text term definition—for-profit organization.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
AACSB: Reflective Thinking
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12) _____ the reward to a business firm for the risk it undertakes in marketing its offerings.
A) Shareholders' equity is
B) Profit is
C) Assets are
D) Contribution margin is
E) Goodwill is

Answer: B
Explanation: Key term definition—profit.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
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13) Profit refers to
A) the point at which a company's assets equal its liabilities plus shareholder equity.
B) the difference between the list and final price of a product or service.
C) the money earned when the economic order quantity is minimized.
D) the money left over after a business firm's total expenses are subtracted from its total revenues.
E) the total amount of revenue accrued through product sales or service distribution.

Answer: D
Explanation: Key term definition—profit.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

14) A nonprofit organization is
A) a nongovernmental organization that serves its customers but does not have profit as an organizational goal.
B) a legal entity engaged in business activities solely with the intent of serving its employees without the intent of making a profit.
C) a publicly owned organization that serves the general population.
D) a group of people united through contractual or corporate ownership.
E) a privately owned organization that serves its customers to earn a profit so that it can survive.

Answer: A
Explanation: Text term definition—nonprofit organization.
Difficulty: 1 Easy
Topic: Nonprofit Marketing Environment
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
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15) A _____ is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.
A) business firm
B) subchapter S corporation
C) service agency
D) cooperative
E) nonprofit organization

Answer: E
Explanation: Text term definition—nonprofit organization.
Difficulty: 1 Easy
Topic: Nonprofit Marketing Environment
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

16) A _____ is a federal, state, county, or city unit that provides a specific service to its constituents.
A) business firm
B) subchapter S corporation
C) government agency
D) cooperative
E) nonprofit organization

Answer: C
Explanation: Text term definition—government agency.
Difficulty: 1 Easy
Topic: Nonprofit Marketing Environment
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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17) Social entrepreneurs who start new ventures such as Teach for America and NexGenVest are usually structured as _____ rather than business firms.
A) business agencies
B) nonprofit organizations
C) government agencies
D) cooperatives
E) social service agencies

Answer: B
Explanation: Each year a growing number of "social entrepreneurs" start new ventures that address important social needs and issues. While they may also be set up as for-profit businesses, these new enterprises are often organized as nonprofit organizations that combine traditional approaches for generating revenue with the pursuit of social goals.
Difficulty: 2 Medium
Topic: Nonprofit Marketing Environment
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

18) Which statement best describes the most significant difference between a for-profit organization or a business firm and a nonprofit organization?
A) Business firms earn a profit each year while nonprofits operate at a deficit annually.
B) Nonprofit organizations do not carry on economic activities while business firms do.
C) Nonprofit organizations are concerned with social issues and business firms are not.
D) Both serve customers, but business firms seek a profit while nonprofit organizations do not.
E) Nonprofit organizations are publicly owned and business firms are privately owned.

Answer: D
Explanation: A business firm is a privately owned organization that serves its customers in order to earn a profit so that it can survive. A nonprofit organization is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.
Difficulty: 2 Medium
Topic: Nonprofit Marketing Environment
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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19) An example of a nonprofit organization is
A) the Food and Drug Administration.
B) CVS Pharmacies.
C) the medical technology company Medtronic, Inc.
D) the pharmaceutical company Pfizer, Inc.
E) the American Red Cross.

Answer: E
Explanation: The American Red Cross is a nonprofit, nongovernmental organization that serves its customers but does not have profit as an organizational goal.
Difficulty: 3 Hard
Topic: Nonprofit Marketing Environment
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

20) Cree markets LED (light-emitting diode) bulbs that replace the traditional incandescent bulb. A Cree LED bulb consumes 85 percent less energy and lasts for 25,000 hours. Cree is an example of
A) a cooperative.
B) an industry.
C) a nonprofit organization.
D) a business firm.
E) a government agency.

Answer: D
Explanation: Today's organizations can be divided into three groups, which are for-profit, nonprofit, and government agencies. Cree is a for-profit organization because it is a privately owned organization that serves its customers in order to earn a profit so that it can survive.
Difficulty: 3 Hard
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Apply
AACSB: Knowledge Application
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21) Swipe Out Hunger is an organization that encourages college students to donate unused meal points to help feed community members in need. With chapters on 23 campuses, it has distributed more than 1.2 million meals. Swipe Out Hunger is an example of
A) a cooperative.
B) an industry.
C) a nonprofit organization.
D) a business firm.
E) a government agency.

Answer: C
Explanation: Today's organizations can be divided into three groups, which are for-profit, nonprofit, and government agencies. Swipe Out Hunger is a nonprofit, nongovernmental organization that serves its customers but does not have profit as an organizational goal. Instead, its goal is to help those who cannot afford to feed themselves.
Difficulty: 3 Hard
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

22) Organizations that develop similar offerings, when grouped together, create
A) a conglomerate.
B) a merger.
C) an industry.
D) a sector.
E) a monopoly.

Answer: C
Explanation: Text term definition—industry.
Difficulty: 1 Easy
Topic: Macroenvironment
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
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23) An industry refers to
A) organizations that develop similar offerings.
B) organizations that manufacture identical products to meet ISO 9000 specifications.
C) companies that are active in the production of materials used in finished products.
D) a group of people or firms united through strategic alliances.
E) the economic activity concerned with the selling of finished products to wholesalers and retailers.

Answer: A
Explanation: Text term definition—industry.
Difficulty: 1 Easy
Topic: Macroenvironment
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

24) Which of the following is *not* an example of an industry?
A) computer firms
B) automobile companies
C) landscaping businesses
D) government agencies
E) cable television organizations

Answer: D
Explanation: The government is not an industry.
Difficulty: 2 Medium
Topic: Macroenvironment
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
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25) _____ is committed to using business concepts to change the world for good, using a variety of organizational models to address social needs that inspire passion.
A) Corporate welfare
B) A social entrepreneur
C) Sustainable development
D) Cause marketing
E) Societal capitalism

Answer: B
Explanation: Today there is a growing movement of people who are committed to using business concepts to change the world for good. These "social entrepreneurs" are using a variety of organizational models to address social needs about which they are passionate. See "Making Responsible Decisions" in the text.
Difficulty: 2 Medium
Topic: Nonprofit Marketing Environment
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
AACSB: Analytical Thinking
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26) Teach for America works to solve which societal problem?
A) It provides new college graduates as teachers in urban and rural public schools in the United States.
B) It works to end corneal blindness worldwide by training doctors to do corneal surgeries, finding cornea donors and creating tissue banks.
C) It provides education, training, and small business loans to women in impoverished areas so that they can help themselves.
D) It offers free access to graduate education for injured U.S. veterans returning from overseas conflict.
E) It offers tax credits to small businesses to employ at-risk youth in their communities.

Answer: A
Explanation: Teach for America is the national corps of outstanding recent college graduates who commit to teach for two years in urban and rural public schools and become lifelong leaders in expanding educational opportunity. See "Making Responsible Decisions" in the text.
Difficulty: 2 Medium
Topic: Nonprofit Marketing Environment
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
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27) NexGenVest works to solve which societal problem?
A) It provides new college graduates as teachers in urban and rural public schools in the United States.
B) It gives information and advice to students navigating the financial and student loan market.
C) It provides education and small business loans to women in impoverished areas so that they can help themselves.
D) It offers free rehabilitation services for injured U.S. veterans returning from overseas conflict.
E) It offers tax credits to small businesses that make charitable donations in their communities.

Answer: B
Explanation: NexGenVest is an organization that helps students navigate the financial aid and student loan market. NexGenVest customers, who are typically high school seniors and college students, contact the company to receive personalized information and advice. See "Making Responsible Decisions" in the text.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
AACSB: Ethics
Accessibility: Keyboard Navigation

28) The term used to identify an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals is referred to as a
A) marketing strategy.
B) policy.
C) strategy.
D) plan.
E) tactic.

Answer: C
Explanation: Key term definition—strategy.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
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29) Strategy refers to
A) an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals.
B) an organization's corporate tactical or action plan.
C) statement of an accomplishment of a task to be achieved by a certain time.
D) a statement of the organization's function in society, often identifying its customers, markets, product, and technologies.
E) a road map for the entire organization for a specified future period of time, such as one or five years.

Answer: A
Explanation: Key term definition—strategy.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

30) Which of the following statements about strategy is most accurate?
A) An organization can be all things to all people because it has access to all the resources it needs to discover and satisfy the needs and wants of its target markets.
B) The marketing department helps to both set an organization's direction and move it there.
C) The American Marketing Association (AMA) recently has established the definition of strategy.
D) Strategy is an organization's short-term course of action designed to deliver a specific customer experience while achieving its internal standards.
E) Only start-up organizations must develop strategies to help them raise capital as well as focus and direct their efforts to accomplish their goals.

Answer: B
Explanation: An organization's marketing department helps to set its strategic direction and also move it there.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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31) Large organizations are extremely complex, and usually consist of _____ organizational levels whose strategies are linked to marketing.
A) two
B) three
C) five
D) six
E) seven or more

Answer: B
Explanation: Large organizations are extremely complex. They usually consist of three organizational levels (below a board of directors) whose strategies are linked to marketing. These levels are corporate, business unit, and functional. See Figure 2-1 in the text.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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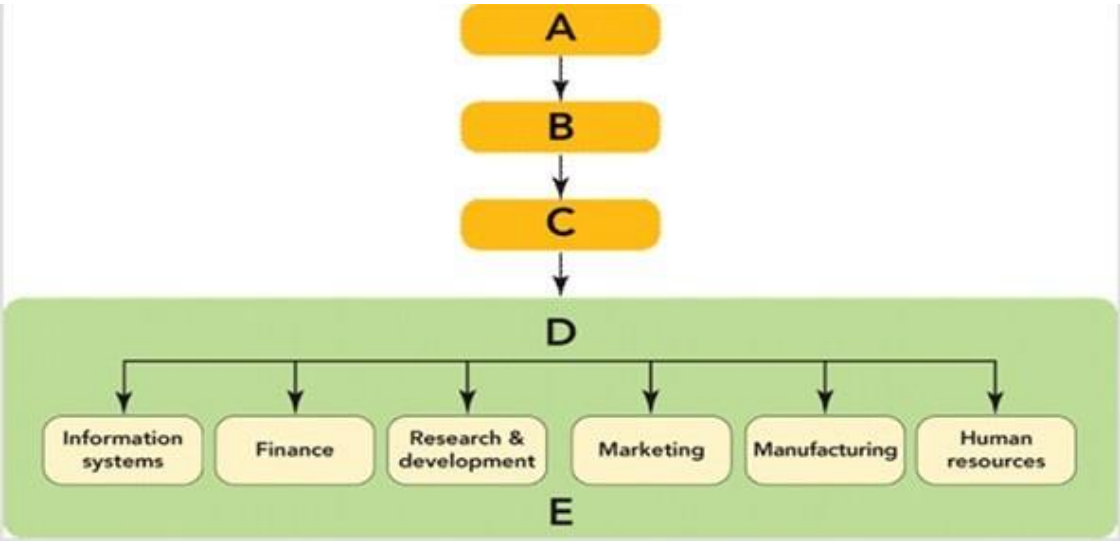

Figure 2-1

32) In Figure 2-1, Box A represents the _____ that oversees the three levels of strategy in an organization.
A) functional level
B) board of directors
C) corporate level
D) CEO
E) strategic business unit level

Answer: B
Explanation: Large organizations usually consist of three organizational levels whose strategies are linked to marketing. The board of directors ("A") oversees the three levels of strategy: corporate level ("B"), strategic business unit level ("C"), and functional level ("D") that comprise the individual departments (marketing, finance, etc. or "E") in organizations. See Figure 2-1 in the text.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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33) In Figure 2-1, B represents the _____, the highest of the three levels of strategy in an organization.
A) functional level
B) board of directors
C) corporate level
D) department level
E) strategic business unit level

Answer: C
Explanation: Large organizations usually consist of three organizational levels whose strategies are linked to marketing. The board of directors ("A") oversees the three levels of strategy: corporate level ("B"), strategic business unit level ("C"), and functional level ("D") that comprise the individual departments (marketing, finance, etc. or "E") in organizations. See Figure 2-1 in the text.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
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34) In Figure 2-1, C represents the _____ of an organization.
A) strategic business unit level
B) board of directors
C) corporate level
D) functional level
E) CMO

Answer: A
Explanation: Large organizations usually consist of three organizational levels whose strategies are linked to marketing. The board of directors ("A") oversees the three levels of strategy: corporate level ("B"), strategic business unit level ("C"), and functional level ("D") that comprise the individual departments (marketing, finance, etc. or "E") in organizations. See Figure 2-1 in the text.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
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35) In Figure 2-1, D represents the _____ of an organization that is comprised of individual departments.
A) strategic business unit level
B) functional level
C) corporate level
D) board of directors
E) CMO

Answer: B
Explanation: Large organizations usually consist of three organizational levels whose strategies are linked to marketing. The board of directors ("A") oversees the three levels of strategy: corporate level ("B"), strategic business unit level ("C"), and functional level ("D") that comprise the individual departments (marketing, finance, etc. or "E") in organizations. See Figure 2-1 in the text.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

36) In Figure 2-1, E represents the _____ operating at the lowest strategic level.
A) board of directors
B) corporate level
C) departments
D) executives
E) strategic business unit level

Answer: C
Explanation: Large organizations usually consist of three organizational levels whose strategies are linked to marketing. The board of directors ("A") oversees the three levels of strategy: corporate level ("B"), strategic business unit level ("C"), and functional level ("D") that comprise the individual departments (marketing, finance, etc. or "E") in organizations. See Figure 2-1 in the text.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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37) A board of directors of an organization
A) represents the functional level.
B) oversees the three levels of strategy.
C) represents the corporate level.
D) represents the CEO.
E) represents the strategic business unit level.

Answer: B
Explanation: Large organizations usually consist of three organizational levels whose strategies are linked to marketing. The board of directors oversees the three levels of strategy in organizations: corporate, strategic business unit, and functional. See Figure 2-1 in the text.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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38) The level in an organization where top management directs overall strategy for the entire organization is referred to as the
A) corporate level.
B) functional level.
C) directive level.
D) strategic level.
E) tactical level.

Answer: A
Explanation: Text term definition—corporate level.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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39) The corporate level refers to the level in an organization where top management
A) develops marketing strategies and tactics for the marketing department to implement.
B) directs overall strategy for the entire organization.
C) executes all marketing program actions to ensure consistency of performance.
D) develops overall sales projections not only for the short term but also for a period of at least two to five years.
E) supervises the hiring, firing, and training of all marketing department personnel.

Answer: B
Explanation: Text term definition—corporate level.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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40) The CEO of an organization
A) is usually at the strategic business unit level.
B) is usually a member of the board of directors.
C) outranks the corporate level.
D) does not oversee the daily operations.
E) is typically also the CMO.

Answer: B
Explanation: The president or chief executive officer (CEO) is the highest-ranking officer in the organization and is usually a member of its board of directors. This person must possess leadership skills ranging from overseeing the organization's daily operations to spearheading strategy-planning efforts that may determine its very survival.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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41) The highest-ranking person in an organization who oversees the organization's daily operations and spearheads its strategy planning efforts is often referred to as
A) the corporate executive overseer.
B) the chief executive officer.
C) the corporate executive official.
D) the chief marketing officer.
E) the coordinating executive official.

Answer: B
Explanation: The chief executive officer (CEO) is the highest-ranking officer in the organization and is usually a member of its board of directors. This person must possess leadership skills ranging from overseeing the organization's daily operations to spearheading strategy-planning efforts.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
AACSB: Analytical Thinking
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42) Bill McDermott is the CEO of SAP, which is a company that sells expensive enterprise resource planning software to large and mid-sized companies. McDermott operates at the _____ level of his organization.
A) business unit
B) functional
C) corporate
D) strategic
E) tactical

Answer: C
Explanation: The corporate level is where top management directs overall strategy for the entire organization.
Difficulty: 3 Hard
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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43) Overseeing strategic marketing efforts at the corporate level would most likely be the responsibility of the
A) CEO.
B) CMO.
C) CPM.
D) CPO.
E) COO.

Answer: B
Explanation: A CMO (chief marketing officer) is the head of marketing, operating at the corporate level of an organization.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
AACSB: Analytical Thinking
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44) In recent years, many large firms have changed the title of the head of marketing from vice president of marketing to
A) chief executive officer.
B) corporate marketing official.
C) coordinating marketing officer.
D) chief marketing officer.
E) corporate marketing executive.

Answer: D
Explanation: In recent years, many large firms have changed the title of the head of marketing from vice president of marketing to chief marketing officer (CMO). These CMOs have an increasingly important role in top management because of their ability to think strategically.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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45) A strategic business unit (SBU) refers to
A) a single product or service identification code used to identify items for strategic marketing planning purposes.
B) a small number of people from different departments in an organization who are mutually accountable to accomplish a task or common set of performance goals.
C) a strategic product that has a unique brand, size, or price.
D) a privately owned franchise under the auspices of a larger group or organization bearing the same name.
E) a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers.

Answer: E
Explanation: Text term definition—strategic business unit.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
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46) A subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers is referred to as a
A) strategic business unit.
B) strategic industry level.
C) private corporation.
D) product grouping.
E) marketing department.

Answer: A
Explanation: Text term definition—strategic business unit.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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47) The level at which managers set a more specific strategic direction for their businesses to exploit value-creating opportunities is referred to as the
A) marketing department level.
B) strategic business unit level.
C) corporate level.
D) functional level.
E) board of directors level.

Answer: B
Explanation: Text term definition—strategic business unit level.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
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48) The strategic business unit level
A) works most directly with the organization's target customers.
B) directs the overall strategy for the organization.
C) is most likely to change substantially over time.
D) provides more end-user analysis in order to design more customer-directed products.
E) defines a more specific strategic direction to exploit value-creating opportunities.

Answer: E
Explanation: Text term definition—strategic business unit level.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning Level
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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49) Which of the following statements regarding an organization's strategic business unit level is most accurate?
A) The strategic business unit level is the level that works most directly with an organization's targeted customers.
B) The overall strategy for the organization is directed at the strategic business unit level.
C) In the most complex organizations, the corporate level and the strategic business unit level may merge.
D) More end-user analysis is provided at the strategic business unit level than at the functional level.
E) The strategic direction is more specific at the strategic business unit level than at the corporate level.

Answer: E
Explanation: At the strategic business unit level, managers set a more specific strategic direction for their businesses to exploit value-creating opportunities.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
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50) The specialists within an organization who actually create value are usually a member of the
A) strategic business unit level.
B) functional level.
C) corporate level.
D) board of directors.
E) CMO.

Answer: B
Explanation: Large organizations usually consist of three organizational levels whose strategies are linked to marketing. The board of directors oversees the three levels of strategy in organizations: corporate, strategic business unit, and functional. Each strategic business unit has a functional level, where groups of specialists actually create value for the organization. See Figure 2-1 in the text.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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51) Each strategic business unit has marketing and other specialized activities (e.g., finance, manufacturing, or research and development) at the _____ level.
A) strategic
B) corporate
C) functional
D) business unit
E) compartmental

Answer: C
Explanation: At the functional level, groups of specialists actually create value for the organization. These specialized functions such as marketing and finance are generally referred to as departments. See Figure 2-1 in the text.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
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52) The functional level in an organization is where
A) groups of specialists actually create value for the organization.
B) employees perform assigned tasks without actually having input into the decision making process.
C) all financial outlays are made.
D) all company hiring and firing occurs.
E) the strategic planners in SBUs make all decisions regarding which product benefits will be promoted during a promotional campaign.

Answer: A
Explanation: Text term definition—functional level.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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53) At the functional level, the organization's strategic direction becomes
A) much more manageable since its offerings have been finalized.
B) the most specific and most focused in terms of implementing the company's goals.
C) broader since for less complex firms, the corporate and functional levels may merge.
D) more general to avoid the "not invented here syndrome" that could result in missed opportunities.
E) the sole responsibility of the CEO.

Answer: B
Explanation: At the functional level, the organization's strategic direction becomes its most specific and focused.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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54) Which of the following statements would most likely be heard at the functional level of an organization?
A) "We need to divest our Canadian operations that are performing poorly."
B) "How large a budget can we allot to the marketing department?"
C) "We plan to implement a Facebook advertising initiative within 90 days."
D) "We should hire the most culturally diverse cross-functional team possible in order to generate the best new-product ideas."
E) "What dividends should we pay stockholders next quarter?"

Answer: C
Explanation: At the functional level, the organization's strategic direction becomes its most specific and focused.
Difficulty: 3 Hard
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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55) Specialized functions such as marketing and finance are generally referred to as
A) cross-functional teams.
B) managerial groups.
C) divisions.
D) departments.
E) strategic business units.

Answer: D
Explanation: Text term definition—department.
Difficulty: 1 Easy
Topic: Define Marketing
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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56) The key role of marketing includes
A) supporting the board of directors.
B) operating at the corporate level.
C) looking outward by listening to customers.
D) managing executives.
E) delivering strategic business decisions.

Answer: C
Explanation: A key role of the marketing department is to look outward by listening to customers, developing offerings, implementing marketing program actions, and then evaluating whether those actions are achieving the organization's goals.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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57) At the functional level, the marketing department
A) solicits talent from all levels of the organization for strategic corporate planning sessions.
B) promotes its goals to the organization's stakeholders.
C) looks outward, in part by listening to customers.
D) develops the corporate culture.
E) defines the overall strategic direction of the organization.

Answer: C
Explanation: A key role of the marketing department is to look outward by listening to customers, developing and producing offerings, and implementing marketing program activities.
Difficulty: 2 Medium
Topic: Role of the Marketing Manager
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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58) A key role of the marketing department is to "look outward." This is accomplished by
A) allocating financial resources across strategic business units.
B) communicating the vision of the marketing department forcefully enough to be incorporated into the overall mission of the company.
C) forming cross-functional teams to help solve the organization's marketing problems.
D) implementing new accounting regulations passed by legislators.
E) listening to customers in order to inform decisions for developing and producing offerings.

Answer: E
Explanation: A key role of the marketing department is to look outward by listening to customers, developing and producing offerings, and implementing marketing program activities.
Difficulty: 2 Medium
Topic: Role of the Marketing Manager
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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59) Groups of a small number of people from different departments in an organization who are mutually accountable to accomplish a task or a common set of performance goals are referred to as
A) designated teams.
B) strategic business units.
C) cross-functional teams.
D) business committees.
E) venture squads.

Answer: C
Explanation: Text term definition—cross-functional teams.
Difficulty: 1 Easy
Topic: Role of the Marketing Manager
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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60) Cross-functional teams refer to
A) members of an organization who have been trained in multiple disciplines so they can easily move from one job to another as needed.
B) situations where two departments within the same company have opposing views about how a product should be developed and managed.
C) departments within an organization that carry out multiple functions due to financial constraints within the company.
D) a small number of people from different departments in an organization who are mutually accountable to accomplish a task or a common set of performance goals.
E) departments within an organization that manage the same product with distinctly different marketing programs to reach different target markets.

Answer: D
Explanation: Text term definition—cross-functional teams.
Difficulty: 1 Easy
Topic: Role of the Marketing Manager
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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61) When a company is developing new offerings, marketing may provide staff to serve as part of _____, joining a few others from different departments who are mutually accountable to this task.
A) a cross-functional team
B) a department
C) a strategic business unit
D) an organization
E) a business consortium

Answer: A
Explanation: When developing marketing programs for new or improved offerings, an organization's senior management may form cross-functional teams. These consist of a small number of people from different departments who are mutually accountable to accomplish a task or a common set of performance goals.
Difficulty: 2 Medium
Topic: Role of the Marketing Manager
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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62) On the northern tip of Goose Island in the Chicago River sits the William Wrigley Jr. Company's Global Innovation Center. Here, Wrigley creates new products using a joint effort by some 250 full-time food scientists, researchers, and marketers. The people who work in this center are most likely members of
A) an innovation squad.
B) a business consortium.
C) a multiple strategic directional team.
D) a strategic evaluation team.
E) a cross-functional team.

Answer: E
Explanation: Cross-functional teams are composed of a small number of people from different departments in an organization who are mutually accountable to accomplish a task or a common set of performance goals.
Difficulty: 3 Hard
Topic: Role of the Marketing Manager
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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63) IBM regularly creates what it calls global action teams, which take people from functional groups and bring them together to work on large client projects. These global action teams are a type of
A) innovation group.
B) business consortium.
C) tactical group.
D) SWOT team.
E) cross-functional team.

Answer: E
Explanation: Cross-functional teams consist of a small number of people from different departments who are mutually accountable to accomplish a task or a common set of performance goals. Sometimes these teams may have representatives from outside the organization, such as suppliers or customers, to assist them.
Difficulty: 3 Hard
Topic: Role of the Marketing Manager
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Apply
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64) Successful organizations must be forward-looking, which includes the ability to
A) develop strategies based on those that were successful in the past.
B) be backward-looking, examining the past carefully to learn from mistakes.
C) anticipate future events and respond quickly and effectively.
D) hire the most culturally diverse team possible in order to generate the best new ideas.
E) involve all stakeholders of the organization when defining its business mission.

Answer: C
Explanation: To be successful, today's organizations must be forward-looking. They must anticipate future events and respond quickly and effectively to those events.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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65) In general, a visionary organization asks which three types of questions to specify its foundation, set a direction, and formulate strategies?
A) why, when, where
B) what, by whom, how
C) how, when, where
D) why, what, how
E) who, why, when

Answer: D
Explanation: Today's visionary organization uses three key elements to: (1) specify its foundation (why does it exist? core values, mission/value, and organizational culture); (2) set a direction (what will it do? business definition, long- and short-term goals/objectives); and (3) formulate strategies (how will it do it? by level, by offering). See Figure 2-2 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
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66) Which of the following is one of the key elements of a visionary organization?
A) set financial goals
B) set a direction
C) establish detailed marketing tactics
D) assign job responsibilities
E) establish an organizational chart

Answer: B
Explanation: Today's visionary organization uses three key elements to (1) specify its foundation, (2) set a direction, and (3) formulate strategies. See Figure 2-2 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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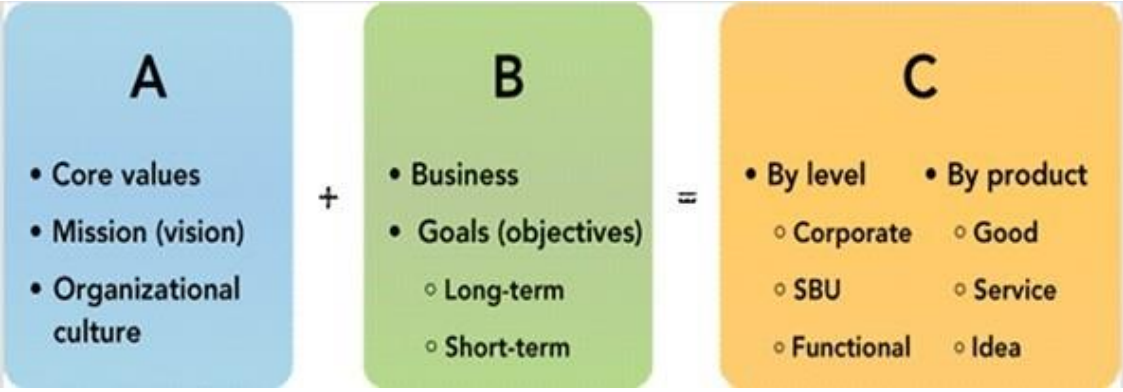

Figure 2-2

67) In Figure 2-2, Box A represents the "why" element of visionary organization. This is referred to as
A) organizational foundation.
B) organizational tactics.
C) organizational mission.
D) organizational direction.
E) organizational strategies.

Answer: A
Explanation: Today's visionary organization uses three key elements to (1) specify its foundation (why does it exist?); (2) set a direction (what will it do?); and (3) formulate strategies (how will it do it?). See Figure 2-2 in the text.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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68) In Figure 2-2, B represents the "what" element of visionary organization. This is referred to as
A) organizational tactics.
B) organizational mission.
C) organizational foundation.
D) organizational direction.
E) organizational strategies.

Answer: D
Explanation: Today's visionary organization uses three key elements to (1) specify its foundation (why does it exist?); (2) set a direction (what will it do?); and (3) formulate strategies (how will it do it?). See Figure 2-2 in the text.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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69) In Figure 2-2, C represents the "how" element of visionary organization. This is referred to as
A) organizational tactics.
B) organizational mission.
C) organizational foundation.
D) organizational direction.
E) organizational strategies.

Answer: E
Explanation: Today's visionary organization uses three key elements to (1) specify its foundation (why does it exist?); (2) set a direction (what will it do?); and (3) formulate strategies (how will it do it?). See Figure 2-2 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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70) The philosophical reason for an organization's existence is referred to as its organizational
A) strategy.
B) direction.
C) foundation.
D) goal.
E) business.

Answer: C
Explanation: An organization's foundation is its philosophical reason for being—why it exists.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
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71) An organization's foundation can be broken into three key elements:
A) products, services, and ideas.
B) business definition, long-term goals, and short-term objectives.
C) board of directors, top management, and stakeholders.
D) corporate-level strategies, SBU-level strategies, and functional-level strategies.
E) core values, mission or vision, and organizational culture.

Answer: E
Explanation: An organizational foundation includes core values, mission (vision), and organizational culture. See Figure 2-2 in the text
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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72) An organizational foundation
A) specifies the organization's goals.
B) defines the business that the organization is in.
C) empowers stakeholders to have a voice in the strategic marketing process.
D) is the organization's philosophical reason for being—why it exists.
E) is the company, its product, and its customers.

Answer: D
Explanation: An organization's foundation says, "This is why we exist." Successful visionary organizations use it to provide guidance and inspiration to its employees through three elements: core values, mission (interchangeable with vision), and organizational culture. See Figure 2-2 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
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73) An organization's foundation includes all of these *except* which?
A) organizational culture
B) business definition
C) vision
D) core values
E) mission

Answer: B
Explanation: An organization's foundation includes core values, mission (interchangeable with vision), and organizational culture. See Figure 2-2 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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74) An organization's foundation includes which of the following?
A) organizational culture
B) business definition
C) goals
D) strategic levels
E) offerings

Answer: A
Explanation: An organization's foundation includes core values, mission (vision), and organizational culture. See Figure 2-2 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
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75) An organization's _____ are the fundamental, passionate, and enduring principles that guide its conduct over time.
A) goals
B) cultures
C) strategies
D) core values
E) mission statements

Answer: D
Explanation: Key term definition—core values.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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Access Complete Test Bank for Marketing The Core - The Core 8th Kerin

76) Core values refer to
A) the cultural ethos of an organization.
B) proprietary values of a firm.
C) written mission statements that express an organization's goals and objectives.
D) the personal moral and ethical codes of a firm's stakeholders.
E) the fundamental, passionate, and enduring principles that guide an organization's conduct over time.

Answer: E
Explanation: Key term definition—core values.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Remember
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77) A firm's _____ are timeless, capturing its heart and soul, and serve to inspire and motivate its stakeholders.
A) core values
B) strategic goals
C) offerings
D) corporate culture
E) corporate ethos

Answer: A
Explanation: An organization's core values are the fundamental, passionate, and enduring principles that guide its conduct over time. They capture the firm's heart and soul and serve to inspire and motivate its stakeholders.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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78) An organization's core values are most effective when communicated to and supported by
A) competitors.
B) top management and employees.
C) suppliers.
D) resellers.
E) government regulators.

Answer: B
Explanation: To be effective, an organization's core values must be communicated to and supported by its top management and employees; if not, they are just hollow words.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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79) An organization's core values
A) are developed by cross-functional teams for all levels of an organization.
B) are important to the founders but rarely motivate a firm's stakeholders.
C) change as an organization's offerings change.
D) guide the organization's conduct.
E) cannot be separated from the financial realities of that organization.

Answer: D
Explanation: Core values are developed by an organization's founders or senior management and are consistent with their essential beliefs and character. They guide the organization's conduct and influence its strategy.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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80) Rooted in its history and its leadership by Mark Zuckerberg, the _____ at Facebook are: be bold, focus on impact, move fast, be open, and build social value.
A) sustainability doctrines
B) goals and objectives
C) core values
D) moral imperatives
E) functional strategies

Answer: C
Explanation: An organization's core values are the fundamental, passionate, and enduring principles that guide its conduct over time.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
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81) Employees at fashion apparel company, The Sak Brand Group work to embody its _____, which include trust (being honest and credible), action (making independent decisions), and ownership (treating the company as if one were a founder).
A) sustainability doctrine
B) goals and objectives
C) core values
D) moral imperatives
E) functional strategy

Answer: C
Explanation: An organization's core values are the fundamental, passionate, and enduring principles that guide its conduct over time.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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82) An organization's employees, shareholders, board of directors, suppliers, distributors, creditors, unions, government, local communities, and customers are referred to as its
A) stakeholders.
B) stockholders.
C) competitors.
D) target audience.
E) organizational community.

Answer: A
Explanation: Text term definition—stakeholders.
Difficulty: 1 Easy
Topic: Stakeholders' Effect on Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Remember
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83) All of the following are examples of stakeholders *except* which?
A) government
B) competitors
C) shareholders
D) suppliers
E) customers

Answer: B
Explanation: Text term definition—stakeholders.
Difficulty: 1 Easy
Topic: Stakeholders' Effect on Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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84) Which of the following statements regarding stakeholders is most accurate?
A) Employees are typically not classified as a stakeholder group because they are internal to the organization.
B) There are only three types of stakeholders: customers, suppliers, and distributors.
C) All stakeholders are external to the organization.
D) Stakeholders are a varied group; all are in some way affected by how well a company performs.
E) Stakeholders are only those that have an ownership stake in an organization.

Answer: D
Explanation: Stakeholders are the people who are affected by what the company does and how well it performs. This group includes employees, owners, and board members, as well as suppliers, distributors, unions, local communities, and, of course, customers.
Difficulty: 2 Medium
Topic: Stakeholders' Effect on Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
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85) By understanding its core values, an organization can take steps to define its _____, a statement of the organization's function in society that often identifies its customers, markets, products, and technologies.
A) customer value proposition
B) doctrine
C) philosophy
D) mission
E) code of ethics

Answer: D
Explanation: Key term definition—mission.
Difficulty: 1 Easy
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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86) An organization's mission is
A) the target goal it sets for current profits based on enacting a comprehensive strategic plan.
B) the target objective it projects for future market share based on enacting a comprehensive strategic plan.
C) the fundamental, passionate, and enduring principles that guide its conduct over time.
D) specific strategies and tactics that will be used to counteract any competitor's advantages.
E) a statement of the organization's functions in society that often identifies its customers, markets, products, and technologies.

Answer: E
Explanation: Key term definition—mission.
Difficulty: 1 Easy
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Remember
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87) The terms _____ and a mission statement are often used interchangeably.
A) idea
B) objective
C) vision
D) goal
E) protocol

Answer: C
Explanation: Often used interchangeably with vision, a mission statement should be clear, concise, meaningful, inspirational, and long-term.
Difficulty: 1 Easy
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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88) Often used interchangeably with the term *vision*, a _____ frequently has a meaningful theme and a long-term orientation.
A) point of difference
B) mission statement
C) business definition
D) customer value proposition
E) marketing plan

Answer: B
Explanation: Often used interchangeably with vision, a mission statement should be clear, concise, meaningful, inspirational, and long-term.
Difficulty: 2 Medium
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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89) A mission statement should be all of these *except* which?
A) actionable
B) inspirational
C) long-term
D) meaningful
E) concise

Answer: A
Explanation: A mission is a statement of the organization's functions in society, often identifying its customers, markets, products, and technologies. Recently, organizations have added a social element to their mission statements to reflect an ideal that is morally right and worthwhile.
Difficulty: 2 Medium
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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90) A mission statement should be
A) short-term.
B) concise.
C) numerical.
D) trademarked.
E) clever.

Answer: B
Explanation: A mission statement should be clear, concise, meaningful, inspirational, and long-term.
Difficulty: 2 Medium
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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91) One of the qualities of a good mission statement is which of these?
A) idealistic
B) long-term
C) fact-based
D) complex
E) permanent

Answer: B
Explanation: A mission statement should be clear, concise, meaningful, inspirational, and long-term.
Difficulty: 2 Medium
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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92) The _____ for the American Red Cross is "to prevent and alleviate human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors."
A) core benefit proposition
B) business definition
C) sustainability doctrine
D) mission statement
E) customer value proposition

Answer: D
Explanation: A mission is a statement of the organization's functions in society that identifies its customers, markets, products/services, and technologies, as shown by this mission for the American Red Cross.
Difficulty: 2 Medium
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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93) The _____ for Facebook is "To give people the power to share and make the world more open and connected."
A) sustainability doctrine
B) core benefit proposition
C) mission statement
D) corporate philosophy
E) code of ethics

Answer: C
Explanation: A mission is a statement of the organization's functions in society that identifies its customers, markets, products, and technologies.
Difficulty: 3 Hard
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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94) "HowAboutWe is the fastest, easiest, most fun way to go on awesome dates" is the _____ for the online dating service that focuses on setting up actual activities as dates for its users.
A) sustainability doctrine
B) core benefit proposition
C) corporate philosophy
D) mission statement
E) code of ethics

Answer: D
Explanation: A mission is a statement of the organization's functions in society that often identifies its customers, markets, products, and technologies, as shown by this mission statement for HowAboutWe.
Difficulty: 3 Hard
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Apply
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95) Recently, many organizations have added _____ to their mission statements.
A) a business definition
B) a social element to reflect an ideal that is morally right and worthwhile
C) an economic element to promote profit maximization
D) an expanded definition of stakeholders to include its competitors
E) their level of pricing and product quality

Answer: A
Explanation: A mission is a statement of the organization's functions in society that identifies its customers, markets, products, and technologies. Recently, organizations have added a social element to their mission statements to reflect an ideal that is morally right and worthwhile.
Difficulty: 2 Medium
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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96) A set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization is referred to as its
A) mission statement.
B) core value proposition.
C) organizational culture.
D) corporate philosophy.
E) core benefit proposition.

Answer: C
Explanation: Key term definition—organizational culture.
Difficulty: 1 Easy
Topic: Define Marketing
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Remember
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97) Organizational culture refers to
A) the personal moral and ethical codes of ethics of an organization's top management.
B) a written statement expressing an organization's goals and objectives to be achieved through enacting a comprehensive strategic plan.
C) the fundamental, passionate, and enduring principles that guide an organization's conduct over time.
D) the ethos of an organization that excludes its core values.
E) a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization.

Answer: E
Explanation: Key term definition—organizational culture.
Difficulty: 1 Easy
Topic: Define Marketing
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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98) Which of the following statements regarding organizational culture is most accurate?
A) Organizational culture exists only at the corporate level of an organization.
B) Organizational culture involves communicating and connecting with all of the firm's stakeholders.
C) Organizational culture is best used only at the functional level for the most effective results.
D) Organizational culture cannot be learned or taught.
E) Organizational culture is a statement of the organization's function in society.

Answer: B
Explanation: An organizational culture is a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization. Organizations must connect with all of their stakeholders and organizational culture makes this possible.
Difficulty: 2 Medium
Topic: Define Marketing
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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99) George Zimmer, the former CEO of Men's Wearhouse, was known to the public as the bearded company pitchman who sells suits and sport coats on TV declaring, "You'll like the way you look. I guarantee it!" He also said that to be successful, "You've got to have a company that starts with trust and fairness." Zimmer was establishing _____ for Men's Wearhouse.
A) a vision
B) a mission statement
C) a pathos
D) a behavioral protocol
E) an organizational culture

Answer: E
Explanation: An organization's culture refers to a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization. George Zimmer's statement about beginning with trust and fairness is part of a set of values that he instilled in the organization as part of the Men's Wearhouse culture.
Difficulty: 3 Hard
Topic: Define Marketing
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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100) Recently, St. Joseph Hospital was named one of the "Best Places to Work in Indiana" for the sixth consecutive year. The hospital touts universal values to "keep health care human" and employees consistently put patients first, which unites them in a common goal. Hospital President Kathy Young believes that St. Joseph's _____ makes both her employees and patients happier in her hospital.
A) vision
B) service offerings
C) organizational culture
D) pathos
E) behavioral protocol

Answer: C
Explanation: An organization's culture refers to a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization. Uniting behind common values and goals has led to a strong organizational culture for St. Joseph Hospital.
Difficulty: 3 Hard
Topic: Define Marketing
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Apply
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101) The organizational _____ answers the question, "What will it do?"
A) foundation
B) direction
C) culture
D) strategy
E) mission

Answer: B
Explanation: The organization's direction answers the 'what' question, and includes (1) the "business it is in" and (2) its specific goals. See Figure 2-2 in the text.
Difficulty: 2 Medium
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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102) In the context of organizational direction, the term *business* refers to
A) the daily operational decisions that must be implemented for an organization to remain viable.
B) exchange transactions between seller and buyer in order for the seller to make sales and earn profits.
C) the clear, broad, underlying industry or market sector of an organization's offering.
D) an organization that develops an offering.
E) the objectives of a firm and the strategies and tactics that will allow it to achieve them.

Answer: C
Explanation: Key term definition—business.
Difficulty: 1 Easy
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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103) The clear, broad, underlying industry or market sector of an organization's offerings is referred to as its
A) business.
B) commerce.
C) marketing.
D) competitive set.
E) product grouping.

Answer: A
Explanation: Key term definition—business.
Difficulty: 1 Easy
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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104) _____ argued that leadership of 20th-century American railroads defined their business too narrowly, thus failing to create strategies to compete with airlines, barges, pipelines, and trucks.
A) Earl Bakken
B) Mark Zuckerberg
C) Reed Hastings
D) Theodore Levitt
E) Steve Jobs

Answer: D
Explanation: Theodore Levitt argues that senior managers of 20th-century American railroads defined their business too narrowly instead of realizing that customers needed transportation.
Difficulty: 1 Easy
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Remember
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105) In terms of an organization's business, railroads lost market share in the 20th century because they
A) had less flexible routes than trucking.
B) defined their business too narrowly.
C) tried to create a business that appealed equally to all people.
D) priced their services too high.
E) were simply an outmoded form of transportation.

Answer: B
Explanation: In the first half of the 20th century, the American railroads proclaimed, "We are in the railroad business!" This narrow business definition lost sight of who their customers were and what they needed, which was transportation.
Difficulty: 2 Medium
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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106) In the 20th century, leadership of the railroads let airlines, barges, pipelines, and trucks take business away from them because their strategies were developed only for the railroad business, rather than a broader definition of the _____ business.
A) transportation
B) transcontinental shipping
C) passenger travel
D) product delivery
E) bulk cargo

Answer: A
Explanation: Professor Theodore Levitt saw that 20th-century American railroads defined their business too narrowly, proclaiming, "We are in the railroad business!" This myopic focus caused them to lose sight of who their customers were and what they needed. So railroads failed to develop strategies to compete with airlines, barges, pipelines, and trucks. As a result, many railroads merged or went bankrupt. Railroads should have realized they were in "the transportation business."
Difficulty: 2 Medium
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
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107) The strategies an organization develops to provide value to the customers it serves is called
A) a mission statement.
B) an objective goal.
C) a vision statement.
D) a business model.
E) a protocol.

Answer: D
Explanation: Text term definition—business model.
Difficulty: 1 Easy
Topic: The Mission Statement Model
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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108) A business model
A) is a road map for the marketing activities of an organization for a specified future time period.
B) consists of the strategies an organization develops to provide value to the customers it serves.
C) is a measure of the quantitative value or trend of a marketing activity or result.
D) consists of the detailed day-to-day operational decisions for an organization.
E) is the means by which organizational goals are to be measured and documented.

Answer: B
Explanation: Text term definition—business model.
Difficulty: 1 Easy
Topic: The Mission Statement Model
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Remember
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109) In recent years, many subscribers to newspapers and magazines have cancelled their print subscriptions in favor of online news. These trends have caused the *StarTribune* newspaper to offer online content for $1.99 per week and *Newsweek* to suspend its print edition in favor of an online only weekly edition. These companies had to change their _____, an action triggered by the technological and social changes in their marketing environments.
A) organizational cultures
B) marketing tactics
C) business models
D) strategic marketing processes
E) goals or objectives

Answer: C
Explanation: The *StarTribune and Newsweek* have had to change their business models because of the technological and social changes that occurred in their marketing environments.
Difficulty: 3 Hard
Topic: The Mission Statement Model
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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110) Though it started first as a limousine service and became a ridesharing service, Uber recently redefined its business with the addition of Uber Rush and UberEats, and now considers itself to be in which of these?
A) the restaurant business
B) the digital or physical mail business
C) the logistics business
D) the transportation business
E) the warehousing business

Answer: D
Explanation: Uber, the start-up known for its car transportation services, is continually redefining its business. The company started as a limousine service called UberCab. Soon the business was redefined as a ridesharing service when it added the UberX and UberPool apps, which allowed drivers to use their own cars were added. The definition expanded further, to transportation, when Uber Rush was added to provide package delivery and UberEats was added to provide food delivery from restaurants.
Difficulty: 2 Medium
Topic: The Mission Statement Model
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
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111) Statements of an accomplishment of a task to be achieved, often by a specific time are referred to as
A) plans.
B) procedures.
C) strategies.
D) core values.
E) goals.

Answer: E
Explanation: Key term definition—goals or objectives.
Difficulty: 1 Easy
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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112) Objectives are
A) the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program designed to reach it.
B) criteria or standards used in evaluating proposed solutions to a marketing problem.
C) statements of an accomplishment of a task to be achieved, often by a specific time.
D) a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
E) the detailed day-to-day operational decisions essential to the overall success of marketing strategies.

Answer: C
Explanation: Key term definition—goals or objectives.
Difficulty: 1 Easy
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Remember
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113) _____ convert an organization's mission and business into long- and short-term performance targets.
A) Plans
B) Tactics
C) Strategies
D) Goals
E) Visions

Answer: D
Explanation: Goals or objectives (terms used interchangeably in the text) are statements of an accomplishment of a task to be achieved, often by a specific time. Goals convert an organization's mission and business into long- and short-term performance targets.
Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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114) Regarding goals and objectives, which of the following statements is most accurate?
A) Objectives convert an organization's mission and business into long- and short-term performance targets.
B) Goals and objectives are actually the detailed day-to-day activities necessary to implement a marketing program.
C) A company's goals and objectives are often worthy in intent, but unrealistic in practice because they are rarely accomplished during the specified time period.
D) Goal-setting only applies to business firms; nonprofit organizations typically do not set goals because they don't earn a profit.
E) The terms *goal* and *objective* should not be used interchangeably. Goals are philosophical while objectives are performance-based.

Answer: A
Explanation: Goals or objectives (terms used interchangeably in the text) are statements of an accomplishment of a task to be achieved, often by a specific time. Goals convert an organization's mission and business into long- and short-term performance targets.
Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
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115) Most firms have a goal to maximize their long-run _____, achieving as high a financial return on investment as possible.
A) quality
B) market share
C) employee welfare
D) social responsibility
E) profits

Answer: E
Explanation: Business firms can pursue several different types of goals including profit goals to get as high a financial return on its investments (ROI) as possible.
Difficulty: 1 Easy
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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116) A new company has an objective that its sales will exceed its expenses during its first year of operation. This is an example of which type of goal?
A) dollar sales revenue
B) profit
C) market share
D) unit sales
E) quality

Answer: B
Explanation: Most firms seek to maximize long-run profits, achieving as high a financial return on investment (ROI) as possible. Profit is the money left after a business firm's total expenses are subtracted from its total revenues.
Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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117) Seeking to obtain as high a financial return on their investments (ROI) as possible, firms will often set _____ goals.
A) sales
B) quality
C) market share
D) profit
E) employee welfare

Answer: D
Explanation: Business firms pursue several different types of goals such as profit, sales, market share, quality, customer satisfaction, employee welfare, and social responsibility. Most seek to maximize profit to obtain as high a financial return on investment (ROI) as possible.
Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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118) Sometimes maximizing sales will come at the expense of _____, so it is necessary to ensure that the latter remains at acceptable levels.
A) advertisements
B) sales force
C) profits
D) sustainability efforts
E) customer satisfaction

Answer: C
Explanation: If profits are acceptable, a firm may elect to maintain or increase its sales level even though profits may not be maximized.
Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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119) Steep markdowns at a retail store for end-of-year sales are likely to help with which goal, rather than a profit one?
A) social responsibility
B) sales
C) market share
D) customer satisfaction
E) survival

Answer: B
Explanation: If profits are acceptable, a firm may elect to maintain or increase its sales level even though profits may not be maximized.
Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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120) GM's original first-year _____ goal for the Volt was 10,000 units, although the product was well into its second year before reaching that level.
A) profit
B) market share
C) sales
D) customer satisfaction
E) survival

Answer: C
Explanation: This is an example of a sales goal, which is sometimes in dollars or in units, as it is here.
Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Apply
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121) Market share refers to
A) the ratio of the profit of the firm to the total profits of all firms in the industry, excluding the firm itself.
B) the ratio of the profit of the firm to the total profits of all firms in the industry, including the firm itself.
C) the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, excluding the firm itself.
D) the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself.
E) the ratio of the profits of all firms in an industry to the profits of the firm.

Answer: D
Explanation: Key term definition—market share.
Difficulty: 1 Easy
Topic: Marketing Metrics
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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122) The ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself, is referred to as
A) a sales proportionality.
B) a marketing metric.
C) an industry potential.
D) a contribution margin.
E) a market share.

Answer: E
Explanation: Key term definition—market share.
Difficulty: 1 Easy
Topic: Marketing Metrics
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Remember
AACSB: Reflective Thinking
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123) Market share is the ratio of sales revenue of the firm to the total sales revenue of all _____, including the firm itself.
A) firms in the industry
B) firms in the competitive set
C) firms in the WTO
D) product groupings
E) domestic firms in a country

Answer: A
Explanation: Key term definition—market share.
Difficulty: 1 Easy
Topic: Marketing Metrics
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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124) If Dr. Pepper Snapple plans to grow its proportion of the flavors segment of the carbonated soft drink industry to 45 percent, it has set _____ goal.
A) a sales proportionality
B) a company sales
C) an industry potential
D) a contribution margin
E) a market share

Answer: E
Explanation: This is an example of a market share goal. Market share is the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself.
Difficulty: 3 Hard
Topic: Marketing Metrics
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Apply
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125) A firm may have a goal to offer its customers the highest _____, as Medtronic does with its implantable medical devices that meet its customers' critical performance expectations.
A) innovation
B) quality
C) service
D) value
E) warranty

Answer: B
Explanation: Business firms pursue several different types of goals such as profit, sales, market share, quality, customer satisfaction, employee welfare, and social responsibility. Medtronic offers its customers the highest quality with its implantable medical devices.
Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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126) Pharmavite LLC recently recalled several lots of Nature Made vitamin products due to possible salmonella or staphylococcus contamination. It should have adopted a more rigorous _____ goal.
A) profit
B) sales revenue
C) customer satisfaction
D) employee welfare
E) quality

Answer: E
Explanation: Pharmavite needed a quality goal because it failed to protect its products from contamination. If adequate quality were present, there would not be need for recalls like these.
Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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127) Toyota had some difficulty recovering from a recall crisis several years ago when it was forced to recall about 6 million vehicles due to a variety of problems, most notably one with the accelerator pedal. To "polish" its brand, it implemented stricter _____ goals to improve the safety and reliability of its vehicles.
A) profit
B) sales revenue
C) customer satisfaction
D) quality
E) employee welfare

Answer: D
Explanation: Quality goals should help Toyota to regain the trust of consumers and rebuild its image as a producer of quality automobiles.
Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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128) Motorola, a pioneer firm in the mobile communications space, invented a program known as Six Sigma, which sets as a goal no more than one defect in one million parts manufactured. This is an example of _____ goal.
A) a profit
B) a sales revenue
C) a quality
D) a market share
E) an employee welfare

Answer: C
Explanation: Six Sigma is a quality program that sets a goal of no more than 1 part per million defective. A firm may target the highest quality, as Motorola did with its Six Sigma program.
Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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129) Customers' perceptions are often central to an organization's goals. Customer _____ can be measured with surveys or by the number of customer complaints an organization receives.
A) satisfaction
B) welfare
C) lifetime benefit
D) value
E) responsibility

Answer: A
Explanation: Business firms pursue several different types of goals such as profit, sales, market share, quality, customer satisfaction, employee welfare, and social responsibility. Customer satisfaction can be measured with surveys or by the number of customer complaints an organization receives.
Difficulty: 2 Medium
Topic: Enhancing Customer Satisfaction
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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130) The top consumer complaint about bananas is how soon they start getting brown spots. Dole, a multinational agricultural company, most likely set _____ goal when it recently began adding stickers to bananas to promote the use of overripe bananas in the Yonanas machine (Dole owns 30 percent of the firm) to make a creamy, guilt-free dessert.
A) a profit
B) a market share
C) an employee welfare
D) a customer satisfaction
E) a social responsibility

Answer: D
Explanation: Customer satisfaction can be measured directly with surveys or tracked through customer complaints. This action by Dole seems to be one intended to reduce the number of complaints about its bananas and thus improve satisfaction.
Difficulty: 3 Hard
Topic: Enhancing Customer Satisfaction
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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131) Suppose L.L. Bean, a catalog retailer, has set a goal to reduce merchandise returns by 20 percent for the holiday season. The firm would most likely have set _____ goal.
A) a profit
B) a customer satisfaction
C) a market share
D) an employee welfare
E) a social responsibility

Answer: B
Explanation: Customer satisfaction can be measured directly with surveys or tracked with performance measures (marketing metrics) such as the number of merchandise returns, which it wants to reduce by 20 percent for the holiday season. Returned merchandise is an indication of dissatisfied customers.
Difficulty: 3 Hard
Topic: Enhancing Customer Satisfaction
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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132) Lands' End, an American apparel and outerwear firm, ships each order within 48 hours and its guarantee is said to be the best in the world, as exemplified by its tagline "Guaranteed. Period." These marketing actions by Lands' End most likely reflect its _____ goals.
A) profit
B) market share
C) employee welfare
D) social responsibility
E) customer satisfaction

Answer: E
Explanation: Customer satisfaction can be measured directly with surveys or tracked through complaints, which should be minimized by increasing the percent of orders shipped within 48 hours of receipt and its guarantee.
Difficulty: 3 Hard
Topic: Enhancing Customer Satisfaction
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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133) When a firm recognizes the critical importance of its employees by attempting to provide good conditions and opportunities, it sets an employee _____ goal.
A) satisfaction
B) responsibility
C) compensation
D) core value
E) welfare

Answer: E
Explanation: Business firms pursue several different types of goals such as profit, sales, market share, quality, customer satisfaction, employee welfare, and social responsibility. When a firm recognizes the critical importance of its employees by providing them with good employment opportunities and working conditions, this is an employee welfare goal.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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134) Howard Schultz, the founder of the American coffee chain Starbucks, provides health care for all employees who work over 20 hours per week. He says, "The companies that are doing the right thing by covering their employees [with health care coverage] are paying for the companies who don't do the right thing." This is an example of one of Starbucks' _____ goals.
A) profit
B) market share
C) employee welfare
D) customer satisfaction
E) sales

Answer: C
Explanation: A firm may recognize the critical importance of its employees by having an explicit goal stating its commitment to good employment opportunities and working conditions for them, the situation with Starbucks.
Difficulty: 3 Hard
Topic: Corporate Social Responsibility
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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135) Some universities provide retirement benefits by matching the percentage an employee pays into a retirement account up to a certain percentage. This encourages a larger percentage of employees to participate in retirement planning. This is an example of _____ goal.
A) a satisfaction
B) a sales revenue
C) a market share
D) a quality
E) an employee welfare

Answer: E
Explanation: A firm may recognize the critical importance of its employees by having an explicit goal stating its commitment to good employment opportunities and working conditions for them, the situation described here.
Difficulty: 3 Hard
Topic: Corporate Social Responsibility
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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136) Businesses sometimes pursue _____ goal to balance the conflicting goals of stakeholders to promote their overall welfare, even at the expense of profits.
A) a customer satisfaction
B) a shareholder
C) a profit minimization
D) a social responsibility
E) an employee welfare

Answer: D
Explanation: Business firms pursue several different types of goals such as profit, sales, market share, quality, customer satisfaction, employee welfare, and social responsibility. A social responsibility goal is when a firm seeks to balance the conflicting goals of stakeholders to promote their overall welfare, even at the expense of profits.
Difficulty: 2 Medium
Topic: Corporate Social Responsibility
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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137) American Express, the credit card and travel organization, has a long history of working for the good of all in its New York community. In 1885, it engaged its employees to help raise money to build the pedestal of the Statue of Liberty. Today, it has a program to help restore, preserve, and revitalize historic sites in New York City. These actions by American Express are partial fulfillment of the _____ this firm has established for itself as a corporate citizen.
A) unit sales goals
B) market share goals
C) sales revenue goals
D) customer satisfaction goals
E) social responsibility goals

Answer: E
Explanation: A firm may seek to balance conflicting goals of stakeholders to promote their overall welfare, even at the expense of profits. American Express here shows a commitment to social responsibility goals.
Difficulty: 3 Hard
Topic: Corporate Social Responsibility
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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138) Hasbro is a more than $4 billion global toy company that prides itself on donating to organizations that help children, since this group and their parents comprise the target market for its business. This is an example of a
A) unit sales goal.
B) market share goal.
C) social responsibility goal.
D) sales revenue goal.
E) customer satisfaction goal.

Answer: C
Explanation: A firm may seek to balance conflicting goals of stakeholders to promote their overall welfare, even at the expense of profits. The textbook describes this as a social responsibility goal.
Difficulty: 3 Hard
Topic: Corporate Social Responsibility
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Apply
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139) The organizational foundation sets the _____ of organizations, the organization direction sets the _____, and organizational strategies are concerned with the _____.
A) when; why; what
B) why; what; how
C) what; how; why
D) what; where; how
E) how; where; what

Answer: B
Explanation: The organizational foundation sets the "why" of organizations; the organization direction sets the "what;" and organizational strategies are concerned with the "how." See Figure 2-2 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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140) Organizational strategies vary in two ways, depending on
A) the strategy's level in the organization and the offerings it provides to its customers.
B) the corporate level and the SBU level in the organization.
C) whether an offering is a tangible product or a service.
D) whether management plans to develop mission statements or core values.
E) the organizational culture and its core values.

Answer: A
Explanation: Organizational strategies vary in two ways, depending on the strategy level in the organization and the offerings it provides to its customers.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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141) A marketing plan refers to
A) the long-term decisions made to implement the marketing program and the monitoring of those decisions.
B) a technique that marketing managers use to quantify performance measures and growth targets to analyze their firm's strategic business units (SBUs) as though they were a collection of separate investments.
C) a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
D) the detailed day-to-day operational decisions essential to the overall success of marketing strategies.
E) a road map for the entire organization for a specified future period of time, such as one year or five years.

Answer: C
Explanation: Key term definition—marketing plan.
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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142) A road map for the marketing activities of an organization for a specified future time period, such as one year or five years, is referred to as a
A) business plan.
B) marketing objective.
C) marketing plan.
D) marketing strategy.
E) marketing program.

Answer: C
Explanation: Most organizations develop a marketing plan as part of their strategic marketing planning efforts, which is a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Remember
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143) A marketing plan is developed during which phase of the strategic marketing process?
A) implementation
B) control
C) development
D) planning
E) evaluation

Answer: D
Explanation: A marketing plan is a road map for the marketing activities of an organization for a specified future time period, such as one year or five years. The planning phase of the strategic marketing process usually results in a marketing plan that sets the direction for the marketing activities of an organization.
Difficulty: 2 Medium
Topic: Elements of the Marketing Plan
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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144) _____ is the visual computer display of the essential information related to achieving a marketing objective.
A) A marketing metric
B) An output report
C) A marketing dashboard
D) An information monitor
E) A data interface

Answer: C
Explanation: Key term definition—marketing dashboard.
Difficulty: 1 Easy
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
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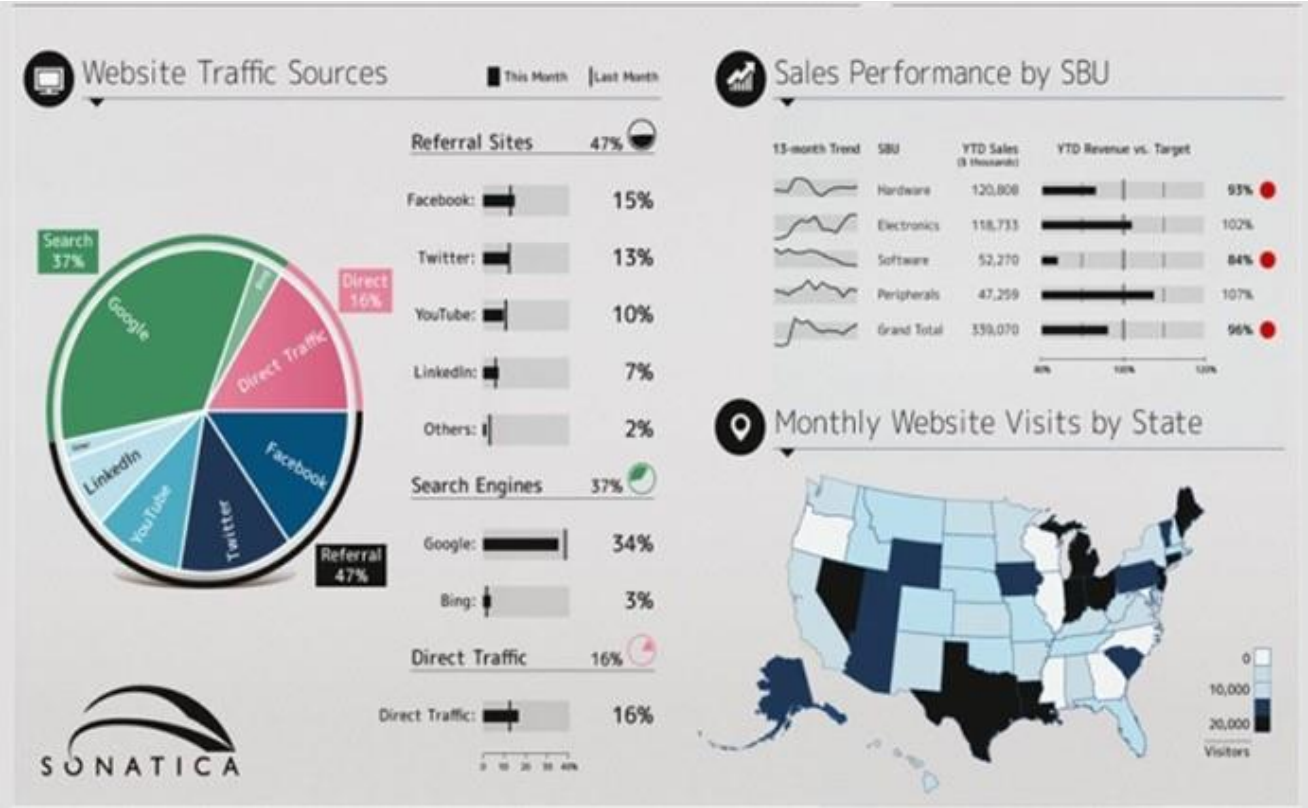

Figure 2-3

145) Figure 2-3 is an example of
A) a marketing gauge.
B) an output report.
C) a marketing dashboard.
D) an information monitor.
E) a data interface.

Answer: C
Explanation: Key term definition—marketing dashboard.
Difficulty: 1 Easy
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
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146) A marketing dashboard is
A) a "report card" prepared by the marketing department regarding its performance in terms of environmental and social responsibility.
B) the display of information found on a car's dashboard.
C) an "app" that uses a car navigation device metaphorically to indicate the specific direction in which a company wishes to grow based on its annual marketing plan.
D) information about an organization's marketing metrics presented orally so marketers can quickly spot deviations from plans and take corrective actions.
E) the visual computer display of the essential information related to achieving a marketing objective.

Answer: E
Explanation: Key term definition—marketing dashboard.
Difficulty: 1 Easy
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Bloom's: Remember
AACSB: Reflective Thinking
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147) With a marketing dashboard, a marketing manager may get information in the form of all of these *except* which?
A) the timeline
B) a graph
C) a table
D) a printed report
E) a map

Answer: D
Explanation: A printed report is not an image displayed on a computer screen. A marketing dashboard is the visual display of the essential information, e.g., a graph or table, related to achieving a marketing objective. Marketing managers need to quickly glance at data to identify deviations and then make decisions to correct them. See Figure 2-3 in the text.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
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148) Which of the following statements regarding a marketing dashboard is most accurate?
A) The more text (words) that is displayed, the better it is for a marketing manager to identify trends, interpret the data, and take corrective actions.
B) A marketing dashboard very often includes 20 or more marketing metrics on the computer screen.
C) Marketing dashboards provide graphic displays of a product's performance, such as sales, website traffic, etc.
D) For accuracy, the marketing dashboard should be updated weekly.
E) Marketing dashboards often show key measures such as human resource turnover, strategy success, and societal well-being.

Answer: C
Explanation: Marketing dashboards show graphic displays of key measures of a product's performance, such as sales and website traffic.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

149) A measure of the quantitative value or trend of a marketing activity or result is referred to as
A) trend analysis.
B) a marketing measurement.
C) a marketing dashboard.
D) a marketing metric.
E) value analysis.

Answer: D
Explanation: Key term definition—marketing metric.
Difficulty: 1 Easy
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
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150) A marketing metric refers to
A) a measure of the quantitative value or trend of a marketing activity or result.
B) a form of linear trend analysis used to project future profits based on existing marketing plans.
C) one of a series of mathematical formulas used to calculate potential profits based upon different scenarios of the forces in the marketing environment.
D) information about an organization's core values and code of ethics so marketers can quickly spot deviations and take corrective actions.
E) the value of a product in terms of its contribution to employee welfare.

Answer: A
Explanation: Key term definition—marketing metric.
Difficulty: 1 Easy
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
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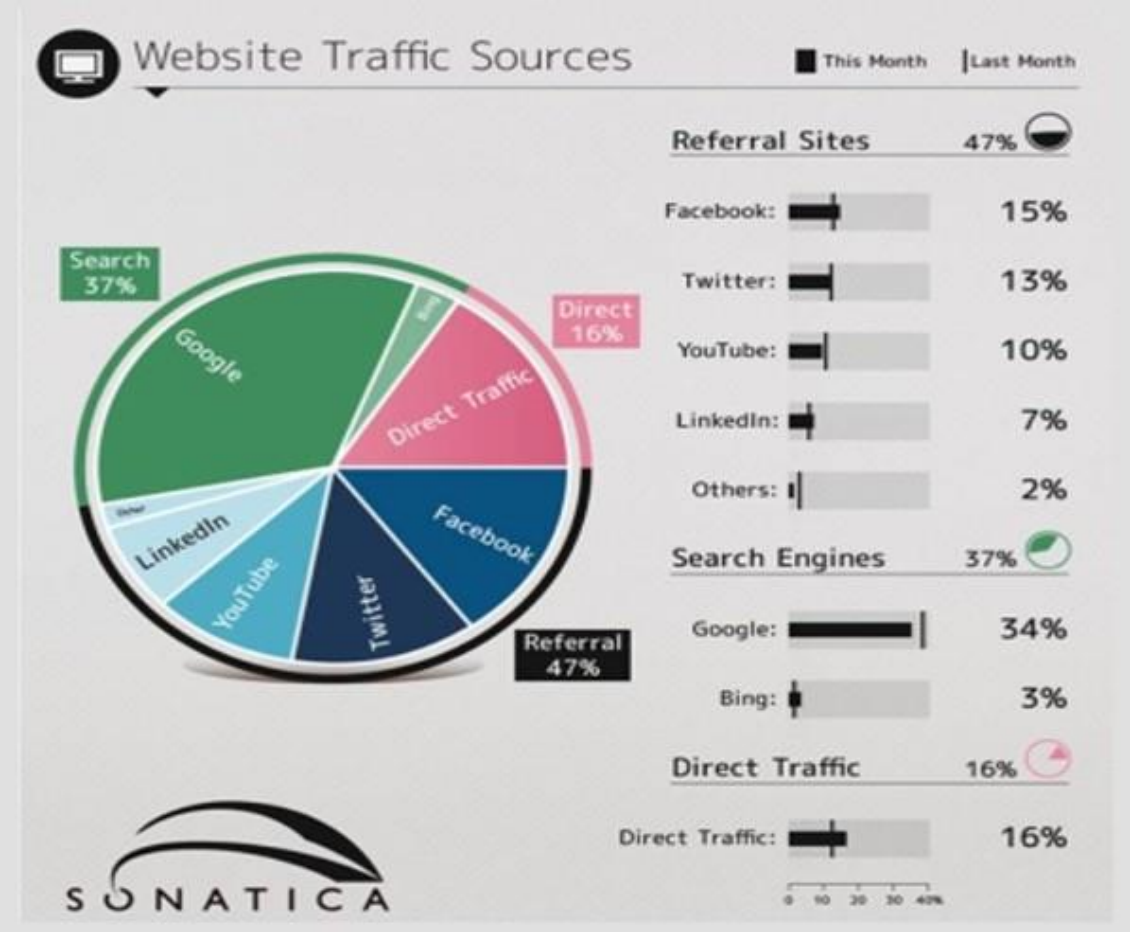

Figure 2-3a

151) The single measure that is shown in Figure 2-3a, part of a larger marketing dashboard, is referred to as
A) trend analysis.
B) a marketing measurement.
C) a marketing gauge.
D) a marketing metric.
E) value analysis.

Answer: D
Explanation: Key term definition—marketing metric.
Difficulty: 1 Easy
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
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152) According to Figure 2-3a, which of the following is the largest website traffic source?
A) YouTube
B) Direct traffic
C) Google
D) Facebook
E) Twitter

Answer: C
Explanation: According to Figure 2-3a, the largest website traffic source is Google at 34 percent. See Figure 2-3 in the text.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
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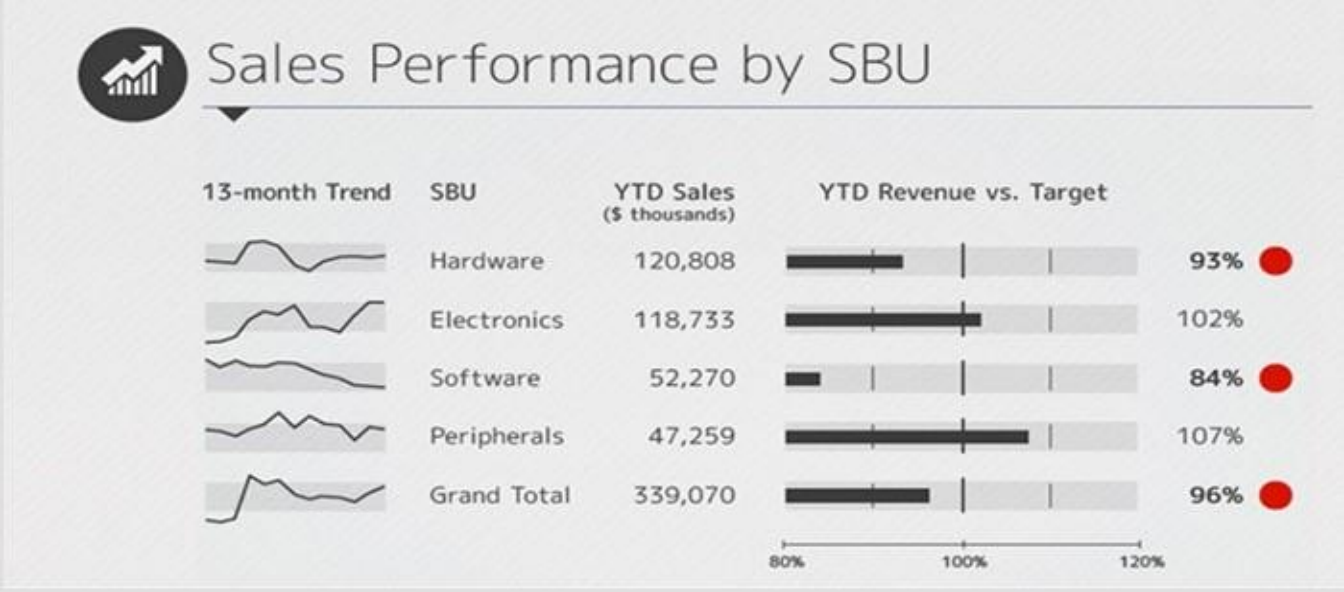

Figure 2-3b

153) According to Figure 2-3b, which of the following SBUs 13-month sales trend has declined over the past few months?
A) Grand Total
B) Software
C) Circuitry
D) Electronics
E) Hardware

Answer: B
Explanation: According to Figure 2-3b, the software 13-month sales trend line is declining; the electronics and grand total 13-month sales trend lines are rising; and the Hardware and Peripherals 13-month sales trend line are flat.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
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154) According to Figure 2-3b which of the following SBUs is currently exceeding its YTD (year-to-date) revenue target?
A) Peripherals
B) Hardware
C) Circuitry
D) Software
E) Grand Total

Answer: A
Explanation: According to Figure 2-3b, the Peripherals SBU is exceeding its YTD revenue target by 7% (revenue vs. target is 107%). See Figure 2-3 in the text. Electronics is also exceeding its YTD revenue target (102%) but is not shown as an alternative.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

155) According to Figure 2-3b, which of the following SBUs has the YTD revenue compared to its target?
A) Hardware
B) Electronics
C) Software
D) Peripherals
E) Grand Total

Answer: C
Explanation: According to Figure 2-3b, the Software SBU has the lowest YTD revenue compared to its target at 84%. The red "warning" circles on the marketing dashboard visually identifies a sales problem that needs corrective action. See Figure 2-3 in the text.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Bloom's: Understand
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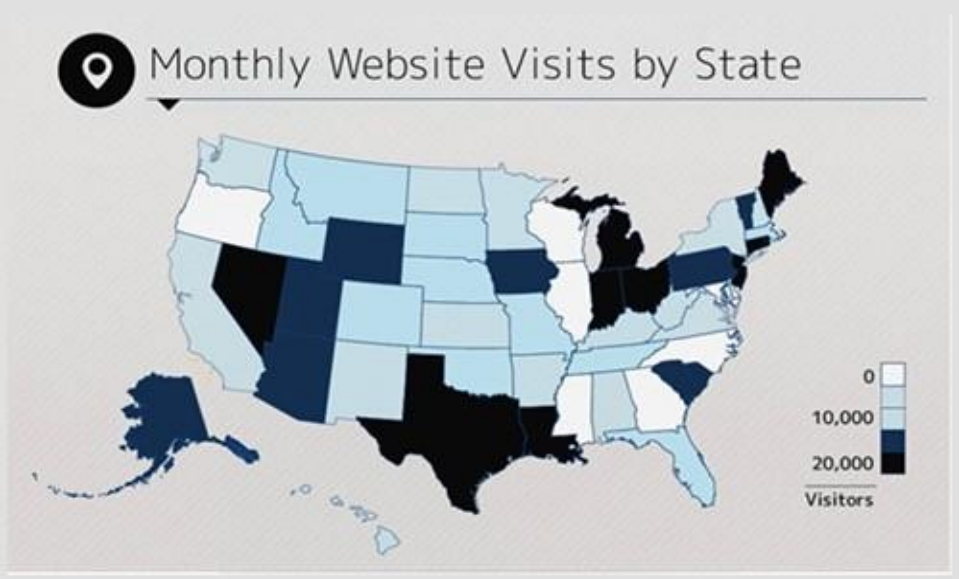

Figure 2-3c

156) According to Figure 2-3c, which of the following states has the highest number of monthly website visits?
A) Illinois
B) Texas
C) California
D) Florida
E) Washington

Answer: B
Explanation: The U.S. map in Figure 2-3c shows that the darker the state, the greater the number of website visits for the month. From among the alternatives, Texas has the highest number of monthly website visits, with around 20,000 website visits per month. See Figure 2-3 in the text.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
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157) The primary purpose of a marketing metric is to
A) assign qualitative values to quantitative data.
B) allow the sharing of information across product lines.
C) measure the quantitative value of a marketing activity.
D) forecast potential product/service opportunities over a period of five years.
E) provide a numerically precise measurement of management judgment for an industry's growth.

Answer: C
Explanation: A marketing metric is a measure of the quantitative value or trend of a marketing activity or result.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Bloom's: Understand
AACSB: Analytical Thinking
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158) Data visualization
A) is the visual computer display of the essential information related to achieving a marketing objective.
B) is a road map for the marketing activities of an organization for a specified future time period.
C) is the process of continuously collecting information about customers' needs, sharing this information across departments, and using it to create marketing metrics.
D) is a measure of the quantitative value or trend of a marketing activity or result.
E) presents information about an organization's marketing metrics graphically so marketers can quickly spot deviations from plans and take corrective actions.

Answer: E
Explanation: Text term definition—data visualization.
Difficulty: 1 Easy
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
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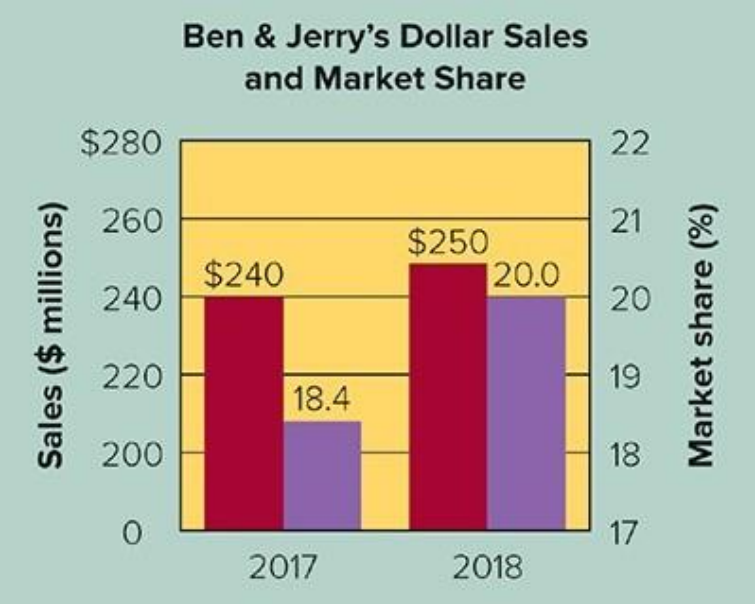

Ben & Jerry's Marketing Dashboard (Dollar Sales and Market Share)

159) Consider the Ben & Jerry's Dollar Sales and Market Share graph. A marketing manager for Ben & Jerry's notices that dollar sales for 2017 were $240 million and in 2018 they were $250 million. What was the formula used to calculate the dollar sales for each of these two years?
A) Dollar sales ($) = Average price × Quantity manufactured in each year.
B) Dollar sales ($) = Average cost of goods sold – Fixed costs in each year.
C) Dollar sales ($) = Average price – Shrinkage rate in each year.
D) Dollar sales ($) = Average price × Quantity sold in each year.
E) Dollar sales ($) = Average cost of goods sold – Variable costs in each year.

Answer: D
Explanation: Dollar sales ($) equals the average price multiplied by the quantity sold in each year. Refer to "Applying Marketing Metrics: Ben & Jerry's Dollar Sales and Market Share" in the text.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
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160) Consider the Ben & Jerry's Dollar Sales and Market Share graph. A marketing manager for Ben & Jerry's notices that dollar market share for 2017 was 18.4 percent and for 2018 it was 20.0 percent. What simple formula was used to calculate the dollar market share percentages for each of these two years?
A) Dollar market share (%) = Ben & Jerry's sales ($)/Total industry sales, including Ben & Jerry's sales ($).
B) Dollar market share (%) = Total industry sales, including Ben & Jerry's sales ($)/Ben & Jerry's sales ($).
C) Dollar market share (%) = Total industry sales, including Ben & Jerry's sales ($)/Ben & Jerry's unit sales (#).
D) Dollar market share (%) = Total industry sales, including Ben & Jerry's sales ($)/Ben & Jerry's net profit ($).
E) Dollar market share (%) = Ben & Jerry's sales ($)/Gross domestic product ($).

Answer: A
Explanation: Dollar market share (%) equals Ben & Jerry's sales ($) divided by total industry sales, including Ben & Jerry's sales ($). Refer to Applying Marketing Metrics: Ben & Jerry's Dollar Sales and Market Share in the text.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Bloom's: Understand
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161) An organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and provide customer value, are referred to as
A) points of differences.
B) sustainable advantages.
C) core values.
D) points of similarity.
E) competencies.

Answer: E
Explanation: Text term definition—competencies.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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162) An organization's competencies include all of the following *except* which?
A) profit
B) customer service
C) technologies
D) resources
E) employee skills

Answer: A
Explanation: Competencies are an organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and provide customer value.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

163) Rhone-Poulenc is an international French company that produces and markets a variety of chemicals and pharmaceuticals. Due to the resources it makes available to its scientists and researchers, the company has a number of Nobel Prize winners working in its laboratories. This ability to employ some of the finest minds in the world is an example of a
A) point of similarity.
B) competency.
C) sustainable advantage.
D) product development strategy.
E) human resource strategy.

Answer: B
Explanation: Competencies are an organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and provide customer value, such as Rhone-Poulenc's Nobel Prize researchers.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Apply
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164) Designing a car is expensive and time-consuming even with the use of computers because of the difficulty of getting all the varied departments to work together. Mercedes-Benz created a unique centralized web-based system that cuts the design and production process by at least two years, thus providing customer value. This is an example of
A) a point of similarity.
B) an innovation-oriented mission.
C) an action program.
D) an operational goal implementation.
E) a competency.

Answer: E
Explanation: Competencies are an organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and provide customer value, such as Mercedes-Benz's central web-based design system.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

165) Evergreen Air Center is the world's biggest parking lot for unwanted aircraft. Airlines pay a monthly fee from $750 to $5,000 to mothball their unneeded airplanes there. Its location is on 1,600 acres of Arizona desert near Tucson. The Southwest climate of dry, warm air serves as a cheap and effective airplane preservative against rust. Evergreen's location is
A) a competency.
B) a sustainable advantage.
C) a competitive identity.
D) a core benefit proposition.
E) an innovative distinction.

Answer: A
Explanation: Competences are an organization's special capabilities (in this case, the climate gives Evergreen Air Center the capabilities to preserve planes cheaply and efficiently) that distinguish it from other organizations and provide customer value.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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166) The numeric information displayed in Figure 2-3c above allows the viewer to quickly identify which states and even regions have the most monthly website visits, which is a form of
A) market segmentation.
B) data visualization.
C) diversification analysis.
D) business modeling.
E) portfolio analysis.

Answer: C
Explanation: The U.S. map in Figure 2-3c shows the number of website visits by state for a hypothetical company. Data visualization presents information about an organization's marketing metrics graphically so marketers can quickly spot deviations from plans during the evaluation phase and take corrective actions. See Figure 2-3.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
AACSB: Reflective Thinking
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167) A unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation, is referred to as a
A) creative advantage.
B) marketing edge.
C) distinctive competency.
D) competitive advantage.
E) core benefit.

Answer: D
Explanation: Text term definition—competitive advantage.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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168) Weight Watchers is a weight-management company with operations in about 30 countries. Consumers buy almost $5 billion of Weight Watchers-branded products each year, and every week approximately 1.3 million people attend Weight Watchers meetings. The company's brand recognition and meeting infrastructure are difficult for competitors to match, providing a
A) viable mission.
B) competitive advantage.
C) tactical innovation.
D) core benefit.
E) sales orientation.

Answer: B
Explanation: Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation. For Weight Watchers, it is the branding and meeting infrastructure.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

169) St. Jude Medical makes cardiovascular medical devices, including the world's most widely used mechanical heart valve. Its products include tissue heart valves, pacemakers, and implantable cardiovascular defibrillators. St. Jude's innovation in cardiac devices helps it outperform rivals, and thus provides it with a
A) competitive advantage.
B) set of core values.
C) core benefit proposition.
D) marketing edge.
E) viable mission.

Answer: A
Explanation: Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation. In this case, its cardiac device innovation provides St. Jude's with a competitive advantage.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Apply
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170) Netflix is a company that rents DVD movies and television programming either by mail or streaming over the Internet. It faces many competitors, but continues to grow both in the United States and abroad. Netflix now has around 47 million subscribers in the United States out of 82 million worldwide. Part of what has driven success in recent years is its original content, with shows like *Stranger Things and 13 Reasons Why*, popular programming that cannot be seen elsewhere. Its original content provides Netflix's
A) viable mission.
B) competitive advantage.
C) tactical innovation.
D) core benefit.
E) sales orientation.

Answer: B
Explanation: Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation. In this case, it is Netflix's original programming.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Apply
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171) Men's Wearhouse caters to the man who doesn't necessarily enjoy shopping. Its stores are in free-standing locations (not inside the mall) so customers can get in and out quickly. Additionally, Men's Wearhouse targets the budget-conscious consumer with suit prices ranging from $150 to $850. The location of its stores and its pricing strategy both are part of Men's Wearhouse's
A) competitive advantage.
B) core values.
C) core benefit proposition.
D) marketing edge.
E) viable mission.

Answer: A
Explanation: Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation. In this case, store locations and pricing strategy make up the Men's Wearhouse competitive advantage.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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172) The online retailer Lands' End communicates a remarkable commitment to its _____ with these unconditional words: "Guaranteed.
A) competitive advantage
B) core values
C) core benefit proposition
D) customers
E) mission statement

Answer: D
Explanation: Lands' End communicates a remarkable commitment to its customers with these unconditional words: "Guaranteed. Period." This two-word guarantee is the focus of Lands' End's strategy to provide genuine value to customers, ensuring that they have a satisfying shopping experience.
Difficulty: 2 Medium
Topic: Consumer Needs and Wants
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

173) Lands' End is primarily known as a catalog clothing retailer. This means that traditional department stores, mass merchandisers, specialty shops, and other catalog retailers are considered to be Lands' End's
A) consideration set.
B) industry.
C) competitors.
D) target market.
E) stakeholders.

Answer: C
Explanation: Lands' End competes not only with other catalog retailers of clothing but also traditional department stores, mass merchandisers, and specialty retailers. Although only some of the clothing in these stores directly competes with Lands' End offerings, all these retailers have websites to sell their offerings over the Internet, making these firms competitors.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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174) Which of the following best describes the principal or direct competitors to Lands' End, the catalog and online clothing retailer?
A) all Internet retailers
B) other Internet retailers that sell primarily clothing
C) all other lifestyle brands
D) other clothing retailers, both online and store-only
E) other retailers that began selling with catalogs

Answer: D
Explanation: Lands' End competes not only with other catalog retailers of clothing but also traditional department stores, mass merchandisers, specialty retailers, and clothiers such as Eddie Bauer that have both physical and online stores. This means Lands' End faces a lot of competition.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

175) Two commonly used techniques to aid managers with important decisions for setting a direction and allocating resources include _____ and _____ analysis strategies.
A) micromarketing; macromarketing
B) business portfolio; diversification
C) investment; divestment
D) dashboards; metrics
E) subjective; objective

Answer: B
Explanation: Knowing where the organization is at the present time enables managers to set a direction for the firm and allocate resources to move in that direction. Two techniques to aid managers with these decisions are (1) business portfolio analysis and (2) diversification analysis.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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176) The Boston Consulting Group uses _____ to quantify performance measures and growth targets to analyze its clients' strategic business units (SBUs) or offerings as though they were a collection of separate investments.
A) target marketing
B) synergy analysis
C) market-product grids
D) business portfolio analysis
E) diversification analysis

Answer: D
Explanation: Key term definition—business portfolio analysis.
Difficulty: 1 Easy
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

177) The Boston Consulting Group uses business portfolio analysis to quantify performance measures and growth targets to analyze its clients' strategic business units (SBUs) or offerings
A) as if each were a separate investment.
B) to establish their worth to society at large.
C) to determine which would be suited for a SWOT analysis.
D) to determine which units are candidates for diversification analysis.
E) to determine which units can be divided into smaller, tactical business units.

Answer: A
Explanation: The Boston Consulting Group uses business portfolio analysis to quantify performance measures and growth targets to analyze its clients' strategic business units as though they were a collection of separate investments. The purpose of the tool is to determine the appeal of each strategic business unit or offering and then determine the amount of cash each should receive.
Difficulty: 1 Easy
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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178) Business portfolio analysis refers to
A) a tool that helps a firm search for growth opportunities from among current and new markets as well as current and new products.
B) a technique that managers use to graphically track their firm's strategic business units as though they were a single expense in order to identify cost-cutting measures.
C) a technique that managers use to quantify performance measures and growth targets to analyze their firm's strategic business units as though they were a collection of separate investments.
D) an analysis that uses percentage points of market share as the common basis of comparison to allocate marketing resources effectively for different product lines within the same firm.
E) a tool that seeks opportunities by finding the optimum balance between marketing efficiencies versus R&D-manufacturing efficiencies.

Answer: C
Explanation: Key term definition—business portfolio analysis.
Difficulty: 1 Easy
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

179) A technique that managers use to categorize strategic business units as question marks, stars, cash cows, or dogs is referred to as
A) an investment (ROI) analysis.
B) a synergy analysis.
C) a marketing audit.
D) a diversification analysis.
E) a business portfolio analysis.

Answer: E
Explanation: The Boston Consulting Group (BCG) model is a business portfolio analysis. BCG has given these specific names to the four quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. See Figure 2-4 in the text.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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180) The purpose of business portfolio analysis is to
A) add or delete product line and brand extensions.
B) search for growth opportunities from among current and new markets as well as current and new products.
C) alter a product's characteristic, such as its quality, performance, or appearance, to increase its value to customers and increase sales.
D) determine which strategic business unit or offering generates cash and which one requires cash to fund the organization's growth opportunities.
E) seek opportunities by finding the optimum balance between marketing efficiencies versus R&D-manufacturing efficiencies.

Answer: D
Explanation: The purpose of this tool is to determine which SBU or offering generates cash and which one requires cash to fund the organization's growth opportunities.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

181) In the Boston Consulting Group (BCG) business portfolio model for analysis of a firm's strategic business units, or SBUs, the vertical axis reflects
A) market growth rate.
B) marketing efficiencies.
C) industry attractiveness.
D) market segment size.
E) relative market share.

Answer: E
Explanation: The vertical axis is the market growth rate, which is the annual rate of growth of the SBU's industry. The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry. See Figure 2-4 in the text.
Difficulty: 1 Easy
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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182) In the Boston Consulting Group (BCG) business portfolio model for analysis of a firm's strategic business units, or SBUs, the horizontal axis reflects
A) market growth rate.
B) marketing efficiencies.
C) industry attractiveness.
D) market segment size.
E) relative market share.

Answer: E
Explanation: The vertical axis is the market growth rate, which is the annual rate of growth of the SBU's industry. The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry. See Figure 2-4 in the text.
Difficulty: 1 Easy
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
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183) In the BCG business portfolio model, a relative market share of 10× at the left end of the scale on its horizontal axis means that the SBU has 10 times the share of its largest competitor, whereas a relative market share of 0.1× at the right end of the scale on its horizontal axis means that
A) the SBU has only 10 percent of the share of its average competitor.
B) the SBU has 100 percent of the share of its largest competitor.
C) the growth rate between the SBU and the next largest competitor is actually identical.
D) the SBU has only 10 percent of the share of its largest competitor.
E) the industry growth rate is declining.

Answer: D
Explanation: A relative market share of 10× (at the left end of the scale) means that the SBU has 10 times the share of its largest competitor, whereas a share of 0.1× (at the right end of the scale) means it has only 10 percent of the share of its largest competitor. See Figure 2-4 in the text.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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184) All of the following are names the Boston Consulting Group (BCG) has given to describe the four quadrants in its growth-share matrix except which?
A) dogs
B) stars
C) sloths
D) cash cows
E) question marks

Answer: C
Explanation: The BCG has given names to describe the four quadrants in its growth-share matrix. They are cash cows, stars, question marks, and dogs. See Figure 2-4 in the text.
Difficulty: 1 Easy
Topic: BCG Matrix
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
AACSB: Reflective Thinking
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185) The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Cash cows are SBUs that are classified as having
A) high market growth rates and high relative market shares.
B) low market growth rates but high relative market shares.
C) low market growth rates and low relative market shares.
D) high market growth rates but low relative market shares.
E) medium market growth rates and medium relative market shares.

Answer: B
Explanation: Cash cows are SBUs that are classified as having low market growth rates but high relative market shares. See Figure 2-4 in the text.
Difficulty: 1 Easy
Topic: BCG Matrix
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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186) Strategic business units (SBUs) with dominant shares of slow-growth markets that provide cash to cover the organization's overhead and to invest in other SBUs are referred to as
A) cash cows.
B) stars.
C) question marks.
D) dogs.
E) exclamation points.

Answer: A
Explanation: Cash cows are SBUs that generate large amounts of cash, far more than they can invest profitably in themselves. They have dominant shares of slow-growth markets and provide cash to cover the organization's overhead and to invest in other SBUs. See Figure 2-4 in the text.
Difficulty: 1 Easy
Topic: BCG Matrix
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
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187) Several years ago, Black & Decker purchased General Electric's small appliances product line. Black & Decker purchased the line because it needed the cash generated from a product line that had a dominant market share in the slow-growth small appliance industry. GE's small appliances product line is most likely a _____ for Black & Decker.
A) dog
B) cash cow
C) question mark
D) camel
E) star

Answer: B
Explanation: The General Electric small appliances product line holds a large share of a slow-growth industry, the definition of a cash cow. See Figure 2-4 in the text.
Difficulty: 3 Hard
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Apply
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188) The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Stars are SBUs that are classified as having
A) high market growth rates and high relative market shares.
B) low market growth rates but high relative market shares.
C) low market growth rates and low relative market shares.
D) high market growth rates but low relative market shares.
E) medium market growth rates and medium relative market shares.

Answer: A
Explanation: Stars are SBUs that are classified as having high market growth rates and high relative market shares. See Figure 2-4 in the text.
Difficulty: 1 Easy
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
AACSB: Reflective Thinking
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189) Strategic business units (SBUs) with a high share of high-growth markets that may not generate enough cash to support their own demanding needs for future growth are referred to as
A) dogs.
B) sprouts.
C) question marks.
D) stars.
E) cash cows.

Answer: D
Explanation: Text term definition—stars. See Figure 2-4 in the text.
Difficulty: 1 Easy
Topic: BCG Matrix
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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190) The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Stars are located in which quadrant of the BCG growth-share matrix?
A) upper left quadrant
B) upper right quadrant
C) center of the four quadrants
D) lower right quadrant
E) lower left quadrant

Answer: A
Explanation: Stars are located in the upper left quadrant of the BCG growth-share matrix. See Figure 2-4 in the text.
Difficulty: 2 Medium
Topic: BCG Matrix
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
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191) Solarcom is a 30-year-old information technology company that owns several subsidiaries. One of its subsidiaries is Atlantix Global Systems, which is one of the leading wholesalers for refurbished computer equipment. It has a large share of an industry that is growing worldwide. According to the BCG business portfolio analysis framework, Atlantix Global would most likely be classified as a
A) dog.
B) cash cow.
C) question mark.
D) exclamation point.
E) star.

Answer: E
Explanation: Atlantix Global Systems has a large share of a high-growth industry, the definition of a star. See Figure 2-4 in the text.
Difficulty: 3 Hard
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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192) Strategic business units with a low share of high-growth markets that may require large cash injections just to maintain market share are referred to as
A) dogs.
B) cash cows.
C) question marks.
D) stars.
E) hogs.

Answer: C
Explanation: Text term definition—question marks. See Figure 2-4 in the text.
Difficulty: 1 Easy
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

193) The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Question marks are SBUs that are classified as having
A) high market growth rates and high relative market shares.
B) low market growth rates but high relative market shares.
C) low market growth rates and low relative market shares.
D) high market growth rates but low relative market shares.
E) medium market growth rates and medium relative market shares.

Answer: D
Explanation: Question marks are SBUs that are classified as having high market growth rates but low relative market shares. See Figure 2-4.
Difficulty: 1 Easy
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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194) Strategic business units (SBUs) with a low share of slow-growth markets that may generate enough cash to sustain themselves but do not hold the promise of ever becoming real winners for the organization are referred to as
A) dogs.
B) cash cows.
C) stars.
D) question marks.
E) hedgehogs.

Answer: A
Explanation: Dogs are SBUs with low shares of slow-growth markets. See Figure 2-4 in the text.
Difficulty: 1 Easy
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

195) The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Dogs are SBUs that are classified as having
A) high market growth rates and high relative market shares.
B) low market growth rates but high relative market shares.
C) low market growth rates and low relative market shares.
D) high market growth rates but low relative market shares.
E) medium market growth rates and medium relative market shares.

Answer: C
Explanation: Dogs are SBUs that are classified as having low market growth rates and low relative market shares. See Figure 2-4 in the text.
Difficulty: 1 Easy
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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196) In its business portfolio analysis, an organization's strategic business units (SBUs) often start as _____ and eventually become _____.
A) dogs; question marks
B) question marks; stars
C) stars; question marks
D) stars; dogs
E) question marks; dogs

Answer: E
Explanation: In its business portfolio analysis, an organization's SBUs often start as question marks and proceed counterclockwise to become stars, then cash cows, and finally dogs. See Figure 2-4 in the text.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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197) While hybrid vehicles are very fuel-efficient, they are also expensive to purchase. Still, hybrid vehicles sales have a compound annual growth rate of 88.6 percent in recent years. Several years ago, the Honda Motor Co. unveiled the hybrid version of the Honda Civic. Sales of the Civic eventually surpassed those of the Toyota Prius, making it the top-selling hybrid car in the United States. For years, Honda has experienced tremendous success with its Accords; these Honda cars are the top-selling automobiles in the United States. Where would the Honda Civic (hybrid version) and the Honda Accord fall in the BCG business portfolio analysis matrix?
A) The hybrid Civic is a star; the Accord is a cash cow.
B) The hybrid Civic is a cash cow; the Accord is a star.
C) Due to the overwhelming success of Honda cars, both the Accord and the hybrid Civic are cash cows.
D) The hybrid Civic is a dog; the Accord is a cash cow.
E) The hybrid Civic is a dog; the Accord is a star.

Answer: A
Explanation: The BCG growth-share matrix is based upon market growth rate and market share. The hybrid car market is a high growth market. The Honda Civic hybrid has high market share of this market. The vehicle will require large injections of cash from other products in the Honda line to maintain or increase market share. As a result, the Honda Civic hybrid is a star. The Honda Accord is well-established in a slower-growth market and controls a significant percentage of market share. Thus, the Accord is a cash cow for Honda and the revenues generated from these cars will be used to finance the marketing of the hybrid Civic, the star. See Figure 2-4 in the text.
Difficulty: 3 Hard
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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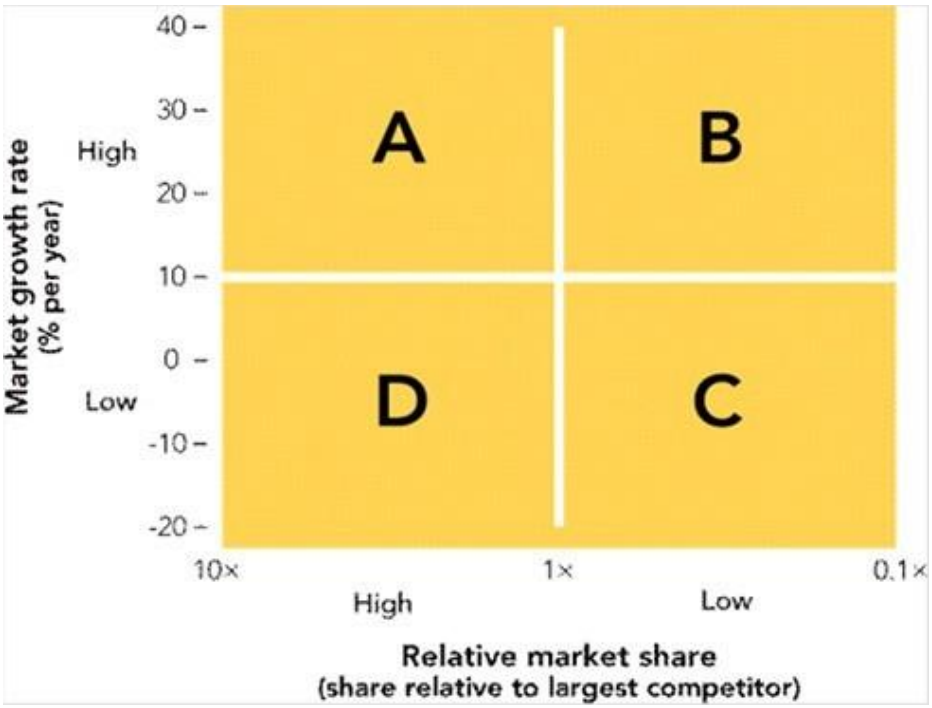

Figure 2-4

198) In Figure 2-4, a representation of the BCG business portfolio analysis, SBUs found in quadrant A would be called
A) cash cows.
B) question marks.
C) dogs.
D) hedgehogs.
E) stars.

Answer: E
Explanation: SBUs with high growth rate and high relative market share are called stars. See Figure 2-4 in the text.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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199) In Figure 2-4, a representation of the BCG business portfolio analysis, SBUs found in quadrant B would be called
A) cash cows.
B) stars.
C) question marks.
D) dogs.
E) hedgehogs.

Answer: C
Explanation: SBUs with high growth rate and low relative market share are called question marks. See Figure 2-4 in the text.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
AACSB: Analytical Thinking
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200) In Figure 2-4, a representation of the BCG business portfolio analysis, SBUs found in quadrant C would be called
A) cash cows.
B) stars.
C) question marks.
D) dogs.
E) hedgehogs.

Answer: D
Explanation: SBUs with low growth rate and low relative market share are called dogs. See Figure 2-4 in the text.
Difficulty: 2 Medium
Topic: BCG Matrix
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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201) In Figure 2-4, a representation of the BCG business portfolio analysis, SBUs found in quadrant D would be called
A) cash cows.
B) stars.
C) question marks.
D) dogs.
E) hedgehogs.

Answer: A
Explanation: SBUs with low growth rate and high relative market share are called cash cows. See Figure 2-4 in the text.
Difficulty: 2 Medium
Topic: BCG Matrix
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

202) To move an SBU from its current position on a BCG business portfolio analysis, a manager should concentrate mostly on
A) influencing the relative market share.
B) enhancing employee motivation to move a low-valued SBU to a higher one.
C) adding a variety of new SBUs that will force out older ones.
D) influencing the market growth rate.
E) simplifying its offerings by removing features.

Answer: A
Explanation: Because an organization has limited influence on market growth rate, its main alternative is to try to change its relative market share. To accomplish this, management decides what role each SBU should have in the future and either injects or removes cash from it.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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203) Because an organization has limited influence on market growth rate, its main alternative for moving an SBU on the portfolio analysis matrix is to try to change its relative market share. The most likely way for a company to turn a question mark into a star rather than a dog is to
A) divert funds to other SBUs.
B) reduce advertising for it.
C) inject cash into it.
D) reduce the feature set for it.
E) decrease the market growth rate.

Answer: C
Explanation: Because an organization has limited influence on market growth rate, its main alternative is to try to change its relative market share. To accomplish this, management decides what role each SBU should have in the future and either injects or removes cash from it. For the SBU become a star, the firm will have to inject cash into it.
Difficulty: 3 Hard
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

204) With the arrival of tablet devices, such as Apple's iPad in 2010, growth in the global PC industry slowed considerably and actually saw negative growth by 2015. If a firm offering a range of PCs had slightly increased its global unit market share of PC sales from 10 to 12 percent but still was not the industry leader, the company should be concerned that this product is a
A) question mark.
B) star.
C) hedgehog.
D) cash cow.
E) dog.

Answer: E
Explanation: In business portfolio analysis, an organization's SBUs often start as question marks and proceed counterclockwise to become stars, then cash cows, and finally dogs. Recent trends have forced Apple's PC SBU to move toward being a dog (low market share in a low-growth market).
Difficulty: 3 Hard
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Apply
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205) Apple entered the music player market in 2001 with its iPod device, selling more that 50 million units annually until 2007, when the iPhone integrated a mobile phone with a music player. Since 2010, iPod sales have been declining dramatically. In 2014 Apple announced that it was discontinuing the iPod classic, and in 2017 it announced that it was discontinuing the iPod shuffle and nano. Today Apple still sells the iPod touch, although declining sales and discontinued products suggest that this SBU appears to be a
A) question mark.
B) star.
C) hedgehog.
D) cash cow.
E) dog.

Answer: E
Explanation: In business portfolio analysis, an organization's SBUs often start as question marks and proceed counterclockwise to become stars, then cash cows, and finally dogs. For Apple, its iPod SBU was a cash cow (high market share in a low-growth market) and now, with declining sales and discontinued products, appears to have entered the dog category.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

206) Apple recently launched its revolutionary Apple watch as the first wearable technology that used a multitouch user interface. Industry analysts estimate that Apple's annual unit sales reached 18 million in 2017 and will reach 45 million watches in 2019, suggesting a 58 percent growth rate. The Apple watch entered the market as a
A) question mark.
B) raptor.
C) hedgehog.
D) cash cow.
E) dog.

Answer: A
Explanation: In business portfolio analysis, an organization's SBUs often start as question marks and proceed counterclockwise to become stars, then cash cows, and finally dogs. The Apple Watch entered the market as a question mark (low/medium market share in a high-growth market) and appears to be growing into a star.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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207) Apple launched its revolutionary iPhone smartphone in 2007. iPhone unit sales skyrocketed and Apple's U.S. market share is now greater than 44 percent, exceeding the market share of its largest competitor, Samsung. The smartphone market is expected to grow at an annual rate of 7 percent due to growth in India, Indonesia, and Africa. Currently, Apple's iPhone SBU appears to be a
A) question mark.
B) star.
C) hedgehog.
D) cash cow.
E) dog.

Answer: B
Explanation: In business portfolio analysis, an organization's SBUs often start as question marks and proceed counterclockwise to become stars, then cash cows, and finally dogs. For Apple, its iPhone SBU is a star (high market share in a high-growth market).
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
AACSB: Analytical Thinking
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208) One of the strengths inherent in the use of the BCG business portfolio analysis is that it
A) is based solely on company perception rather than actual data.
B) considers all factors that might impact an SBU's value to an organization.
C) acts as a strong motivational tool for employees in SBUs that have been labeled "dogs" or "question marks."
D) forces a firm to place each of its SBUs in the growth-share matrix, which in turn suggests which SBUs will be cash producers or cash users in the future.
E) identifies specific marketing strategies and marketing tactics on how to solve SBU shortcomings.

Answer: D
Explanation: The primary strength of business portfolio analysis lies in forcing a firm to place each of its SBUs in the growth-share matrix, which in turn suggests which SBUs will be cash producers or cash users in the future.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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209) One of the weaknesses inherent in the use of the BCG business portfolio analysis is that it
A) causes dissension between different divisions when one is labeled a "star" and another a "dog."
B) reduces employee motivation to move a low valued SBU to a higher one.
C) considers too many SBU factors beyond market growth rate and relative market share.
D) does not require sales forecasts in order to be implemented.
E) is often difficult to obtain the needed information to correctly place SBUs in the matrix.

Answer: E
Explanation: Weaknesses of BCG business portfolio analysis arise from the difficulty in (1) getting the needed information and (2) incorporating competitive data into business portfolio analysis.
Difficulty: 2 Medium
Topic: Business Portfolio Analysis
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

210) A technique that helps a firm search for growth opportunities from among current and new markets as well as current and new products is referred to as
A) diversification analysis.
B) business portfolio analysis.
C) a market-product grid framework.
D) synergy analysis.
E) market segmentation.

Answer: A
Explanation: Key term definition—diversification analysis. See Figure 2-5 in the text.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
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211) Diversification analysis refers to
A) a technique that seeks opportunities by finding the optimum balance between marketing efficiencies versus R&D-manufacturing efficiencies.
B) a framework to relate the market segments of potential buyers to products offered or potential marketing actions by an organization.
C) a technique that helps a firm search for growth opportunities from among current and new markets as well as current and new products.
D) a technique used to determine the appeal of each SBU or offering and then the amount of cash, if any, each should receive.
E) a framework that identifies four "generic" strategies to achieve a competitive advantage.

Answer: C
Explanation: Key term definition—diversification analysis.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

212) Which of the following statements regarding diversification analysis is most accurate?
A) Companies should only use diversification analysis if they are well-established; new companies that use this process run the risk of trying to do too much too soon.
B) For any product, there is both a current and a new market; for any market, there is both a current and a new product.
C) Most companies discover that there is at least one product that is targeted to the wrong market.
D) Diversification analysis is only effective for consumer products.
E) Diversification analysis is used to forecast and calculate industry sales for new products.

Answer: B
Explanation: For any market, there is both a current product (what the firm now sells) and a new product (what the firm might sell in the future). And for any product, there is both a current market (the firm's existing customers) and a new market (the firm's potential customers).
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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213) A marketing strategy to increase sales of current products in current markets is referred to as
A) market penetration.
B) market development.
C) product development.
D) diversification.
E) marketing synergy.

Answer: A
Explanation: Text term definition—market penetration. See Figure 2-5 in the text.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

214) Market penetration refers to the marketing strategy of
A) selling current products to new markets.
B) selling new products to new markets.
C) selling new products to current markets.
D) selling the same brands in both current and new markets.
E) increasing sales of current products in current markets.

Answer: E
Explanation: Text term definition—market penetration. See Figure 2-5 in the text.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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215) One way a company can benefit from implementing a market penetration strategy would be to
A) sell more products at a lower price in new markets.
B) sell the same amount of product at a higher price in the same market.
C) find a new market and sell the product at a much higher price.
D) alter the product and sell it to a new market.
E) reduce promotion and distribution costs to improve production efficiencies for the product in reaching new markets.

Answer: B
Explanation: In market penetration, there is no change in either the basic product line or the markets served. Increased sales are generated by selling either more products through better promotion or distribution, or the same number of products at a higher price.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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216) When using a _____ strategy, there is no change in either the basic product line or the markets served. Instead, increased sales are generated by selling either more products through better promotion or distribution or the same number of products at a higher price.
A) product development
B) market development
C) diversification
D) market saturation
E) market penetration

Answer: E
Explanation: Market penetration is a marketing strategy to increase sales of current products in current markets.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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217) If Ben & Jerry's sold more units of its Chocolate Chip Cookie Dough super premium ice cream to U.S. consumers as a result of increased promotion while keeping its price per pint the same, it would be using a _____ strategy.
A) product development
B) market development
C) market penetration
D) diversification
E) market saturation

Answer: C
Explanation: Market penetration is a marketing strategy to increase sales of current products in current markets. There is no change in either the basic product line or the markets served. Increased sales are generated by selling either more products through better promotion or distribution, or the same number of products at a higher price.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
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218) If sales revenues for Starbucks VIA Ready Brew instant coffee sold to U.S. consumers increased as a result of a slight price increase of $0.25 per pack, it would be using a _____ strategy.
A) product development
B) market development
C) market penetration
D) diversification
E) market saturation

Answer: C
Explanation: Market penetration is a marketing strategy to increase sales of current products in current markets. There is no change in either the basic product line or the markets served. Increased sales are generated by selling either more products through better promotion or distribution, or the same number of products at a higher price.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Apply
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219) The marketing strategy to sell current products to new markets is referred to as
A) market penetration.
B) market infiltration.
C) market development.
D) product development.
E) diversification.

Answer: C
Explanation: Text term definition—market development. See Figure 2-5 in the text.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

220) Market development refers to the marketing strategy of
A) increasing sales of current products in current markets.
B) selling new products to new markets.
C) selling new products to current markets.
D) selling the same brands in both current and new markets.
E) selling current products to new markets.

Answer: E
Explanation: Text term definition—market development. See Figure 2-5 in the text.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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221) If Ben & Jerry's starts selling its super premium ice cream in Brazil for the first time, it will be using a _____ strategy.
A) product development
B) market development
C) diversification
D) market saturation
E) market penetration

Answer: B
Explanation: Ben & Jerry's currently does not do business in Brazil. Market development is a marketing strategy to sell current products to new markets. See Figure 2-5 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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222) Part of the growth strategy for Yum! Brands, the parent company of KFC, Pizza Hut, and Taco Bell, is expansion of its current fast-food businesses into untapped international markets, such as China, Russia, and India. This type of expansion would be a _____ strategy.
A) product development
B) market penetration
C) diversification
D) market development
E) market saturation

Answer: D
Explanation: Market development is a marketing strategy to sell current products to new markets. See Figure 2-5 in the text.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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223) The marketing strategy of selling new products to current markets is referred to as
A) product penetration.
B) product development.
C) market development.
D) diversification.
E) market penetration.

Answer: B
Explanation: Text term definition—product development. See Figure 2-5 in the text.
Difficulty: 1 Easy
Topic: Product Value Creation
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
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224) Product development refers to the marketing strategy of
A) increasing sales of current products in current markets.
B) selling current products to new markets.
C) selling new products to new markets.
D) selling new products to current markets.
E) selling the same brands in both current and new markets.

Answer: D
Explanation: Text term definition—product development. See Figure 2-5 in the text.
Difficulty: 1 Easy
Topic: Product Value Creation
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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225) If Ben & Jerry's sold a line of new "Get the Dough Out of Politics" T-shirts targeted to college students in the United States, it would be using a _____ strategy.
A) product development
B) market development
C) market penetration
D) diversification
E) market saturation

Answer: A
Explanation: Ben & Jerry's currently does not sell clothing but supports getting "big money" out of politics as part of its social mission. Product development is a marketing strategy to increase sales of new products ("Get the Dough Out of Politics" T-shirts) in current markets (U.S. college students).
Difficulty: 3 Hard
Topic: Product Value Creation
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Apply
AACSB: Knowledge Application
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226) During Super Bowl 50, Taco Bell unveiled its latest offering for the U.S. market, the "quesalupa," a hybrid of a quesadilla and a chalupa. Here, Taco Bell was using a _____ strategy.
A) product development
B) market development
C) market penetration
D) diversification
E) market saturation

Answer: A
Explanation: Taco Bell offering a new product, the quesalupa, to the existing U.S. market of Mexican-style fast food diners is a product development strategy.
Difficulty: 3 Hard
Topic: Product Value Creation
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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227) The marketing strategy of developing new products and selling them in new markets is referred to as
A) product penetration.
B) product development.
C) market development.
D) market penetration.
E) diversification.

Answer: A
Explanation: Text term definition—diversification. See Figure 2-5 in the text.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Remember
AACSB: Reflective Thinking
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228) Diversification refers to the marketing strategy of
A) increasing sales of current products in current markets.
B) selling current products to new markets.
C) selling new products to new markets.
D) selling new products to current markets.
E) selling the same brands in both current and new markets.

Answer: C
Explanation: Text term definition—diversification. See Figure 2-5 in the text.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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229) Which of the marketing strategies for expanding sales revenue presents the most risk for an organization?
A) product development
B) product-market evolution
C) market development
D) market penetration
E) diversification

Answer: E
Explanation: A diversification strategy of developing new products in new markets is high risk because of the lack of experience with either for the organization. See Figure 2-5 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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230) If Ben & Jerry's sold a line of new "Get the Dough Out of Politics" T-shirts targeted to college students in Latvia, it would be using a _____ strategy
A) product development
B) market development
C) market penetration
D) diversification
E) market saturation

Answer: D
Explanation: Ben & Jerry's currently does not sell clothing nor does it do business in Latvia. Diversification is a marketing strategy to increase sales of new products ("Get the Dough Out of Politics" T-shirts) in new markets (Latvian college students).
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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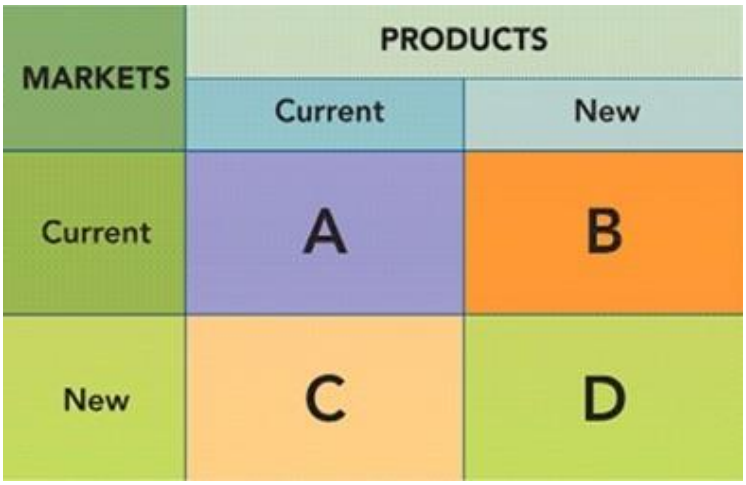

Figure 2-5

231) The image depicted in Figure 2-5 represents what strategic analysis technique?
A) Gantt chart
B) SWOT analysis
C) Pert chart
D) BCG growth-share matrix
E) diversification analysis

Answer: E
Explanation: Diversification analysis is a technique a firm uses to search for growth opportunities form among current and new products and markets. See Figure 2-5 in the text.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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232) Quadrant A in Figure 2-5 represents the marketing strategy of
A) market penetration.
B) product development.
C) market development.
D) product penetration.
E) diversification.

Answer: A
Explanation: Market penetration is a marketing strategy to increase sales of current products in current markets. See Figure 2-5 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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233) Quadrant B in Figure 2-5 represents the marketing strategy of
A) market penetration.
B) product penetration.
C) market development.
D) product development.
E) diversification.

Answer: D
Explanation: Product development is a marketing strategy of selling new products to current markets. See Figure 2-5 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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234) Taco Bell sells Doritos Locos Tacos in the United States, with shells made out of Nacho Cheese Doritos. At introduction, the chain sold 100 million tacos in the first 10 weeks alone, its most popular product launch of all time. Considering Figure 2-5, this is an example of a _____ strategy that would be found in quadrant _____.
A) market penetration; A
B) product development; B
C) diversification; D
D) market development; C
E) product-market expansion; D

Answer: B
Explanation: Product development is a marketing strategy of selling new products to current markets (B), the situation here. See Figure 2-5 in the text.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Apply
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235) Quadrant C in Figure 2-5 represents the marketing strategy of
A) product development.
B) market penetration.
C) market development.
D) product penetration.
E) diversification.

Answer: C
Explanation: Market development is a marketing strategy to sell current products to new markets. See Figure 2-5 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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236) Quadrant D in Figure 2-5 represents the marketing strategy of
A) market penetration.
B) product penetration.
C) market development.
D) product development.
E) diversification.

Answer: E
Explanation: Diversification is a marketing strategy of developing new products and selling them in new markets. See Figure 2-5 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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237) LEGO has traditionally been successful selling its classic construction sets to boys. Recently, LEGO introduced a line of building toys especially for girls called LEGO Friends. It includes feminine characters, pink and purple theme colors, and allows girls to construct more story-related activities. The company felt this was a way to reach into the girl's toy market where alternatives include princess games and accessories. Considering Figure 2-5, this is an example of a _____ strategy that would be found in quadrant _____.
A) market penetration; A
B) product development; B
C) diversification; D
D) market development; C
E) product-market expansion; D

Answer: C
Explanation: Diversification is a marketing strategy of developing new products and selling them in new markets (D). See Figure 2-5 in the text.
Difficulty: 3 Hard
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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238) Which two marketing strategies would be used if a firm were *not* willing to find new markets?
A) product development and market penetration
B) product development and diversification
C) market development and product development
D) market development and market penetration
E) market development and diversification

Answer: A
Explanation: Both market penetration and product development require a firm to expand its current markets. See Figure 2-5 in the text.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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239) The strategic marketing process
A) involves taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it.
B) is a technique to quantify performance measures and growth targets to analyze its clients' strategic business units as though they were a collection of separate investments.
C) describes an organization's appraisal of its internal strengths and weaknesses and its external opportunities and threats.
D) is an approach whereby an organization allocates its marketing mix resources to reach its target markets.
E) seeks opportunities by finding the optimum balance between marketing efficiencies versus R&D-manufacturing efficiencies.

Answer: D
Explanation: Key term definition—strategic marketing process.
Difficulty: 1 Easy
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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240) An approach whereby an organization allocates its marketing mix resources to reach its target markets is referred to as
A) the tactical marketing process.
B) situational analysis.
C) diversification analysis.
D) synergy analysis.
E) the strategic marketing process.

Answer: E
Explanation: Key term definition—strategic marketing process.
Difficulty: 1 Easy
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Remember
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241) An organization uses the strategic marketing process to answer all of the following questions *except* which?
A) "How do our results compare with our plans?"
B) "How do we allocate our resources to get where we want to go?"
C) "Where do we want to go?"
D) "Do deviations require new plans?"
E) "How do we convert our plans into actions?"

Answer: C
Explanation: An organization uses the strategic marketing process to answer questions such as: (1) "How do we allocate our resources to get where we want to go?" (2) "How do we convert our plans into actions?" (3) "How do our results compare with our plans?" and (4) "Do deviations require new plans?" Alternately, "Where are we now?" and "Where do we want to go?" are answered during the analysis (business portfolio and diversification) that occurs prior to the strategic marketing process.
Difficulty: 2 Medium
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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242) Within the strategic marketing process, the _____ is the result of the planning phase that will be carried out in the implementation phase.
A) marketing tactics
B) business plan
C) product protocol
D) marketing plan
E) marketing strategy

Answer: D
Explanation: The marketing plan is the result of the planning phase of the strategic marketing process, and then the implementation phase is where it is carried out. See Figure 2-6 in the text.
Difficulty: 2 Medium
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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243) The key steps of planning, implementation, and evaluation are part of
A) gap analysis.
B) the strategic marketing process.
C) situational analysis.
D) synergy analysis.
E) diversification analysis.

Answer: B
Explanation: Key term definition—strategic marketing process. See Figure 2-6 in the text.
Difficulty: 1 Easy
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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244) What are the three steps involved in the planning phase of the strategic marketing process?
A) Step 1: situation (SWOT) analysis; Step 2: market-product focus and goal setting; and Step 3: the marketing program
B) Step 1: analysis; Step 2: planning; and Step 3: implementation
C) Step 1: set market and product goals; Step 2: select target markets and find points of difference; and Step 3: position the product
D) Step 1: identify industry trends; Step 2: analyze competitors; and Step 3: assess own organization
E) Step 1: Why do we exist?; Step 2: What will we do?; and Step 3: How will we do it?

Answer: A
Explanation: The three steps involved in the planning phase of the strategic marketing process are: Step 1: situation (SWOT) analysis; Step 2: market-product focus and goal setting; and Step 3: the marketing program. See Figure 2-6 in the text.
Difficulty: 2 Medium
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Understand
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245) The initial step in the planning phase of the strategic marketing process involves
A) establishing the budget.
B) developing the marketing program.
C) setting goals.
D) auditing the marketing plan.
E) conducting a situation (SWOT) analysis.

Answer: E
Explanation: The planning phase of the strategic marketing process has three steps. Step 1 is the situation (SWOT) analysis. Step 2 is market-product focus and goal setting. Step 3 is the marketing program. The implementation and evaluation phases follow the planning phase of the strategic marketing process. See Figure 2-6 in the text.
Difficulty: 2 Medium
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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246) Step 2 in the planning phase of the strategic marketing process consists of
A) the situation (SWOT) analysis.
B) market-product focus and goal setting.
C) the marketing program.
D) business portfolio analysis.
E) diversification analysis.

Answer: B
Explanation: The planning phase of the strategic marketing process has three steps. Step 1 is the situation (SWOT) analysis. Step 2 is market-product focus and goal setting. Step 3 is the marketing program. The implementation and evaluation phases follow the planning phase of the strategic marketing process. See Figure 2-6 in the text.
Difficulty: 2 Medium
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Understand
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247) Step 3 in the planning phase of the strategic marketing process consists of
A) diversification analysis.
B) the situation (SWOT) analysis.
C) the marketing program.
D) the market-product focus and goal setting.
E) business portfolio analysis.

Answer: C
Explanation: The planning phase of the strategic marketing process has three steps. Step 1 is the situation (SWOT) analysis. Step 2 is market-product focus and goal setting. Step 3 is the marketing program. The implementation and evaluation phases follow the planning phase of the strategic marketing process. See Figure 2-6 in the text.
Difficulty: 2 Medium
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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248) Taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it is referred to as
A) tactical planning.
B) market planning.
C) goal setting.
D) environmental scanning.
E) situation analysis.

Answer: E
Explanation: Key term definition—situation analysis.
Difficulty: 1 Easy
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Remember
AACSB: Reflective Thinking
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249) A situation analysis refers to
A) taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it.
B) an appraisal of an organization's cash flow and financial ratios to access its health and the potential for new investment.
C) the process of continually acquiring information on events occurring outside the organization to identify and interpret potential trends.
D) a technique that managers use to quantify performance measures and growth targets to analyze its clients' strategic business units as though they were separate investments.
E) the process where a firm searches for growth opportunities from among current and new markets as well as current and new products.

Answer: A
Explanation: Key term definition—situation analysis.
Difficulty: 1 Easy
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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250) A situation analysis requires a firm to consider the external forces and trends that affect it. Some of these may be favorable to the organization while others may be unfavorable. Which of the following is an example of an external force?
A) The firm buys its own fleet of trucks, so it no longer needs to hire a trucking company for distribution.
B) A hiring freeze is put into place. Although no one is fired, no one can be hired.
C) A goal is set to close the gap between production costs and profits.
D) A city government bans plastic straws inside all restaurants and bars in the city limits.
E) Shareholders are rewarded with a sizable dividend check.

Answer: D
Explanation: Regulation from outside the organization would be an external force, part of the regulatory environmental force that is analyzed during an environmental scan (see Chapter 3). Others are internal factors an organization considers.
Difficulty: 3 Hard
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Apply
AACSB: Knowledge Application
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251) The acronym SWOT, as in SWOT analysis, stands for
A) strengths, weaknesses, opportunities, and tactics.
B) strengths, weaknesses, options, and tactics.
C) strengths, weaknesses, opportunities, and threats.
D) simple, workable, optimal, and timely.
E) state the problem, work out a strategy, organize your team, and take action.

Answer: C
Explanation: Key term definition—SWOT analysis.
Difficulty: 1 Easy
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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252) An effective summary tool for an organization's situation analysis is referred to as
A) SWOT analysis.
B) strategic management planning.
C) environmental scanning.
D) market-product grid analysis.
E) marginal analysis.

Answer: A
Explanation: Key term definition—SWOT analysis.
Difficulty: 1 Easy
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

253) In the 1980s, a lapse in production quality and an increase in Japanese imports drove the Harley-Davidson motorcycle company to the brink of bankruptcy. The company's share of the U.S. super-heavyweight market segment—motorcycles with engine capacity of 850 cubic centimeters or more—had shrunk from over 40 percent in the mid-1970s to 23 percent in 1983. But by 1989, Harley-Davidson controlled some 65 percent of this market segment. From a marketing perspective, what was the most likely first step in Harley-Davidson's resurgence?
A) developing a new mission statement
B) repositioning its products in the minds of super heavyweight motorcycle buyers
C) performing a SWOT analysis to assess the firm's internal and external environments
D) selling new models of super heavyweight motorcycles in both the United States (current) and foreign (new) markets
E) improving the quality of its products and communicating this to motorcycle buyers

Answer: C
Explanation: Before making changes in either product or marketing strategy, the firm would have to assess where the firm has been, where it is now, and where it is headed. This enables it to ascertain its internal strengths and weaknesses and its external threats and opportunities, a SWOT analysis.
Difficulty: 3 Hard
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Apply
AACSB: Knowledge Application
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254) Procter & Gamble (P&G) is a consumer packaged goods company where innovation is a key competitive advantage. This allows the firm to develop new products like Crest Whitestrips that consumers desire. P&G also uses its marketing expertise to develop unique product placements on television shows that highlight its brands. A SWOT analysis for P&G would indicate that innovation in product design and marketing is _____ for the firm.
A) a strength
B) a weakness
C) a threat
D) an opportunity
E) a problem

Answer: A
Explanation: In a SWOT analysis, a strength is an internal factor such as innovation and marketing expertise that can be used to improve the marketing prospects of a company, the case with P&G's strength in new product development.
Difficulty: 3 Hard
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

255) Hellmann's is a brand owned by Unilever that produces mayonnaise, among other food products. If a marketing manager at Hellmann's identified that its brand managers lacked the expertise to create additional growth for the firm's products, she would likely incorporate this knowledge into its SWOT analysis as
A) a weakness if the company does not have access to other expertise at Unilever.
B) a strength if the company conceals this information from its competitors.
C) an opportunity if Hellmann's competitors have superior expertise.
D) a threat if Hellmann's does not have resources to develop additional expertise.
E) part of a marketing plan; this information would not be part of a SWOT analysis.

Answer: A
Explanation: This is potentially an unfavorable internal factor, a weakness. Part of the purpose of SWOT analysis is to assist in making better marketing decisions. This would be a great time for the firm to recruit experienced managers from Unilever or other consumer product firms to help stimulate growth.
Difficulty: 3 Hard
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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256) All of the following form the foundation upon which a firm builds its marketing program during the strategic marketing process *except* which?
A) research the organization's present and prospective customers
B) determine what business the organization is in
C) assess the organization itself
D) identify trends in the organization's industry
E) analyze the organization's competitors

Answer: B
Explanation: Determining what business the organization is in is done before engaging in the strategic marketing process.
Difficulty: 2 Medium
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

257) The goal of a SWOT analysis is to
A) identify market research questions in order to develop new products for new market segments.
B) determine how raises, bonuses, and dividends will be paid.
C) reorganize the firm's marketing department.
D) identify the critical strategy-related factors that can impact the firm.
E) fairly allocate governmental resources and financial aid across the industry.

Answer: D
Explanation: The ultimate goal of a SWOT analysis is to identify the critical strategy-related factors that can impact the firm and then build on vital strengths, correct glaring weaknesses, exploit significant opportunities, and avoid disaster-laden threats.
Difficulty: 2 Medium
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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258) All of the following are marketing actions that can be taken as a result of a SWOT analysis *except* which?
A) exploit an opportunity
B) enhance sales with action
C) avoid a disaster-laden threat
D) build on a strength
E) correct a weakness

Answer: B
Explanation: The ultimate goal of a SWOT analysis is to identify the critical strategy-related factors that impact the firm and then build on vital strengths, correct glaring weaknesses, exploit significant opportunities, and avoid disaster-laden threats.
Difficulty: 2 Medium
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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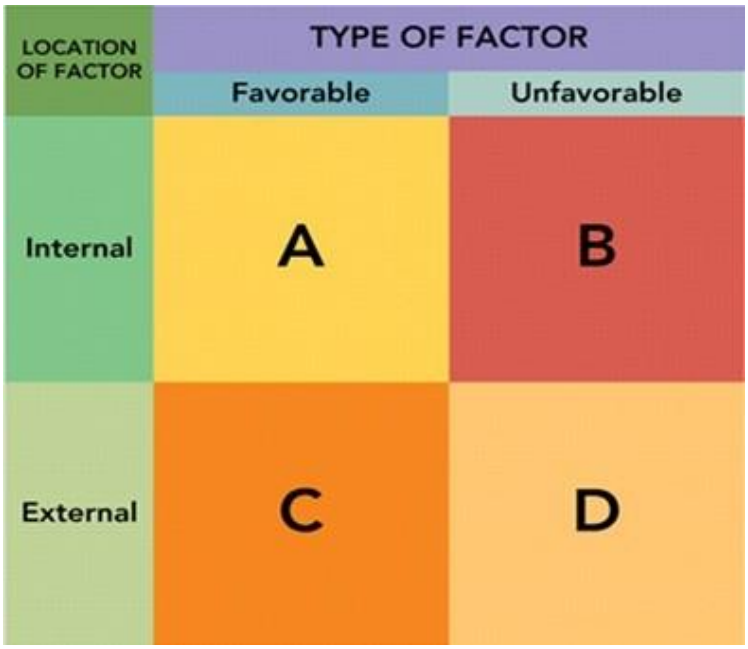

Figure 2-7

259) Consider Figure 2-7. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that result in power outages. The firm is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits (consisting of food bars, a water filtration system, first aid supplies, etc.). Before going ahead with this decision, several factors had to be considered: (1) The firm has a great reputation with its flashlights and does not want to ruin it. (2) Its physical plant could be refitted relatively easily to make small generators, but it would be rather costly. (3) It would have to rely on another firm to manufacture and package the survival kits. (4) Although there are nine named hurricanes anticipated for the upcoming year, no one really can predict what will happen. The company's reputation would fall in which quadrant(s) of the SWOT analysis grid?
A) A
B) B
C) C
D) D
E) both A and C

Answer: A
Explanation: The firm's reputation is a favorable internal factor or strength (A). See Figure 2-7 in the text.
Difficulty: 3 Hard
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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260) Consider Figure 2-7. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that result in power outages. The firm is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits (consisting of food bars, a water filtration system, first aid supplies, etc.). Before going ahead with this decision, several factors had to be considered: (1) The firm has a great reputation with its flashlights and does not want to ruin it. (2) Its physical plant could be refitted relatively easily to make small generators, but it would be rather costly. (3) It would have to rely on another firm to manufacture and package the survival kits. (4) Although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The company's need to refit its factory would fall in which quadrant(s) of the SWOT analysis grid?
A) A
B) B
C) C
D) D
E) both B and D

Answer: B
Explanation: The cost of refitting a physical plant would be an unfavorable internal factor, or weakness (B). See Figure 2-7 in the text.
Difficulty: 3 Hard
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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261) Consider Figure 2-7. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that result in power outages. The firm is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits (consisting of food bars, a water filtration system, first aid supplies, etc.). Before going ahead with this decision, several factors had to be considered: (1) The firm has a great reputation with its flashlights and does not want to ruin it. (2) Its physical plant could be refitted relatively easily to make small generators, but it would be rather costly. (3) It would have to rely on another firm to manufacture and package the survival kits. (4) Although there are nine named hurricanes forecasted for the upcoming year, no one really can predict what will happen. The projected number of hurricanes would fall in which quadrant(s) of the SWOT analysis grid?
A) A
B) B
C) C
D) D
E) both C and D

Answer: E
Explanation: For the firm, the weather is beyond its control—an external factor. If the hurricanes affect the area as expected or if there are more than expected, then this would be a favorable external factor, or an opportunity. If there are fewer hurricanes than expected, then this would be an unfavorable external factor—a threat. Therefore, the number of hurricanes could be either quadrant—opportunity or threat (C and D). See Figure 2-7 in the text.
Difficulty: 3 Hard
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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262) Consider Figure 2-7. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that result in a loss of power. The firm is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits. Before going ahead with this decision, several factors had to be considered: (1) The firm has a great reputation with its flashlights and doesn't want to ruin it. (2) Its physical plant could be refitted relatively easily to make small generators, but it would be rather costly. (3) It would have to rely on another firm to manufacture and package the survival kits. (4) Although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The need to rely on another company to supply the survival kits would fall in which quadrant(s) of the SWOT analysis grid?
A) A
B) B
C) C
D) D
E) both C and D

Answer: D
Explanation: The need to rely on another company to supply the survival kits potentially represents an external unfavorable factor. The flashlight firm would have to rely on an outside source supplier over which it would have limited control (deadlines, quality control, changes in materials costs, etc.) and there is a greater potential of competition from other sources that provide the materials in the kit. Therefore, external-unfavorable, or threat (D), is the correct answer. See Figure 2-7 in the text.
Difficulty: 3 Hard
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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263) Quadrant A in Figure 2-7 represents a(n) _____ in a SWOT analysis.
A) threat
B) weakness
C) strength
D) opportunity
E) market segment

Answer: C
Explanation: A strength is an internal, favorable factor as a result of a SWOT analysis for an organization. See Figure 2-7 in the text.
Difficulty: 1 Easy
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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264) Quadrant B in Figure 2-7 represents a(n) _____ in a SWOT analysis.
A) threat
B) weakness
C) strength
D) opportunity
E) market segment

Answer: B
Explanation: A weakness is an internal, unfavorable factor as a result of a SWOT analysis for an organization. See Figure 2-7 in the text.
Difficulty: 1 Easy
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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265) Quadrant C in Figure 2-7 represents a(n) _____ in a SWOT analysis.
A) threat
B) weakness
C) strength
D) opportunity
E) market segment

Answer: D
Explanation: An opportunity is an external, favorable factor as a result of a SWOT analysis for an organization. See Figure 2-7 in the text.
Difficulty: 1 Easy
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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266) Quadrant D in Figure 2-7 represents a(n) _____ in a SWOT analysis.
A) threat
B) weakness
C) strength
D) opportunity
E) market segment

Answer: A
Explanation: A threat is an external, unfavorable factor as a result of a SWOT analysis for an organization. See Figure 2-7 in the text.
Difficulty: 1 Easy
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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267) Aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action is referred to as
A) market aggregation.
B) market segmentation.
C) product sorting.
D) product grouping.
E) mass marketing.

Answer: B
Explanation: Key term definition—market segmentation.
Difficulty: 1 Easy
Topic: Methods of Market Segmentation
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Remember
AACSB: Reflective Thinking
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268) Market segmentation refers to
A) identifying small groups of customers with dissimilar needs.
B) aggregating prospective buyers into groups and selecting only those whose needs cannot be met by competitors' products.
C) aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action.
D) aggregating different products into more reasonable product groupings to better serve consumers' needs.
E) those characteristics of a product that make it superior to competitive substitutes.

Answer: C
Explanation: Key term definition—market segmentation.
Difficulty: 1 Easy
Topic: Methods of Market Segmentation
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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269) Market segmentation is a part of what step in the strategic marketing process?
A) situation analysis
B) market-product focus and goal setting
C) marketing program
D) implementation
E) evaluation

Answer: B
Explanation: Determining which products will be directed toward which customers (Step 2 of the planning phase, market-product focus and goal setting) is essential for developing an effective marketing program (Step 3). This decision is often based on market segmentation, or aggregating prospective buyers into segments that have common needs and will respond similarly to a marketing action.
Difficulty: 2 Medium
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Understand
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270) To develop a successful marketing plan for a soft drink, the process of _____ would most likely be used to group consumers on the basis of whether they prefer sugar-free and caffeine-free soda, caffeine-free sugared soda, or regular soda with sugar and caffeine.
A) market aggregation
B) product segmentation
C) customer grouping
D) mass marketing
E) market segmentation

Answer: E
Explanation: Market segmentation is the process of aggregating prospective buyers into groups, or segments that have common needs and will respond similarly to a marketing action, the situation with soft drinks.
Difficulty: 3 Hard
Topic: Methods of Market Segmentation
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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271) During Step 2 of the strategic marketing process, firms such as Ben & Jerry's engage in all of the following marketing activities *except* which?
A) Position the product.
B) Set marketing and product goals.
C) Develop the marketing program.
D) Select target markets.
E) Find points of difference.

Answer: C
Explanation: Determining which products will be directed toward which customers (Step 2 of the planning phase) is essential for developing an effective marketing program (Step 3). The following marketing activities are performed during Step 2: (1) segment the market; (2) set marketing and product goals; (3) select target markets; (4) find points of difference; and (5) position the product. Step 3 is developing the marketing program. See Figure 2-6.
Difficulty: 2 Medium
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Understand
AACSB: Analytical Thinking
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272) In a marketing context, goal setting involves specifying measurable _____ to be achieved.
A) marketing metrics
B) marketing objectives
C) marketing tactics
D) marketing plans
E) protocols

Answer: B
Explanation: In a marketing context, goal setting involves setting measurable marketing objectives to be achieved possibly for a specific market, a specific product or brand, or an entire marketing program.
Difficulty: 1 Easy
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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273) Those characteristics of a product that make it superior to competitive substitutes are referred to as
A) core benefit propositions.
B) marketing mix elements.
C) points of difference.
D) marketing attributes.
E) product protocols.

Answer: C
Explanation: Key term definition—points of difference.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Remember
AACSB: Reflective Thinking
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274) Points of difference refer to
A) the fundamental, passionate, and enduring principles of an organization that guide its conduct over time.
B) the cluster of benefits that an organization promises customers to satisfy their needs.
C) a unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.
D) those characteristics of a product that make it superior to competitive substitutes.
E) the use of percentage points of market share to allocate marketing resources effectively for different product lines within the same firm.

Answer: D
Explanation: Key term definition—points of difference.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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275) At which step of the planning stage of the strategic marketing process does a firm develop its marketing mix?
A) situation analysis
B) goal setting
C) marketing program
D) implementation
E) market segmentation

Answer: C
Explanation: The marketing program represents the "how" aspect or Step 3 of the strategic marketing process, where an organization develops both its marketing mix and budget. See Figures 2-6 and 2-8 in the text.
Difficulty: 2 Medium
Topic: The Strategic Marketing Process
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Understand
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276) The marketing program, Step 3 in the strategic planning process, answers which question?
A) who
B) what
C) when
D) why
E) how

Answer: E
Explanation: The marketing program represents the "how" aspect or Step 3 of the strategic marketing process, where an organization develops both its marketing mix and budget.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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277) The _____ element of the marketing mix includes features and packaging.
A) product
B) price
C) promotion
D) place
E) people

Answer: A
Explanation: The product element of the marketing mix includes features, brand name, packaging, service, and warranty. See Figure 2-8 in the text.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Remember
AACSB: Reflective Thinking
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278) The _____ element of the marketing mix includes discounts and allowances.
A) product
B) price
C) promotion
D) place
E) people

Answer: B
Explanation: The price element of the marketing mix includes list price, discounts, allowances, credit terms, and payment period. See Figure 2-8 in the text.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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279) The _____ element of the marketing mix includes personal selling and advertising.
A) product
B) price
C) promotion
D) place
E) people

Answer: C
Explanation: The promotion element of the marketing mix includes advertising, personal selling, public relations, sales promotion, and direct marketing. See Figure 2-8 in the text.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

280) The _____ element of the marketing mix includes outlets and transportation.
A) product
B) price
C) promotion
D) place
E) people

Answer: D
Explanation: The place (distribution) element of the marketing mix includes outlets, channels, coverage, transportation, and stock level. See Figure 2-8 in the text.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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281) Alcatel offers a simple cell phone with calling and an FM radio for use in most international markets. This an example of Alcatel's
A) evaluation Strategy.
B) price strategy.
C) place strategy.
D) promotion strategy.
E) product strategy.

Answer: E
Explanation: The product element of the marketing mix includes features, brand name, packaging, service, and warranty. See Figure 2-8 in the text.
Difficulty: 3 Hard
Topic: Strategic Marketing Planning
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Apply
AACSB: Knowledge Application
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282) Medtronic, a company that makes heart pacemakers, introduced a new product at medical conventions across Asia to demonstrate its many beneficial features. The convention presentations are an example of its
A) market segmentation and targeting strategy.
B) price strategy.
C) place strategy.
D) promotion strategy.
E) product strategy.

Answer: D
Explanation: The promotion element of the marketing mix includes advertising, personal selling, public relations, sales promotion, and direct marketing. See Figure 2-8.
Difficulty: 3 Hard
Topic: Strategic Marketing Planning
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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283) Unilever distributes its Lipton tea products in part through independent brokers, agents, and distributors to chain, wholesale, co-operative, and independent grocery accounts and food service. This is an example of a firm's
A) market segmentation and targeting strategy.
B) price strategy.
C) place strategy.
D) promotion strategy.
E) product strategy.

Answer: C
Explanation: The place (distribution) element of the marketing mix includes outlets, channels, coverage, transportation, and stock level. See Figure 2-8 in the text.
Difficulty: 3 Hard
Topic: Strategic Marketing Planning
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

284) The second phase of the strategic marketing process is the
A) tactics phase.
B) strategic phase.
C) planning phase.
D) implementation phase.
E) evaluation phase.

Answer: D
Explanation: Implementation, the second phase of the strategic marketing process, involves carrying out the marketing plan that emerges from the planning phase. See Figure 2-6 in the text.
Difficulty: 1 Easy
Topic: Elements of a Marketing Strategy
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
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285) In which phase of the strategic marketing process does a firm obtain resources, design the marketing organization, develop schedules, and execute the marketing program?
A) planning phase
B) implementation phase
C) evaluation phase
D) strategic phase
E) tactics phase

Answer: B
Explanation: The four components of the implementation phase include: (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) actually executing the marketing program designed in the planning phase.
Difficulty: 1 Easy
Topic: Elements of a Marketing Strategy
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

286) All of the following are components of the implementation phase of the strategic marketing process *except* which?
A) defining precise tasks, responsibilities, and deadlines
B) executing the marketing program
C) designing the marketing organization
D) conducting R and D
E) obtaining resources

Answer: D
Explanation: The four components of the implementation phase include: (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) actually executing the marketing program designed in the planning phase.
Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
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287) The actions taken during the implementation phase of the strategic marketing process include which of these?
A) obtain resources
B) select target markets
C) position the product
D) find points of difference
E) correct deviations from expected outcomes

Answer: A
Explanation: There are four components of the implementation phase: (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) actually executing the marketing program designed in the planning phase.
Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

288) In a typical manufacturing firm, the structure of its marketing department is typically organized from top to bottom in which of these ways?
A) CEO to CFO to product manager
B) CEO to CMO to product manager
C) product manager to marketing research manager to sales manager to promotion manager
D) industry manager to market manager to product manager
E) product manager to CMO to sales manager

Answer: B
Explanation: In a typical manufacturing firm, the structure of its marketing department is typically organized as follows: CEO to CMO to product manager. See Figure 2-9 in the text.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Remember
AACSB: Reflective Thinking
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289) An aid to implementing a marketing plan that consists of four columns: (1) the task; (2) the person responsible for completing that task; (3) the date to finish the task; and (4) what is to be delivered is referred to as
A) an output report.
B) a Gantt chart.
C) a market plan.
D) an action item list.
E) a marketing action memo.

Answer: D
Explanation: Text term definition—action item list.
Difficulty: 2 Medium
Topic: Elements of the Marketing Plan
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

290) An action item list refers to an aid to implement a marketing plan that consists of four columns, including which of these?
A) the person responsible to complete a task
B) the budget
C) the product or service
D) the points of difference
E) the promotional message

Answer: A
Explanation: An action item list is an aid to implementing a marketing plan and consisting of four columns: (1) the task; (2) the person responsible for completing that task; (3) the date to finish the task; and (4) what is to be delivered.
Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Understand
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291) When participating in major projects in college marketing classes, effective teams can use a _____ to be sure that each team member does a fair amount of work and that class projects are finished efficiently and on time.
A) market-product grid
B) project schedule
C) Plan-A-Gram
D) Gantt chart
E) sales response function

Answer: D
Explanation: Scheduling production and marketing activities—from a college term project to a new product rollout—can be done efficiently with a Gantt chart, which is a graphical representation of a program schedule. See Figure 2-10 in the text.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Understand
AACSB: Analytical Thinking
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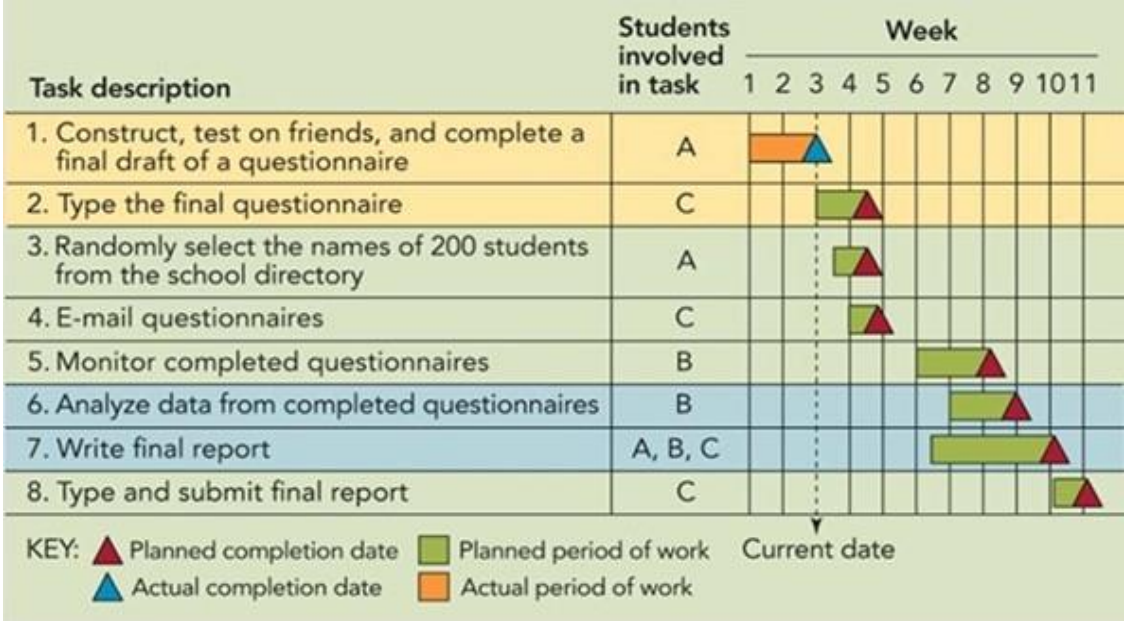

Figure 2-10

292) Figure 2-10 is known as a _____, which is helpful for scheduling activities when some must be completed before others can begin.
A) market-product grid
B) project schedule
C) Plan-A-Gram
D) Gantt chart
E) sales response function

Answer: D
Explanation: Scheduling production and marketing activities—from a term project to a new product rollout such as Microsoft Project—can be done efficiently with a Gantt chart, which is a graphical representation of a program schedule. See Figure 2-10 in the text.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
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293) Which of the following tasks shown in Figure 2-10 must be done sequentially rather than concurrently?
A) 1 and 2
B) 2 and 3
C) 3 and 4
D) 5 and 7
E) 6 and 7

Answer: A
Explanation: Effective scheduling requires that sequential tasks be distinguished from concurrent tasks, the latter permitting tasks to "overlap" in the schedule. The key to all scheduling techniques is to distinguish tasks that must be done sequentially from those that can be done concurrently. Only tasks 1 and 2 can be done sequentially in the list of the tasks presented. See Figure 2-10 in the text.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

294) The key to all scheduling techniques is to
A) avoid scheduling tasks that can be done concurrently.
B) avoid tasks that must be done sequentially.
C) make sure to allow a 20 percent delay factor to account for contingencies.
D) assign responsibility for end results to the entire group rather than a single individual.
E) distinguish tasks that must be done sequentially from those that can be done concurrently.

Answer: E
Explanation: The key to all scheduling techniques is to distinguish tasks that must be done sequentially from those that can be done concurrently.
Difficulty: 2 Medium
Topic: Elements of the Marketing Plan
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
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295) A marketing _____ is defined as the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.
A) plan
B) tactic
C) strategy
D) concept
E) action

Answer: C
Explanation: Key term definition—marketing strategy.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

296) A marketing strategy refers to
A) the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.
B) the tactical decisions made to implement the marketing program.
C) a technique to quantify performance measures and growth targets of a firm's strategic business units (SBUs).
D) a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
E) the detailed day-to-day operational decisions.

Answer: A
Explanation: Key term definition—marketing strategy.
Difficulty: 1 Easy
Topic: Strategic Marketing Planning
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Remember
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297) A marketing strategy typically addresses both the _____ and the _____.
A) product groupings; target markets
B) target market; marketing program
C) subjective; objective plans
D) revenues generated; market share achieved
E) feasibility; time required to implement

Answer: B
Explanation: A marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

298) A marketing strategy is the means by which a marketing goal is to be achieved. The two parts that usually characterize a marketing strategy are
A) specific organizational goals and objectives.
B) a detailed marketing plan and a marketing budget.
C) marketing strategies and marketing tactics.
D) a specified target market and a marketing program to reach it.
E) marketing metrics and marketing dashboards to track effectiveness.

Answer: D
Explanation: A marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it. The term implies both the end sought (target market) and the means to achieve it (marketing program).
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
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299) Which of the following statements reflects the key elements in developing a marketing strategy for L. M. Schofield, Inc., a company that produces specialized concrete surfaces for heavily trafficked areas such as retail outlets and amusement parks?
A) Subscribe to all the major trade journals to determine the offerings of competitors.
B) Communicate with contractors using direct mail about the various walking surfaces Schofield can create for riding and walking paths.
C) Design a sample ad and test it using visitors at a trade show.
D) Hire six new sales representatives for the Midwest regional office and train them on all aspects of concrete surfaces.
E) Conduct a focus group to decide on which surface to use for a theme park in Brazil.

Answer: B
Explanation: Communications with contractors is the only answer that both identifies a target market (contractors building riding and walking paths) and describes the marketing program to reach it (direct mail to communicate the variety of surfaces). All the other alternatives are examples of marketing tactics.
Difficulty: 3 Hard
Topic: Strategic Marketing Planning
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

300) Marketing tactics refer to the
A) long-term decisions made to implement the marketing program and the monitoring of those decisions.
B) detailed day-to-day operational decisions essential to the overall success of marketing strategies.
C) steps taken to develop an effective marketing plan.
D) development of marketing strategies to achieve the organization's marketing objectives.
E) refinement of the organization's mission based on the results obtained from a marketing audit.

Answer: B
Explanation: Key term definition—marketing tactics.
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
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301) The detailed day-to-day operational decisions essential to the overall success of marketing strategies are referred to as
A) marketing plans.
B) marketing programs.
C) marketing tactics.
D) marketing strategies.
E) marketing procedures.

Answer: C
Explanation: Key term definition—marketing tactics.
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Remember
AACSB: Reflective Thinking
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302) Compared to marketing strategies, marketing tactics generally involve actions that
A) are detailed day-to-day operational decisions.
B) are long-term rather than short-term.
C) involve upper levels of management rather than front-line managers.
D) are general rather than specific in nature.
E) have been successfully implemented in the past.

Answer: A
Explanation: Marketing tactics are detailed day-to-day operational decisions essential to the overall success of marketing strategies.
Difficulty: 2 Medium
Topic: Elements of the Marketing Plan
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
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303) Marketers at Volkswagen in Istanbul created a digital flip film out of some 200 photos to tout the prowess of their new truck, the Amarok, hoping it would be a clever way to get people to engage. This action is an example of Volkswagen's marketing
A) tactics.
B) missions.
C) visions.
D) strategies.
E) customer values.

Answer: A
Explanation: Marketing tactics are detailed day-to-day operational decisions essential to the overall success of marketing strategies. This includes writing ads and setting specific prices for items in a product line, such as the truck briefly mentioned here.
Difficulty: 3 Hard
Topic: Elements of the Marketing Plan
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Apply
AACSB: Knowledge Application
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304) Eileen Fisher is a leader in sustainable fashion. For two weekends in the summer of 2016, shoppers could visit a pop-up shop in Brooklyn, NY, to purchase upcycled fashion pieces created from damaged items donated to the company's Green Initiative. Use of a pop-up shop to sell these items is one of Eileen Fisher's marketing
A) missions.
B) visions.
C) strategies.
D) tactics.
E) customer values.

Answer: D
Explanation: Marketing tactics are detailed day-to-day operational decisions essential to the overall success of marketing strategies, including the use of a pop-up shop for a product line.
Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
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305) The strategic marketing process involves three phases: planning, implementation, and
A) review.
B) execution.
C) evaluation.
D) goal revision.
E) correction.

Answer: A
Explanation: The strategic marketing process involves three phases: planning, implementation, and evaluation.
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

306) The third and final phase of the strategic marketing process is the
A) tactics phase.
B) strategic phase.
C) planning phase.
D) implementation phase.
E) evaluation phase.

Answer: E
Explanation: Evaluation, the third phase of the strategic marketing process, requires the marketing manager to (1) compare the results of the marketing program with the goals in the written plans to identify deviations and (2) act on these deviations, exploiting positive deviations and correcting negative ones.
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
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307) The two major aspects of the evaluation phase of the strategic marketing process are
A) segmenting the market and selecting target markets.
B) establishing a business mission and designing measurable goals and objectives.
C) designing the marketing mix and setting the budget.
D) comparing the results of the marketing program with the goals to identify deviations and acting on them.
E) executing the marketing plan and designing the marketing organization.

Answer: D
Explanation: Evaluation, the third phase of the strategic marketing process, requires the marketing manager to (1) compare the results of the marketing program with the goals in the written plans to identify deviations and (2) act on these deviations, exploiting positive deviations and correcting negative ones.
Difficulty: 2 Medium
Topic: Elements of the Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Bloom's: Understand
AACSB: Analytical Thinking
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308) The actions taken during the evaluation phase of the strategic marketing process include comparing results with plans to identify deviations and
A) starting the planning process anew.
B) executing the marketing program.
C) tracking unit sales and revenues and comparing with competitors.
D) developing the budget by estimating revenues, expenses, and profits.
E) exploiting positive deviations and correcting negative ones.

Answer: E
Explanation: The actions taken during the evaluation phase of the strategic marketing process include (1) compare results with plans to identify deviations and (2) exploit positive deviations and correct negative ones.
Difficulty: 2 Medium
Topic: Elements of the Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
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309) The difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place is referred to as the
A) planning gap.
B) contribution margin.
C) point of difference.
D) break-even point.
E) sales response function.

Answer: A
Explanation: Text term definition—planning gap.
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Bloom's: Remember
AACSB: Reflective Thinking
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310) The planning gap refers to
A) the difference between projected total costs and realized total revenues.
B) the difference between projected total costs and net profits.
C) the difference between marginal revenue and marginal cost.
D) the percentage point difference between a firm and its next largest competitor in terms of market share.
E) the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place.

Answer: E
Explanation: Text term definition—planning gap.
Difficulty: 1 Easy
Topic: Elements of the Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
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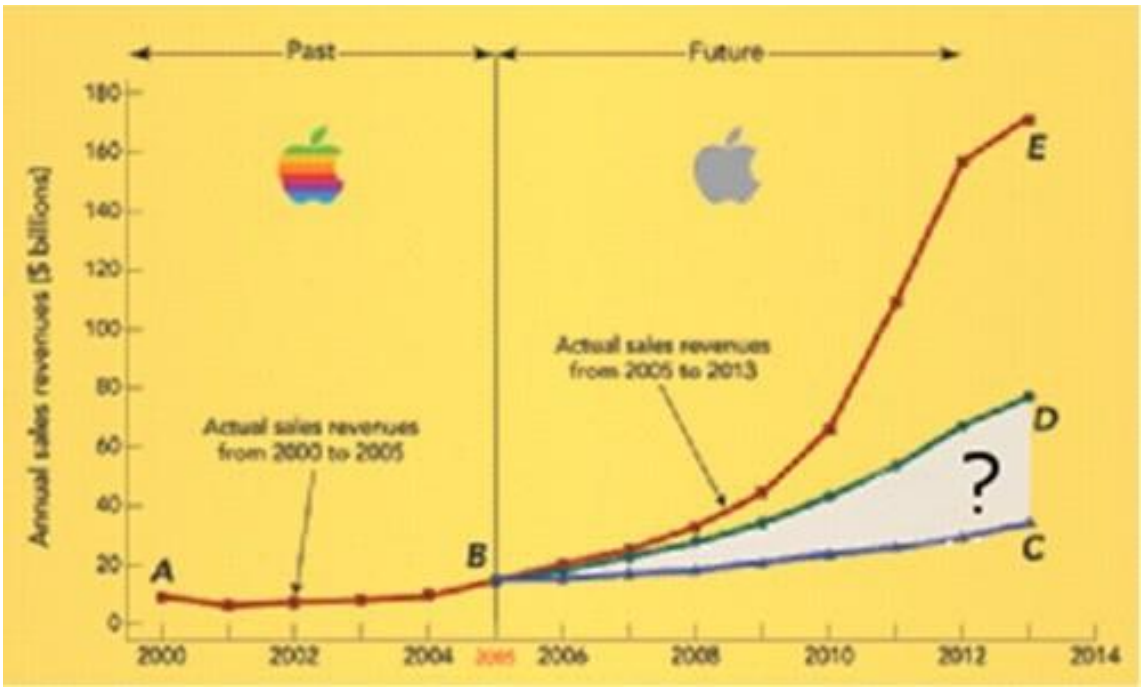

Figure 2-11

311) The question mark (?) represented by the wedge DBC in Figure 2-11 is the
A) contribution margin.
B) marginal trend.
C) breakeven point.
D) planning gap.
E) sales differential.

Answer: D
Explanation: A planning gap (wedge DBC) is the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place. See Figure 2-11 in the text.
Difficulty: 1 Easy
Topic: Elements of a Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
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312) Based on the information in Figure 2-11, the planning gap between 2005 and 2013, as represented by the wedge DBC,
A) is widening.
B) is narrowing.
C) is staying the same.
D) cannot be quantified.
E) began to open in 1998.

Answer: A
Explanation: A planning gap (wedge DBC) is the difference between the projection of the path to reach a new goal (line BD) and the projection of the path of the results of a plan already in place (line BC). This difference is widening. See Figure 2-11 in the text.
Difficulty: 2 Medium
Topic: Elements of a Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Bloom's: Understand
AACSB: Analytical Thinking
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313) Based on the sales revenue data shown in Figure 2-11, as a marketing manager for Apple, you would most likely conclude that
A) the planning gap is narrowing.
B) the actual sales results (line BE) are on track with the new plan (line BD).
C) the actual sales results (lines AB and BE) are on track with the 2005 plan (line BC).
D) sales are increasing significantly since 2005 (line BD).
E) another new plan has been needed since 2005, since the planning gap (wedge DBC) is widening each year thereafter.

Answer: E
Explanation: When evaluation shows that actual performance fails to meet expectations, managers need to take corrective actions, such as devising a new marketing plan. In Apple's case, another new plan should have been developed after 2005, due in large part to the phenomenal growth in iPhone and iPad sales. Line BD is the plan, not the actual sales. See Figure 2-11 in the text.
Difficulty: 2 Medium
Topic: Elements of the Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
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314) When evaluations show that actual performance differs from expectations, firms typically attempt to
A) decide if the time horizon should be increased or decreased.
B) perform a SWOT analysis with their major competitor as the principal focus.
C) use statistical linear trend analysis to interpret the results.
D) exploit a positive deviation or correct a negative deviation.
E) adopt a market-product grid to analyze the sales results.

Answer: D
Explanation: When an evaluation shows that actual performance fails to meet expectations, managers need to take corrective actions, such as exploiting a positive deviation or correcting a negative deviation. See Figure 2-11 in the text.
Difficulty: 2 Medium
Topic: Elements of a Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

315) A planning gap is the difference between the projection of the path to reach a new sales revenue goal and the projection of the path of a plan already in place. The ultimate purpose of the firm's marketing program is to _____ this planning gap.
A) calculate the contribution margin of
B) calculate the marginal trend of
C) create the break-even point for
D) fill in
E) determine the sales differential of

Answer: D
Explanation: A planning gap is the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place. The ultimate purpose of the firm's marketing program is to fill in this planning gap. See Figure 2-11 in the text.
Difficulty: 2 Medium
Topic: Elements of a Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
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316) Evergreen Air Center is the world's largest parking lot for unwanted commercial aircraft. Airlines pay from $750 to $5,000 monthly for the storage services provided by Evergreen. Prior to September 2001, the company had 140 discarded airplanes at its Arizona facilities and was growing at a rate of about six planes monthly with about two per month sold for parts or scrap metal. After calamity struck the airline industry in September 2001, airlines retired over 1,000 planes, and the actual number of planes stored at Evergreen differed significantly from its earlier prediction. Evergreen needed a new marketing plan; without one, the company would see a widening of the
A) contribution margin.
B) planning gap.
C) marginal trend.
D) break-even point.
E) sales differential.

Answer: B
Explanation: A planning gap is the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place, the situation here. See Figure 2-11 in the text.
Difficulty: 3 Hard
Topic: Elements of the Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

317) The marketing manager looks for two kinds of deviations during the evaluation phase, each triggering a different kind of action: (1) actual results fall short of goals and (2)
A) deviations that result from major shifts in customer needs.
B) actual results exceed goals.
C) lack of deviations when there should be.
D) deviations that result from executive mandates.
E) deviations that are blamed on insufficient marketing support (personnel or funding).

Answer: B
Explanation: The marketing manager is looking for two kinds of deviations, each triggering a different kind of action: (1) actual results fall short of goals and (2) actual results exceed goals.
Difficulty: 2 Medium
Topic: Elements of a Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
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318) Alex has just completed measuring the results of her firm's product performance. Her next step will be to
A) do a profitability analysis.
B) take necessary corrective actions.
C) bring these to the marketing auditor.
D) proceed regardless of deviations from original plans.
E) compare the results against the goals specified in the marketing plan.

Answer: E
Explanation: The essence of evaluation, the final phase of the strategic marketing process, is to compare results with planned goals for the marketing program in order to take necessary corrective actions.
Difficulty: 3 Hard
Topic: Elements of a Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

319) IBM's business strategy to help its clients prepare for a world that is infused with digital intelligence and a world where humans and machines work side-by-side to do thing that humans simply cannot do alone is known as
A) "The IBM Way."
B) "Let's Put Smart to Work."
C) "Reinvent Business."
D) "The 2020 Road Map."
E) "Big Blue."

Answer: B
Explanation: Ann Rubin, Vice President of Corporate Marketing at IBM, explains, "IBM is in a constant state of innovation, preparing for a world that is infused with digital intelligence and a world where humans and machines work side-by-side to do thing that humans simply cannot do alone." "Let's Put Smart to Work' is an invitation. We're asking clients and partners to work with us to put smart to work to use innovative technologies to change businesses and industries and organizations." See Video Case 2: IBM: Putting Smart Strategy to Work.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
AACSB: Analytical Thinking
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320) Which of the following is a core value underlying business practices at IBM?
A) fast failure in research and development
B) honoring the contributions of important leaders
C) rapid but sustainable growth
D) influencing of popular culture
E) innovation that matters for the company and for the world

Answer: E
Explanation: According to Teresa Yoo, Vice President of Brand Strategy and Experience Design, there are three underlying values of IBM's business practices: (1) a dedication to every client's success, (2) innovation that matters for the company and for the world, and (3) trust and personal responsibility in all relationships. See Video Case 2: IBM: Putting Smart Strategy to Work.
Difficulty: 1 Easy
Topic: Developing a Competitive Strategy
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Remember
AACSB: Reflective Thinking
Accessibility: Keyboard Navigation

321) All of the following are important branded offerings that will meet IBM's customer needs into the future *except* which?
A) artificial intelligence capable of analyzing company and consumer data
B) industry-specific consulting services
C) entertainment-focused PCs and hard disk drives
D) enterprise-strength cloud capabilities
E) advanced cyber security

Answer: C
Explanation: IBM believes that in the near future businesses will need enterprise-strength cloud capabilities, artificial intelligence that is capable of analyzing all company and consumer data, industry-specific consulting services, and advanced cyber security. According to Teresa Yoo, vice president of brand strategy and experience design, IBM has focused around a few core brands that it wants to be known for: IBM Watson for AI, IBM Cloud, IBM Security, IBM Services, and IBM Research. See Video Case 2: IBM: Putting Smart Strategy to Work.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
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322) Marketing professionals at IBM use which word to describe their marketing practices and methodologies?
A) honest
B) innovative
C) customized
D) relevant
E) agile

Answer: E
Explanation: The IBM marketing organization is adopting an approach they call "agile marketing" which is based on improvisation, testing and data, and collaboration, and which results in speed, adaptability, and creativity. According to Ann Rubin, vice president of corporate marketing at IBM, "At IBM we use agile practices, agile methodologies. It's the way that you best collaborate and the way that you best iterate and the way that you best create programs and products to move forward." See Video Case 2: IBM: Putting Smart Strategy to Work.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Understand
AACSB: Analytical Thinking
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323) The marketing plan for IBM's "Let's Put Smart to Work " strategy includes which of the following marketing tactics?
A) handing out "Let's Put Smart to Work" T-shirts on select college campuses throughout the world
B) providing samples of new hard drives to Fortune 500 businesses
C) advertising in *Outdoor* magazine
D) including a strong message in an annual report from IBM's chairman of the board and CEO
E) garnering a celebrity endorsement from Trevor Noah, the host of "The Daily Show"

Answer: A
Explanation: Events are a very important part of IBM's marketing plan. It sponsors events such as the Masters golf tournament, the US Open, the Grammys, the Oscars, and the Tonys. The reason, explains Teresa Yoo, Vice President of Brand Strategy and Experience Design, is "the clients we are targeting tend to watch and go to those events" and the events are "an opportunity to make the technology we provide easier to understand."
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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324) Briefly describe the four levels in a hierarchical organizational structure, including the three that are strategic in nature.

Answer: Large organizations are extremely complex. They usually consist of three organizational levels whose strategies are linked to marketing, as shown in Figure 2-1 in the text. The four levels (three of which are strategic) of structure typically found in large organizations are: (1) the board of directors, which oversees the three levels of strategy in organizations (corporate, business unit, and functional); (2) the corporate level, where the top management directs overall strategy for the entire organization; (3) the strategic business unit level, where managers set a more specific direction for their SBUs (a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers) to exploit value-creating opportunities; and (4) the functional level, found in each strategic business unit and where groups of specialists actually create value for the organization; at this level are the departments, which are the specialized functions such as information systems, finance, research and development, marketing, manufacturing and human resources that implement the corporate strategies developed by the organization.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
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325) Describe the three strategic levels in an organization.

Answer: The three levels are: (1) the corporate level, where the top management directs overall strategy for the entire organization; (2) the strategic business unit level, where business unit managers set a more specific direction for their businesses to exploit value-creating opportunities; and (3) the functional level, where groups of specialists actually create value for the organization. See Figure 2-1 in the text.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
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326) Apple, a multimarket, multiproduct firm, manufactures and markets Apple Watch, iPods, iPhones, and iPads as a portfolio of businesses. At what organizational level does Apple set the strategic direction for these businesses to create customer value?

Answer: The Apple Watch, iPods, iPhones, and iPads, which in effect comprise a portfolio of businesses, operate as a strategic business unit (SBU) of Apple. At the strategic business unit level, Apple marketing managers set the strategic direction for these products to clearly defined groups of customers.
Difficulty: 3 Hard
Topic: Strategic Marketing Planning
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

327) What is a cross-functional team and how is it used?

Answer: When developing marketing programs for new offerings or for improving existing ones, an organization's senior management may form cross-functional teams. These consist of a small number of people from different departments who are mutually accountable to accomplish a task or a common set of performance goals. Sometimes these teams will have representatives from outside the organization, such as suppliers or customers, to assist them.
Difficulty: 2 Medium
Topic: Role of the Marketing Manager
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Bloom's: Understand
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328) Explain what a visionary organization is and the three questions (why, what, and how) that need to be answered to achieve success.

Answer: Management experts stress that to be successful, today's organizations must be visionary—anticipating future events and responding to them quickly and effectively. This requires a visionary organization to specify its foundation (why), set a direction (what), and formulate strategies (how). An organization's foundation is its philosophical reason for being—why it exists. Its senior managers must identify its core values and describe its mission and organizational culture, its purpose for being. Next, these managers can set the direction for the organization by defining its business and specifying its long-term and short-term goals. Finally, the firm uses the previous two pieces to formulate its strategies, which vary in at least two ways, partly depending on the level in the organization and the offerings it provides customers. See Figure 2-2 in the text.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
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329) What are the three elements that today's visionary organization must do to be forward looking and successful within its marketing environment? What is the purpose of each of these elements?

Answer: Management experts stress that to be successful, today's organizations must be visionary—they must anticipate future events and then respond quickly and effectively. This requires a visionary organization to (1) specify its organizational foundation—why does it exist; (2) set its organizational direction—what will it do; and (3) formulate organizational strategies—how will it do it.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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330) What is an organization's mission? What are some elements of a well-written mission statement?

Answer: By understanding its core values, an organization can take steps to define its mission, which is a statement of the organization's function in society, often identifying its customers, markets, products, and technologies. Today, the term mission is often used interchangeably with vision. A mission statement should be clear, concise, meaningful, inspirational, and long-term and provide a challenging, compelling picture of an envisioned future.
Difficulty: 2 Medium
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
AACSB: Analytical Thinking
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331) In 25 words or less, write a mission statement for a local community college.

Answer: By understanding its core values, an organization can take steps to define its mission, a statement of the organization's function in society, often identifying its customers, markets, products, and technologies. Mission statements for a community college could vary greatly. For example, one mission could be "to create an environment where all local citizens have access to enhanced educational experiences," or "prepare students to competitively enter other institutions of higher learning upon graduation," or "provide alternative certification programs for students wishing to have post-high school education without attending a traditional four-year college."
Difficulty: 3 Hard
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Apply
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332) The American railroad industry faced a serious decline in the 20th century. What business did rail executives believe they were in at that time? What business is a railroad company really in? Why is the difference important?

Answer: Theodore Levitt argues that senior managers of 20th-century American railroads defined their businesses too narrowly by proclaiming, "We are in the railroad business!" This myopic view caused these managers to lose sight of who their customers were and what they needed. Thus, railroad managers only saw other railroads as their direct competitors and failed to develop strategies to compete with airlines, barges, pipelines, and trucks. As a result, many railroads either were forced to merge with other railroads (or other firms) or went bankrupt. Railroads would have fared better if they had realized they were in the transportation business.
Difficulty: 2 Medium
Topic: The Mission Statement
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Understand
AACSB: Analytical Thinking
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333) Name and briefly describe the seven types of organizational goals or objectives.

Answer: The seven types of organizational goals or objectives are (1) profit—economic theory assumes a firm seeks to maximize long-run profit; (2) sales (dollars or units)—a firm may elect to maintain or increase its sales level, even though profitability may not be maximized; (3) market share—a firm may choose to maintain or increase its market share, sometimes at the expense of greater profits; (4) quality—a firm may target the highest quality; (5) customer satisfaction—customers are the reason the organization exists, so their perceptions and actions are of vital importance; (6) employee welfare—an organization may recognize the critical importance of its employees by having an explicit goal stating its commitment to good employment opportunities and working conditions for them; and (7) social responsibility—a firm may seek to balance the conflicting goals of consumers, employees, and stockholders to promote overall welfare of all these groups, even at the expense of profits.
Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
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334) The logistics industry has sales of $800 billion per year. If a third-party logistics provider had sales of $8 billion, what would its market share be? Be sure to define market share and show your work in your answer.

Answer: Market share is the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself. In this case, the sales of the firm itself ($8 billion) divided by the sales revenue of all firms in the industry, including the firm itself, ($800 billion) means that the third-party logistics provider in question has a 1 percent market share ($8 billion ÷ $800 billion = 1 percent).
Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Bloom's: Apply
AACSB: Knowledge Application
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335) Define *marketing dashboard* and *marketing metric* and explain how these terms are related.

Answer: A marketing dashboard is the visual computer display of the essential information related to achieving a marketing objective. With a marketing dashboard, a marketing manager glances at a graph or table and makes a decision whether to take action or to do more analysis to better understand the problem. Each graphical or tabular display in a dashboard shows a marketing metric, which is a measure of the quantitative value or trend of a marketing activity or result.
Difficulty: 1 Easy
Topic: Marketing Metrics
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
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336) Explain the difference between competencies and competitive advantage in an organizational setting.

Answer: An organization's core competencies are its special capabilities, including skills, technologies, and resources that distinguish it from other organizations and that provide value to its customers. Exploiting these competencies can lead to success, particularly if other organizations cannot copy them. An organization's competitive advantage is a unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
AACSB: Analytical Thinking
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337) The Boston Consulting Group's business portfolio analysis model can be used to analyze a firm's strategic business units. How is it used and what can it tell you?

Answer: The BCG business portfolio analysis requires an organization to locate the position of each of its SBUs on a growth-share matrix (see Figure 2-4 in the text). The vertical axis is the market growth rate, which is the annual rate of growth of the SBU's industry. The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry. The purpose of the tool is to determine the appeal of each SBU or offering and then determine the amount of cash each should receive.
Difficulty: 2 Medium
Topic: BCG Matrix
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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338) One of the most recognized approaches to business portfolio analysis is the Boston Consulting Group's growth-share matrix. Describe this tool and the four quadrants of the matrix.

Answer: The BCG business portfolio analysis requires an organization to locate the position of each of its SBUs on a growth-share matrix. The vertical axis is the market growth rate, which is the annual rate of growth of the SBU's industry. The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry. The BCG has given specific names and descriptions to the four quadrants in its growth-share matrix. They are as follows: (1) cash cows (lower left quadrant) have a dominant share of a slow-growth market and typically generate large amounts of cash to invest in other SBUs; (2) stars (upper left quadrant) have a high share of high-growth markets and may not generate enough cash to support their own needs for future growth; (3) question marks (upper right quadrant) are SBUs with a low share of high-growth markets and require large amounts of money just to maintain their market share; (4) dogs (lower right quadrant) have a low share of slow-growth markets, and although they may generate enough cash to sustain themselves, they hold little promise of becoming winners for the firm. See Figure 2-4 in the text.
Difficulty: 2 Medium
Topic: BCG Matrix
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Bloom's: Understand
AACSB: Analytical Thinking
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339) Identify and explain each of the four market-product strategies represented by each quadrant in the diversification analysis matrix.

Answer: There are four market-product strategies: (1) market penetration is a marketing strategy to increase sales of current products in current markets, either by selling more units or increasing the price of each unit, to current customers; (2) market development is a marketing strategy to sell current products to new markets; (3) product development is a marketing strategy of selling new products to current markets; and (4) diversification is a marketing strategy of developing new products and selling them in new markets. See Figure 2-5.
Difficulty: 2 Medium
Topic: Developing a Competitive Strategy
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
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340) List the three steps of the planning phase of the strategic marketing process. Briefly describe what goes on during each of the three steps.

Answer: The planning phase of the strategic marketing process includes three steps. Step 1 is the situation (SWOT) analysis. During the SWOT analysis, a company will identify industry trends, analyze competitors, assess its own company, and research customers. Step 2 is market-product focus and goal setting. During Step 2, the company will set market and product goals, select target markets, find points of difference, and position the product. Step 3 is the marketing program. During this step, the company will develop the program's marketing mix and the budget, by estimating revenues, expenses, and profits. See Figure 2-6 in the text.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Understand
AACSB: Analytical Thinking
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341) Identify and describe the three phases of the strategic marketing process.

Answer: The three phases of the strategic marketing process are: planning, implementation, and evaluation. (1) The planning phase includes (a) situation (SWOT) analysis to identify industry trends, analyze competitors, assess own company, and research customer; (b) market-product focus and goal setting, which involves setting market and product goals, selecting target markets, finding points of difference, and positioning the product; and (c) marketing program development, which involves developing the marketing mix and the budget by estimating revenues, expenses, and profits. (2) The implementation phase involves (a) obtaining resources; (b) designing the marketing organization; (c) defining precise tasks, responsibilities, and deadlines; and (d) executing the marketing program. (3) The evaluation phase involves (a) comparing the results of the marketing program plans to the results achieved to identify deviations and (b) exploiting positive deviations or correcting negative ones. See Figure 2-6 in the text.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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342) Identify and describe the three steps of the planning phase of the strategic marketing process.

Answer: Step 1: situation (SWOT) analysis is an organization's appraisal of its internal strengths and weaknesses and its external opportunities and threats. Step 2: market-product focus and goal setting determine which products will be directed toward which customers. This decision is often based on market segmentation, which involves aggregating prospective buyers into groups, or segments, that have common needs and will respond similarly to a marketing action. This enables an organization to identify the segments on which it will focus its efforts—its target market segments—and develop specific marketing programs to reach them. Step 3: marketing program involves developing the program's marketing mix (the four Ps) and its budget.
Difficulty: 2 Medium
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Understand
AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

343) Identify and describe the four factors in a SWOT analysis and give examples for Ben & Jerry's Ice Cream that help identify the critical strategy-related factors that could impact the firm.

Answer: A SWOT analysis is an acronym that describes an organization's appraisal of its internal strengths and weaknesses and its external opportunities and threats. The four critical factors in a SWOT analysis and examples for Ben & Jerry's are (1) internal strengths, such as its prestigious, well-known brand name among U.S. consumers that complements Unilever's existing ice cream brands and its widely recognized social mission, values, and actions; (2) internal weaknesses, which include Ben & Jerry's social responsibility actions that could reduce focus and the need for experienced managers to help increase modest sales and profits; (3) external opportunities, such as the growing demand for quality ice cream in overseas markets, the increasing U.S. demand for Greek-style yogurt, and the many U.S. firms successfully using product and brand extensions; and (4) external threats, such as consumer concern with sugary and fatty desserts, competition with General Mills and Nestlé brands, and increasing competition in international markets. See Figure 2-7 in the text.
Difficulty: 2 Medium
Topic: SWOT Analysis
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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344) A campus service organization annually raises money through the sale of T-shirts. How could it use market segmentation to increase sales of the shirts? Be sure to include a definition of market segmentation in your answer.

Answer: Market segmentation involves aggregating prospective buyers into groups, or segments, that (1) have common needs and (2) will respond similarly to a marketing action. Students' examples will vary. The service organization may decide to sell T-shirts to two segments: current students and local residents. A separate marketing plan should be developed for each segment since they are not necessarily identical. For example, while the price and product may be the same, the place the T-shirts are sold to students would be the campus bookstore, while local residents may buy the T-shirts in a local clothing store at a strip mall. The promotion for the shirts aimed at students may be flyers posted in the dorms and ads in the college newspaper. The promotion aimed at local residents may be an ad in the local community newspaper and flyers posted in the local grocery store.
Difficulty: 3 Hard
Topic: Methods of Market Segmentation
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Apply
AACSB: Knowledge Application
Accessibility: Keyboard Navigation

345) What are the marketing mix elements that make up a cohesive marketing program?

Answer: Figure 2-8 in the textbook illustrates the principal components of the marketing mix or the four Ps. (1) Product: features, brand name, packaging, service, and warranty. (2) Price: list price, discounts, allowances, credit terms, and payment period. (3) Promotion: advertising, personal selling, sales promotion, public relations, and direct marketing. (4) Place: outlets, channels, coverage, transportation, and stock level.
Difficulty: 2 Medium
Topic: The Four Ps
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
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346) A campus service organization annually raises money through the sale of T-shirts. What are the major components of the marketing program it should use to increase sales? Give at least one example of each.

Answer: A marketing program should include product, price, promotion, and place strategies. Students' examples will vary. The product strategy would include packaging and design of the T-shirts. Promotion strategy would encompass how the group plans to communicate information about the sale to other students. Price strategy would include the list price of the T-shirts and any quantity discounts. Place strategy would include the outlets where the T-shirts will be sold.
Difficulty: 3 Hard
Topic: The Four Ps
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Bloom's: Apply
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347) What are the four components of the implementation phase of the strategic marketing process?

Answer: The four components of the implementation phase of the strategic marketing process are (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) actually executing the marketing program designed in the planning phase.
Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Understand
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348) Explain what a Gantt chart is and how it is used.

Answer: A Gantt chart is a graphical representation of a program schedule. Developed by Henry L. Gantt, this method is the basis for the scheduling techniques used today, including elaborate computerized methods. The key to all scheduling techniques is to distinguish tasks that must be done sequentially from those that can be done concurrently. Scheduling tasks concurrently often reduces the total time required for a project. See Figure 2-10.
Difficulty: 2 Medium
Topic: Marketing Metrics
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
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349) What is the difference between a marketing strategy and a marketing tactic?

Answer: A marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it, which implies both the end sought (target market) and the means to achieve it (marketing program). Marketing tactics, on the other hand, are detailed day-to-day operational decisions essential to the overall success of marketing strategies, such as writing advertising copy or selecting the amount for temporary price reductions.
Difficulty: 2 Medium
Topic: Strategic Marketing Planning
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Bloom's: Understand
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350) Explain the steps in the evaluation phase of the strategic marketing process.

Answer: The evaluation phase of the strategic marketing process seeks to keep the marketing program moving in the direction set for it (see Figure 2-6 in the text). Accomplishing this requires the marketing manager to (1) compare the results of the marketing program with the goals in the written plans to identify deviations and (2) act on these deviations—exploiting positive deviations and correcting negative ones. When evaluation shows that actual performance differs from expectations, managers need to take immediate marketing actions—exploiting positive deviations and correcting negative ones.
Difficulty: 2 Medium
Topic: Elements of the Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Bloom's: Understand
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351) What is the purpose of the evaluation phase of the strategic marketing process? How is it accomplished?

Answer: The evaluation phase of the strategic marketing process seeks to keep the marketing program moving in the direction set for it. Accomplishing this requires the marketing manager to compare the results of the marketing program with goals in the written plans to identify deviations and then to act on these deviations—exploiting positive deviations and correcting negative ones.
Difficulty: 2 Medium
Topic: Elements of a Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
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352) Explain what a planning gap is and what is used to close it.

Answer: A planning gap is the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place. The ultimate purpose of the firm's marketing program is to fill in this planning gap. This means planning and implementing more aggressive tactics that will allow the new results to meet the new goal.
Difficulty: 2 Medium
Topic: Elements of a Marketing Plan
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
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