

# **Test Bank for Marketing 2024 Release 1st Grewal**

Correct answers located at the end of the chapter.

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

- 1) Marketing is an activity that only large firms with specialized departments can perform.  
☐ true  
☐ false
  
- 2) The marketing plan is broken down into various components—how the product or service will be conceived or designed, how much it should cost, where and how it will be promoted, and how it will get to the consumer.  
☐ true  
☐ false
  
- 3) Understanding the marketplace and a customer's needs and wants is fundamental to marketing success.  
☐ true  
☐ false
  
- 4) The four Ps of the marketing mix include product, price, planning, and place.  
☐ true  
☐ false
  
- 5) Supply chain management is the set of approaches and techniques that firms employ to efficiently and effectively integrate their suppliers, manufacturers, warehouses, stores, and other firms involved in the transaction into a seamless value chain in which merchandise is produced and distributed in the right quantities, to the right locations, and at the right time.  
☐ true  
☐ false
  
- 6) The phone cases Apple sells with its phones are produced by small companies that specialize in smart phone accessories. When Apple purchases its cases from these small companies, it is engaged in B2B marketing.  
☐ true  
☐ false

- 7) Keurig selling a coffee maker to you via its website is an example of C2C marketing.
- ☐ true
  - ☐ false
- 8) As it relates to marketing, the trade of things of value between the buyer and the seller so that each is better off as a result is known as an exchange.
- ☐ true
  - ☐ false
- 9) Marketing's fundamental purpose is to create value by developing a variety of offerings that will satisfy customer needs.
- ☐ true
  - ☐ false
- 10) Product deals specifically with retail and marketing channel management, also known as supply chain management.
- ☐ true
  - ☐ false
- 11) A set of approaches and techniques that firms use to make and deliver a given set of goods and services is known as a distribution network.
- ☐ true
  - ☐ false
- 12) Pranit really enjoys a morning coffee and an egg and cheese English muffin, so when he travels he makes a quick stop at the airport Dunkin Donuts because it is quick and convenient. Pranit is being influenced by the place element of the marketing mix.
- ☐ true
  - ☐ false

- 13) In value cocreation, the customer collaborates in the creation of a good or service, which provides optimal value to the customer.
- ☐ true
  - ☐ false
- 14) Jansport offers free lifetime warranties for all its bags and backpacks to develop strong, lifetime relationships with its customers.
- ☐ true
  - ☐ false
- 15) To build relationships, firms focus on the lifetime profitability of the relationship, not how much money is made during each transaction.
- ☐ true
  - ☐ false
- 16) During the value-based era, manufacturers began to focus on customers' needs before they designed or sold their products.
- ☐ true
  - ☐ false
- 17) Marketers have steadily embraced new technologies to allow them to connect better with their customers and thereby serve their needs more effectively.
- ☐ true
  - ☐ false
- 18) Firms have come to realize that good corporate citizenship through socially responsible actions should be a priority because it will help their bottom line in the long run.
- ☐ true
  - ☐ false

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

- 19) The publisher of the well-known Clifford the Big Red Dog series wants to celebrate the 60th anniversary of the series, initiating a \$400,000 campaign. This initiative represents the \_\_\_\_\_ component in the four Ps.
- A) product
  - B) place
  - C) price
  - D) promotion
  - E) presentation
- 20) Adella is the digital marketing manager for a spice company. While on vacation in Brazil, she visited specialty food stores in Rio de Janeiro. Most of her company's products were available, except for spice mixes like harissa. When she returned to work, she mentioned this observation to her international sales manager. Adella was providing the important marketing function of
- A) cocreating an investment portfolio.
  - B) selling products from one business to another.
  - C) engaging customers, developing long-term relationships.
  - D) identifying opportunities to expand.
  - E) enhancing the customer experience.
- 21) Savannah Design Build has been a successful small home-remodeling firm for years. The owner pays subcontractors slightly more than the usual rate for different tasks, reducing the company's gross margin. Savannah Design rarely changes subcontractors, has relatively few complaints from home buyers, and is able to get quick responses from subcontractors when buyers do have problems. Savannah Design Build is engaged in
- A) a traditional transactional orientation.
  - B) C2C value-driven marketing.
  - C) effective supply chain management.
  - D) value cocreation.
  - E) a virtual monopoly.

- 22) If a local winery is holding an online contest in which you must log in to its website and submit personal details such as name, phone number, and e-mail in order to participate, the winery is
- A) offering an exchange.
  - B) behaving unethically.
  - C) hoping to receive feedback.
  - D) implementing a CRM program.
  - E) overstepping its role.
- 23) Which is true of marketing?
- A) Marketing affects various stakeholders.
  - B) Marketing plays no role in creating value.
  - C) Marketing is about satisfying the company's needs and wants.
  - D) Marketing requires place, product, promotion, and perception decisions.
  - E) Marketing is performed by organizations, not individuals.
- 24) Traditionally, marketing activities have been divided into product, price, place, and promotion. Select the term that best describes the four Ps.
- A) marketing mix
  - B) marketing channel
  - C) marketing plan
  - D) marketing era
  - E) marketing strategy
- 25) Internet sites, physical stores, and kiosks are most closely associated with which element of the marketing mix?
- A) place
  - B) price
  - C) product
  - D) promotion
  - E) proximity

- 26) The primary purpose of the \_\_\_\_\_ plan is to specify the marketing activities for a specific period of time.
- A) marketing
  - B) business
  - C) strategic
  - D) organizational
  - E) distribution
- 27) Marketing enriches society by
- A) focusing solely on maximizing profits.
  - B) creating charitable campaigns.
  - C) recognizing that the firm can do very little by itself, and so it should stay focused on its own core competencies.
  - D) facilitating the smooth flow of goods through the supply chain.
  - E) coordinating marketing functions with other functional areas in the company.
- 28) Marketing traditionally has been divided into a set of four interrelated decisions and consequent actions known as the
- A) marketing philosophies.
  - B) marketing mix.
  - C) marketing fundamentals.
  - D) target markets.
  - E) marketing eras.
- 29) How a product or service will be conceived or designed, how much it should cost, where and how it will be promoted, and how it will get to the consumer are all elements of
- A) production management.
  - B) a marketing exchange.
  - C) supply chain logistics.
  - D) a marketing plan.
  - E) delivery of the value proposition.

- 30) The activity, set of institutions, and processes for creating, capturing, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large is called
- A) marketing.
  - B) marketing research.
  - C) market share analysis.
  - D) market segmentation.
  - E) market positioning.
- 31) Jai is going to sell sporting apparel, which they have already purchased from manufacturers and has signed a deal agreeing to the volume they will sell monthly. They have researched their competition, talked to some customers, and decided on prices they will charge. Jai has also developed a plan for promoting their business. Based on this description, which element of the marketing mix does Jai still need to work on?
- A) planning
  - B) product
  - C) price
  - D) promotion
  - E) place
- 32) Viviana opened a shoe store and signed a lease on the property. She also signed an agreement with the manufacturer on the amount of merchandise she will sell and the promotions she will conduct. Based on this description, which aspect of the marketing mix does she still need to work on?
- A) price
  - B) place
  - C) promotion
  - D) product
  - E) prototype



- 33) When Crumbl Cookies sells its gourmet desserts to the public on its website, it is a \_\_\_\_\_ sale.
- A) B2B
  - B) B2C
  - C) C2C
  - D) C2B
  - E) C2F
- 34) Even though they operate on a limited schedule and offer few extra services, discount, no-frill airlines like Spirit have been successful. Consumers obviously consider
- A) the extra services offered by these airlines to be the most thorough in the industry.
  - B) the long-term relationships established by these airlines to be a critical benefit.
  - C) the prices to be slightly lower, but not low enough to have much influence.
  - D) the benefit of lower prices to be greater than the cost of reduced services and less convenience.
  - E) the major airlines to be worthless.
- 35) Franco, the delivery and sales representative for a wine distributor, is calling on a retailer and sees the shelves are almost empty. An unexpected home and table event held nearby resulted in a huge increase in sales. He calls his company's distribution manager and requests a special delivery for his customer. Franco is providing the important marketing function of
- A) customer relationship management.
  - B) supply chain management.
  - C) capturing value.
  - D) communicating the value proposition.
  - E) business-to-business marketing.
- 36) Marketing involves conducting exchanges, satisfying customer needs and wants, and
- A) redesigning workflow.
  - B) simplifying the product line.
  - C) creating value.
  - D) hiring sufficient manufacturing staff.
  - E) production scheduling.

- 37) Andres sells construction equipment. Whenever he calls on his building contractor customers, he asks if they are having any problems. In doing so, Andres is addressing which core aspect of marketing?
- A) satisfying customer needs and wants
  - B) completing the exchange function of marketing
  - C) making product, place, promotion, and price decisions
  - D) making decisions about the setting in which marketing takes place
  - E) creating value
- 38) Leanne is considering a career in marketing. She is concerned about the image of marketers as fast-talking, high-pressure people who care only about making a sale. When reading about the core aspects of marketing, Leanne is pleased to see that in marketing,
- A) all parties to the transaction should be satisfied.
  - B) promotion is the most important consideration, followed by pricing decisions.
  - C) decisions are made by the manufacturer regarding how a product is designed.
  - D) customers are not considered until the product is ready for sale.
  - E) distribution is controlled by customers.
- 39) Albert is analyzing potential market segments. He should carefully seek potential customers who have both an interest in his products and
- A) a thorough knowledge of his brand messages.
  - B) the ability to buy them.
  - C) knowledge of competing products.
  - D) the ability to negotiate discounts.
  - E) are removed from traditional marketing alternatives.
- 40) When referring to “exchange,” marketers are focusing on
- A) the location where products and services are traded.
  - B) the price charged, adjusted for currency exchange rates.
  - C) location-based tactics for creating value.
  - D) promotional offers designed to stimulate barter.
  - E) the trading of things of value.

- 41) Whenever Binh has a new manicure customer, she invites the person to be on her e-mail distribution list. In the process, in addition to exchanging her manicure service for payment, Binh is gathering
- A) information.
  - B) promotional capital.
  - C) pricing data.
  - D) value cocreation.
  - E) feedback.
- 42) What is a core aspect of marketing?
- A) satisfying as many needs as possible
  - B) creating a product that everyone will want to buy
  - C) setting prices lower than all competitors
  - D) making product, place, promotion, and price decisions
  - E) increasing the company's profit
- 43) Marketing has traditionally been divided into a set of four interrelated decisions known as the marketing mix, or four Ps, including product, place, price, and
- A) presentation.
  - B) production.
  - C) performance.
  - D) promotion.
  - E) promise.
- 44) The four Ps make up the marketing mix, which is the\_\_\_\_\_ set of decisions or activities that the firm uses to respond to the wants of its target markets.
- A) unpredictable
  - B) external
  - C) internal
  - D) controllable
  - E) global

- 45) The *fundamental* goal of marketers when creating goods, services, or combinations of both is to
- A) defeat the competition.
  - B) serve all consumers.
  - C) operate according to government regulations.
  - D) stimulate short-term sales.
  - E) create value.
- 46) Iliana is struggling with the choice of publishing her new book, Croatian Cuisine, as an e-book or a paperback. Iliana is addressing which core marketing aspect?
- A) developing a promotional plan
  - B) managing the exchange function of marketing
  - C) making product decisions
  - D) satisfying a need but not a want
  - E) pricing the product
- 47) The basic difference between a good and a service is that a good
- A) provides intangible benefits.
  - B) can be physically touched.
  - C) is always less expensive than a corresponding service.
  - D) generates greater interest among consumers.
  - E) is more quickly forgotten by consumers.
- 48) A sporting goods store adds a new brand of athletic shoes to its existing product offerings. What type of product is this?
- A) service
  - B) price-dependent
  - C) idea
  - D) goods
  - E) value-dependent

- 49) Sticks 'n Stones sells handcrafted furniture. They have also recently begun offering appraisals of customers' antiques. Stick 'n Stones is
- A) expanding from offering just services to also offering goods.
  - B) implementing a market segmentation strategy.
  - C) capturing value through multiple pricing strategies.
  - D) expanding from offering just goods to also offering services.
  - E) increasing customer value through inflated appraisal evaluations.
- 50) Marketers must determine the price of a product carefully, based on potential buyers' beliefs about
- A) its value.
  - B) the environment.
  - C) the cost to manufacture the product.
  - D) the economic outlook.
  - E) the product's new advertising campaign.
- 51) Some discount stores put products in large bins and let consumers hunt and find bargains. The price these consumers pay includes
- A) only the actual price they pay at the register.
  - B) the value of their time and energy.
  - C) the excitement they experience in finding an item they desire.
  - D) the savings to the store of not having to display the products neatly on shelves.
  - E) when the product was listed at full price and didn't sell.
- 52) Jonah offers design and consulting services on a fee-only basis. He has found that different customers are willing to pay different rates for his services. This shows that his pricing decisions should depend primarily on
- A) choosing an average price that he will charge all his clients.
  - B) changes in technology allowing consumers to manage their own affairs.
  - C) how different customers perceive the value of his services.
  - D) changes in the economy.
  - E) how much his competitors charge for similar services.

- 53) Marketing channel management is also known as
- A) endless chain marketing.
  - B) a transactional orientation.
  - C) wholesaling.
  - D) production management.
  - E) supply chain management.
- 54) \_\_\_\_\_ represents all the activities necessary to get the product to the right customer when that customer wants it.
- A) Place
  - B) Promotion
  - C) Social media
  - D) Value cocreation
  - E) Supply chain marketing
- 55) Patagonia's commitment to sustainability is an example of using marketing to
- A) increase shareholder satisfaction.
  - B) increase stock prices.
  - C) create a not-for-profit subsidiary focused on concerns such as the environment.
  - D) benefit an entire industry or society at large.
  - E) develop customer loyalty.
- 56) The marketing goal of getting the "right quantities to the right locations, at the right time" relates to
- A) communicating the value proposition.
  - B) managing the supply chain.
  - C) performing service marketing.
  - D) managing the workflow process.
  - E) managing price and performance.

- 57) Many marketing students initially overlook the importance of marketing channel management because
- A) marketing has no responsibility for supply chain management.
  - B) marketing channel management doesn't add much value for customers.
  - C) companies do not want customers to know anything about the supply chain.
  - D) many of these activities take place behind the scenes.
  - E) marketing channel management is already transparent.
- 58) Which element of the marketing mix deals with supply chain management?
- A) product
  - B) price
  - C) promotion
  - D) proximity
  - E) place
- 59) UPS, FedEx, and other shipping companies support other firms' \_\_\_\_\_ marketing goals.
- A) supply chain management
  - B) value communication
  - C) value capture
  - D) retail management
  - E) promotion
- 60) \_\_\_\_\_ is communication by a marketer that informs, persuades, and reminds potential buyers about a product or service to influence their opinions and elicit a response.
- A) Pricing
  - B) Promotion
  - C) Placement
  - D) A relational orientation
  - E) Value cocreation

- 61) Effective promotion enhances a product or service's
- A) supply chain management system.
  - B) wholesaling capabilities.
  - C) perceived value.
  - D) design features.
  - E) trialability.
- 62) By promoting athletic wear based on gender neutrality, multi-functionality, and sustainability, Patagonia is attempting to
- A) influence current social norms.
  - B) encourage consumers to participate in product redesign.
  - C) stimulate supply chain management cooperation.
  - D) increase the perceived value of its products.
  - E) demonstrate social responsibility.
- 63) Retailers accumulate merchandise from producers in large amounts and sell to consumers in smaller amounts. When they sell to consumers, it is considered\_\_\_\_\_ marketing.
- A) B2C
  - B) B2B
  - C) R2C
  - D) C2C
  - E) C2B
- 64) Marketing channel management is related to which of the four Ps?
- A) product
  - B) price
  - C) place
  - D) promotion
  - E) production



- 65) David bought a new suit from a retail store. Which type of transaction was David participating in?
- A) B2B
  - B) C2C
  - C) B2C
  - D) R2C
  - E) C2B
- 66) When a hotel sells a room to a guest, it is an example of \_\_\_\_\_ Blank marketing.
- A) service-to-consumer
  - B) business-to-consumer
  - C) business-to-business
  - D) manufacturer-to-customer
  - E) consumer-to-consumer
- 67) According to the text, in the broadest terms, the “marketplace” refers to
- A) wholesale and retail environments.
  - B) brick-and-mortar stores and the Internet.
  - C) the four Ps.
  - D) channels that are accessible to a given customer.
  - E) the world of trade.
- 68) Which element of the marketing mix is most relevant to the activity “capturing value”?
- A) promotion
  - B) purchasing
  - C) product
  - D) price
  - E) place

- 69) Which element of the marketing mix refers to all the activities necessary to get the product to the right customer when they want it?
- A) promotion
  - B) product
  - C) proposition
  - D) price
  - E) place
- 70) Which element of the marketing mix is most relevant to the activity “delivering value”?
- A) promotion
  - B) purchasing
  - C) product
  - D) price
  - E) place
- 71) Which element of the marketing mix is most relevant to the activity “creating value”?
- A) promotion
  - B) purchasing
  - C) product
  - D) price
  - E) place
- 72) Which marketing activity is most directly served by the promotion element of the marketing mix?
- A) communicating value
  - B) creating value
  - C) capturing value
  - D) delivering value
  - E) producing value

- 73) Diana updated her smart phone, so she sold her old phone case to her friend, Juan. This is an example of \_\_\_\_\_ marketing.
- A) B2B
  - B) B2C
  - C) C2B
  - D) C2C
  - E) BBC
- 74) By allowing consumers to sell their unwanted goods to other consumers, auction sites like eBay, Poshmark, and Mercari cater to \_\_\_\_\_ marketing.
- A) B2B
  - B) C2C
  - C) D2C
  - D) C2D
  - E) B2G
- 75) Many inventors struggle with the question, “I made it; now how do I get rid of it?” They have made the error of not creating a(n)
- A) marketing plan.
  - B) value proposition.
  - C) social media campaign.
  - D) profit center.
  - E) advertising campaign.
- 76) As use of the Internet took off, car manufacturers were tempted to sell directly to consumers, but decided instead to continue to sell through their existing dealer networks. The car manufacturers considered switching from \_\_\_\_\_ to \_\_\_\_\_ marketing.
- A) B2C; B2B
  - B) B2C; C2C
  - C) B2B; B2C
  - D) B2B; C2C
  - E) C2C; B2C

- 77) Many universities provide physical or electronic bulletin boards to facilitate ridesharing and used book exchange among students. These bulletin boards increase \_\_\_\_\_ marketing.
- A) B2C
  - B) C2B
  - C) B2B
  - D) C2C
  - E) underground
- 78) The “Milk Life” advertising campaign, designed to increase awareness of the health benefits of milk, was intended to help market a(n)
- A) service.
  - B) firm.
  - C) industry.
  - D) organization.
  - E) specific product.
- 79) When the publisher of the well-known Amelia Bedelia books wanted to celebrate the 60th anniversary of the series, it initiated a \$150,000 campaign. Which of the four Ps does this campaign represent?
- A) performance
  - B) price
  - C) place
  - D) promotion
  - E) product
- 80) Creative locations, such as kiosks at the baggage claim in airports or small booths in grocery stores, represent Peet’s Coffee & Tea effort to improve its offering on which dimension of the marketing mix?
- A) product
  - B) promotion
  - C) price
  - D) perception
  - E) place

- 81) The idea that a good product will sell itself is associated with the \_\_\_\_\_ era of marketing.
- A) production-oriented
  - B) sales-oriented
  - C) market-oriented
  - D) value-based marketing
  - E) retailing-oriented
- 82) After WWII, most firms found that consumers could be more selective with their purchases due to the abundance of supply. What is this era called?
- A) production-oriented era
  - B) relationship-oriented marketing era
  - C) sales-oriented era
  - D) value-based marketing era
  - E) marketing-oriented era
- 83) When a T-shirt manufacturer states, “We sell it only in gray because that way we can buy plenty of gray fabric and run our plant efficiently,” its statement reflects the views that were popular in which era of the evolution of marketing?
- A) production-oriented
  - B) sales-oriented
  - C) market-oriented
  - D) value-based marketing
  - E) economics-oriented
- 84) Henry Ford’s statement, “Customers can have any color they want so long as it’s black,” typified the \_\_\_\_\_ era of marketing.
- A) production-oriented
  - B) sales-oriented
  - C) market-oriented
  - D) value-based marketing
  - E) retailing-oriented

- 85) When clients work with their investment advisers, they\_\_\_\_\_ their investment portfolios.
- A) cocreate
  - B) discover
  - C) initiate
  - D) balance
  - E) expand
- 86) Rachel is giving her wife a Hermès handbag for her birthday. It cost \$2,000, but Rachel thinks this is a very fair value. Value here means that
- A) it was convenient to purchase the handbag, even though the price is not reasonable.
  - B) Rachel could not find a handbag that cost less.
  - C) the product meets her needs and is offered at a price that is a fair value.
  - D) anyone would think that the handbag is a reasonable price.
  - E) the handbag is cheap in comparison with its competition.
- 87) After the previous sales representative in his territory infuriated an important customer, Sanil visited the customer once a month, never asking for business but hoping to rebuild trust through listening and expressing concern. Finally, after more than two years, the customer gave Sanil an order. Sanil was providing the important marketing function of
- A) advising production on how much product to make.
  - B) alerting the logistics department when to ship products.
  - C) engaging customers and developing long-term relationships.
  - D) identifying opportunities to expand.
  - E) synthesizing and interpreting sales, accounting, and customer-profile data.
- 88) The process of value\_\_\_\_\_, in which customers collaborate in product design, often provides additional value to the firm's customers.
- A) cocreation
  - B) positioning
  - C) delivery
  - D) chain management
  - E) based marketing

- 89) Maria works for a small jewelry design company. Her boss is constantly improving the company's products but neglects customers, billing, and promoting the company. Maria's boss is probably stuck in the \_\_\_\_\_ era of marketing.
- A) production-oriented
  - B) sales-oriented
  - C) market-oriented
  - D) value-based marketing
  - E) retailing-oriented
- 90) During the \_\_\_\_\_ era, firms had excess capacity and used personal selling and advertising to generate customers.
- A) production-oriented
  - B) sales-oriented
  - C) market-oriented
  - D) value-based marketing
  - E) retailing-oriented
- 91) The prevailing marketing strategy of the \_\_\_\_\_ era was to find customers for inventories that went unsold.
- A) production-oriented
  - B) sales-oriented
  - C) market-oriented
  - D) value-based marketing
  - E) retailing-oriented
- 92) Near the end of the year, the Slippery Slope skimobile dealership had an unusually high inventory level. The manager increased her advertising spending and gave extra incentives to its salespeople. Slippery Slope operates as if it were in the \_\_\_\_\_ era.
- A) production-oriented
  - B) sales-oriented
  - C) market-oriented
  - D) value-based marketing
  - E) retailing-oriented

- 93) Many U.S. companies first discovered marketing during the \_\_\_\_\_ era.
- A) production-oriented
  - B) sales-oriented
  - C) market-oriented
  - D) value-based marketing
  - E) retailing-oriented
- 94) Which statement reflects the philosophy of the market-oriented era?
- A) A good product will sell itself.
  - B) The customer is king.
  - C) Firms should take advantage of a seller's market.
  - D) Advertising and personal selling should be emphasized in order to make the sale.
  - E) Firms should focus on value.
- 95) During the \_\_\_\_\_ era, manufacturers and retailers recognized they needed to give their customers greater value than their competitors did.
- A) production-oriented
  - B) sales-oriented
  - C) market-oriented
  - D) value-based marketing
  - E) retailing-oriented
- 96) A relational orientation is based on the philosophy that buyers and sellers develop
- A) a complete understanding of one another's needs.
  - B) a long-term relationship.
  - C) a price-value comparison matrix.
  - D) supply chain synergy.
  - E) a marketing value transaction focus.



- 97) A local home catering service keeps information on its customers regarding their preferences for food and wine, their birthdays and anniversaries, and demographics of guests. The service uses this information to inform the customers when holidays and special occasions are approaching and targets them with special promotions. In this way, the service is using \_\_\_\_\_ to build loyalty among its customers.
- A) value cocreation
  - B) customer relationship management
  - C) transactional marketing
  - D) B2B marketing
  - E) the supply chain
- 98) If a firm adopts a CRM business philosophy, it most likely has a(n) \_\_\_\_\_ orientation with its customers.
- A) transactional
  - B) external
  - C) relational
  - D) internal
  - E) divisional
- 99) After major hurricanes like Ian, many ethical home repair and building supply businesses continue to charge pre-hurricane prices to their customers, even though they could charge much more due to the huge increase in demand. These firms probably recognize that
- A) they can make more money from government contracts than from sales to customers.
  - B) a transactional orientation is the key to long-term profitability.
  - C) none of their competitors would be raising prices.
  - D) lifetime profitability of relationships matters more than profits from a particular transaction.
  - E) if they raised prices they would be in violation of Commerce Department regulations.
- 100) What is the focus of a firm that develops a relational orientation with its customers?
- A) relating product knowledge to customers' interests
  - B) gaining profit from each customer transaction
  - C) generating profits quickly before customers shop elsewhere
  - D) working with competitors to simplify product offerings for customers
  - E) gaining lifetime profitability from customer relationships

- 101) The goal of customer relationship management is to
- A) manage every customer relationship differently.
  - B) manage every customer relationship to maximize short-term profitability.
  - C) eliminate customers who are profitable, but not highly profitable.
  - D) identify and build loyalty among a firm's most valued customers.
  - E) generate relationships with competitors' customers.
- 102) Ethan uses a database software system to remind him when his customers should be ready for their next gutter cleaning service. With this reminder system, Eugene contacts his customers when they are most likely to be "in the buying mode." Ethan's system is part of
- A) C2C marketing.
  - B) customer relationship management.
  - C) a transactional marketing orientation.
  - D) supply chain management.
  - E) typical production era marketing practices.
- 103) Many catalog companies create special-run issues based on what customers have purchased in the past. For example, customers who frequently order bath items like towels and shower curtains receive a catalog with a larger section of bath items than do customers who mostly order kitchen tools. These special issues are an example of
- A) C2C marketing.
  - B) customer relationship management.
  - C) a transactional marketing orientation.
  - D) supply chain management.
  - E) typical production-oriented era marketing practices.
- 104) It was during the market-oriented era that firms first discovered "marketing." In what timeframe did this occur?
- A) around the turn of the 20th century
  - B) shortly before the Great Depression
  - C) just after World War II
  - D) during the Roaring Twenties
  - E) during the civil rights movement

- 105) At one point in the evolution of marketing, the United States entered a buyer's market and the customer became king. Which era is being described?
- A) market-oriented
  - B) sales-oriented
  - C) production-oriented
  - D) value-based marketing
  - E) economics-oriented
- 106) Toya sells high-end leather goods. She knows her customers weigh the costs versus the benefits associated with the different styles available. Toya decides which products to offer and what prices to charge based on the way her customers think. Toya operates as if she was in the \_\_\_\_\_ era.
- A) production-oriented
  - B) sales-oriented
  - C) market-oriented
  - D) value-based marketing
  - E) retailing-oriented
- 107) To build relationships, firms focus on the \_\_\_\_\_ of the relationship, not how much money is made during each transaction.
- A) cost
  - B) lifetime profitability
  - C) length
  - D) value
  - E) worth
- 108) Tham studies her customer profiles, market research data, complaints, and other information, attempting to better understand what her customers want. Tham most likely operates in the \_\_\_\_\_ era of marketing.
- A) production-oriented
  - B) sales-oriented
  - C) market-oriented
  - D) value-based marketing
  - E) retailing-oriented

- 109) In delivering value, marketing firms attempt to find the most desirable balance between
- A) the need for value and the perception of value.
  - B) explicit versus implicit value.
  - C) the need to provide benefits to customers and keep down costs.
  - D) the desire to satisfy customers and the desire to satisfy employees.
  - E) the need for product improvement and the need for advertising.
- 110) Olive Garden suggests that its diners check in to its locations using their phones. This demonstrates the use of \_\_\_\_\_ to market a product.
- A) adding value
  - B) social media
  - C) marketing analytics
  - D) value cocreation
  - E) social responsibility
- 111) A snack food company discontinues the use of high-fructose corn syrup. Which of the four main activities of value-driven marketing does this represent?
- A) progressive innovation
  - B) addressing ethical and societal dilemmas
  - C) adding value
  - D) social and mobile marketing
  - E) marketing analytics
- 112) Businesses take social and mobile media seriously and include these advanced tools in the development of their
- A) technology strategy plans.
  - B) search engine optimization strategies.
  - C) plans to engage customers in conversation.
  - D) marketing strategies.
  - E) annual budgets.

- 113) Data about how, when, why, where, and what people buy refers to
- A) statistics.
  - B) demographics.
  - C) marketing analytics.
  - D) value-based marketing.
  - E) relational orientation.
- 114) Charlene is the new spa manager in a major hotel. When considering changes in the spa that will increase value to customers, Charlene will likely attempt to either provide the same quality at a lower cost or
- A) improve products and services at the same cost.
  - B) increase prices to increase revenue.
  - C) offset higher hotel rates with lower spa prices.
  - D) reduce customer expectations through reduced service.
  - E) lower the quality and the price.
- 115) Darlene has just started with a travel agency, and she has been offering clients and prospective clients a range of packaged tours. She is concerned because the commissions she is earning on her sales are lower than she had hoped. Her colleague Sean, who has been with the agency for several years, is having a great deal of success by working closely with the clients, seeking their ideas, and building customized tour packages for each one based on their suggestions. Sean's approach is based on
- A) transaction-oriented marketing.
  - B) premium pricing.
  - C) his seniority at the firm.
  - D) special incentives from tour operators.
  - E) value cocreation.

- 116) To become a more value-driven organization, Heisley University is holding regular coffee-hour discussions with its students and surveying its graduates regarding students' educational needs and desires. By doing so, Heisley University is becoming more value-driven through
- A) sharing information across the organization.
  - B) balancing its customers' benefits and costs.
  - C) evaluating strategic competitive partnerships.
  - D) building relationships with customers.
  - E) keeping the faculty members happy.
- 117) As owner of a retail franchise organic bakery, Li purchases supplies based on specials advertised nationally throughout the franchise system. One Monday, she was surprised to find that she was unable to produce that week's bakery specials because she didn't have the ingredients. The franchise company failed to live up to the value-driven activity of
- A) sharing information across the organization.
  - B) balancing customers' benefits and costs.
  - C) evaluating strategic competitive partnerships.
  - D) building relationships with customers.
  - E) keeping prices below those charged by competitors.
- 118) By using social media \_\_\_\_\_ on their mobile phones, customers can check in with Slice to order pizza.
- A) coupon
  - B) group chat
  - C) influencer
  - D) location-based apps
  - E) rating sites

- 119) In the past, manufacturer's representatives did not have real-time inventory data about the products they were selling. Today, manufacturer's representatives are often provided online access to inventory data for the companies they represent. These online inventory systems allow companies to become more value-driven by
- A) sharing information across the organization.
  - B) balancing customers' benefits and costs.
  - C) evaluating strategic competitive partnerships.
  - D) building relationships with government regulators of marketing institutions.
  - E) keeping prices below those charged by competitors.
- 120) One of the benefits of value-driven marketing is that attention to customer needs and wants will likely result in
- A) higher prices than the market leader charges.
  - B) increased competition.
  - C) long-term relationships.
  - D) strong connections among competing firms in the marketplace.
  - E) lower prices.
- 121) What type of marketers constantly measure the benefits that customers perceive against the cost of their offerings?
- A) relationship-oriented marketers
  - B) production-oriented marketers
  - C) sales-oriented marketers
  - D) market-oriented marketers
  - E) value-oriented marketers

- 122) Marianna, the outside sales rep for a brick and stone company, reads a report stating that building permits are down dramatically in her sales territory. She had noticed that things were slowing down, but now she has data confirming her impression. Based on this information, Marianna will help her company become more value-driven if she
- A) pushes her customers to buy products whether they need them or not.
  - B) advises the production and purchasing departments to produce or order smaller quantities of products.
  - C) avoids contacting her customers until the slowdown ends.
  - D) avoids contact with competing firms in order to maximize value-driven marketing.
  - E) keeps the information to herself.
- 123) What type of firms recognize that including a strong social orientation in business is a sound strategy that is in both its own and its customers' best interest?
- A) supply chain management firms
  - B) socially responsible firms
  - C) tech-savvy firms
  - D) Internet firms
  - E) mobile marketing firms
- 124) Which statement is true regarding mobile advertising?
- A) Within just a couple of years, mobile advertising will be a smaller market than digital advertising.
  - B) Within just a couple of years, mobile advertising will be a bigger market than digital advertising.
  - C) Within just a couple of years, the mobile advertising market will be equal to that of the digital advertising market.
  - D) Companies no longer advertise using mobile marketing.
  - E) The approach and marketing plan of mobile advertising is the same as the approach and marketing plan of digital advertising.
- 125) Value-oriented marketers constantly measure
- A) promotional effectiveness against ethical advertising standards.
  - B) the problem of price maximization against cost-efficiency.
  - C) perceived customer benefits against the costs of their offerings.
  - D) the desire to achieve against the need for a stable source of supply.
  - E) the goal of efficiency against the price charged by competitors.



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

- 126) Haley has been asked to write a marketing plan for a new floral shop. What questions will Haley likely address in her marketing plan? Be specific and offer questions related to a restaurant.
- 127) Michel is a wine distributor in the United States representing primarily European vintners (wine producers). He knows his potential market is every wine drinker in the United States, but he has limited resources to market his products. Using the ideas presented in the text, what should Michel do as a first step when developing his marketing plan?
- 128) The text states, “Good marketing is not a random activity.” Create an example to respond to this statement.
- 129) Your friend is writing a “tell-all” book and asks you for marketing advice. You start by exploring the four Ps. What questions will you ask? Be specific.

- 130) The manager of a restaurant supply company determined prices by adding a standard markup to his costs. What might the manager be missing when it comes to effective pricing decisions?
- 131) As the customer service manager for a electrical repair company, you are constantly bombarded with complaints about service people not showing up, not having the parts needed to make repairs, and being unable to quickly get the materials needed to fix things. You decide to bring in a marketing consultant to assist you with these problems. What area of marketing specialization would you look for in a marketing consultant and what recommendations would you expect to receive?
- 132) Suppose that your small clothing company experiences significant growth quickly. You create a position for a marketing director. What activities will your new marketing director be involved in initially? Be specific.
- 133) Suppose your college roommate sees you reading your marketing textbook and says, "Marketing is just advertising and selling." How do you respond?

- 134) How could you use marketing ideas to market yourself to potential employers after you graduate?
- 135) What are the four Ps of marketing? Give an example of each.
- 136) What is the fundamental purpose of marketing?
- 137) “Everything has a price, though it doesn’t always have to be monetary.” What else is included in a price?
- 138) How should marketers determine prices?

- 139) If you were hired as a supply chain manager, with whom would you interact?
- 140) Describe how marketing has evolved into a major business function that crosses all areas of a firm or organization.
- 141) Joyce bought a pair of boots at Nordstrom. Nordstrom bought the pair of boots from a distributor, which bought it from a designer. The designer bought the materials to make the boots from a factory in California, and the boots were made at that same factory. The employees in the factory bought their boots directly from the factory and sold them to their friends. Explain which of these transactions were B2B, B2C, and/or C2C.
- 142) Describe a hypothetical supply chain—from manufacturer to customer.
- 143) Name the various stakeholders who are impacted by marketing and give one example of how each one might be impacted in a fictitious situation.

- 144) How does the exchange of ideas provide value, and what is the role of marketing in this process? Explain this concept using the example in the text of groups marketing bicycle helmets or choose your own scenario.
- 145) Which type of orientation would you expect among ethically challenged marketers: a relational or transactional orientation? Explain.
- 146) Over the four marketing eras, how did the emphasis on the four Ps change? List the four eras and describe which of the four Ps were emphasized during each era.
- 147) How does value cocreation provide additional value to customers?
- 148) During what marketing era did firms depend on heavy doses of personal selling and advertising?

- 149) Explain the process of customer relationship management (CRM) in terms of how it impacts marketing activities.
- 150) During the past couple of decades, marketers have begun to develop a relational orientation as they have realized that they need to think about their customers in terms of relationships rather than transactions. How does Jansport encourage its customers to maintain a long-term relationship with the company?
- 151) You are employed by a firm that is considering the use of mobile advertising as opposed to digital advertising. Describe the similarities and differences between these two approaches to advertising.
- 152) Suppose you worked at a coffee shop near campus, one that was popular with students, and the manager asked you to explain how the coffee shop might benefit from using location-based social media tools. How would you answer?

- 153) Many U.S. companies now use social media tools for marketing purposes. Demonstrate your knowledge of social media by describing a small company and the ways you would use social media to produce, promote, place, and price your goods or services.
- 154) You are employed by a marketing firm that needs to become more value driven. How is this accomplished?

## Answer Key

Test name: Chapter 01

- 1) FALSE
- 2) TRUE
- 3) TRUE
- 4) FALSE
- 5) TRUE
- 6) TRUE
- 7) FALSE
- 8) TRUE
- 9) TRUE
- 10) FALSE
- 11) FALSE
- 12) TRUE
- 13) TRUE
- 14) TRUE
- 15) TRUE
- 16) FALSE
- 17) TRUE
- 18) TRUE
- 19) D
- 20) D
- 21) C
- 22) A
- 23) A
- 24) A
- 25) A
- 26) A
- 27) B
- 28) B
- 29) D
- 30) A
- 31) E
- 32) A
- 33) B
- 34) D
- 35) B
- 36) C
- 37) A



- 38) A
- 39) B
- 40) E
- 41) A
- 42) D
- 43) D
- 44) D
- 45) E
- 46) C
- 47) B
- 48) D
- 49) D
- 50) A
- 51) B
- 52) C
- 53) E
- 54) A
- 55) D
- 56) B
- 57) D
- 58) E
- 59) A
- 60) B
- 61) C
- 62) D
- 63) A
- 64) C
- 65) C
- 66) B
- 67) E
- 68) D
- 69) E
- 70) E
- 71) C
- 72) A
- 73) D
- 74) B
- 75) A
- 76) C
- 77) D

- 78) C
- 79) D
- 80) E
- 81) A
- 82) E
- 83) A
- 84) A
- 85) A
- 86) C
- 87) C
- 88) A
- 89) A
- 90) B
- 91) B
- 92) B
- 93) C
- 94) B
- 95) D
- 96) B
- 97) B
- 98) C
- 99) D
- 100) E
- 101) D
- 102) B
- 103) B
- 104) C
- 105) A
- 106) D
- 107) B
- 108) D
- 109) C
- 110) B
- 111) B
- 112) D
- 113) C
- 114) A
- 115) E
- 116) D
- 117) A

- 118) D
- 119) A
- 120) C
- 121) E
- 122) B
- 123) B
- 124) B
- 125) C
- 126) Essay
- 127) Essay
- 128) Essay
- 129) Essay
- 130) Essay
- 131) Essay
- 132) Essay
- 133) Essay
- 134) Essay
- 135) Essay
- 136) Essay
- 137) Essay
- 138) Essay
- 139) Essay
- 140) Essay
- 141) Essay
- 142) Essay
- 143) Essay
- 144) Essay
- 145) Essay
- 146) Essay
- 147) Essay
- 148) Essay
- 149) Essay
- 150) Essay
- 151) Essay
- 152) Essay
- 153) Essay
- 154) Essay

## Chapter 1 Overview of Marketing

### Tools for Instructors

- Brief Chapter Outline
- Learning Objectives
- Extended Chapter Outline
- Answers to End of Chapter Learning Aids
- Chapter Case Study
- Additional Teaching Tips
- Connect Activities

### Brief Chapter Outline

What Is Marketing?

The Importance of Marketing over Time

How Does Marketing Create Value, and How Do Firms Become More Value Driven?

End of Chapter Learning Aids

Chapter Case Study: ChatGPT: Revolutionizing Marketing with Cutting-Edge Natural Language Processing

### Learning Objectives

LO1-1 Define the role of marketing.

According to the American Marketing Association, formally, marketing is the “activity, set of institutions, and processes for creating, capturing, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” But marketing has a prominent role in every person’s daily life, whether they are exchanging money for conventional products, exchanging personal information for services, or exchanging time for a cause that gives them a good feeling. It includes a vast range of stakeholders, including not just the firm and the customer but also other members of the supply chain, communities, and society as a whole. Furthermore, the foundation of all marketing can be summarized in the four Ps, such that marketing defines the product, price, place, and promotion that firms use to get their offerings into consumers’ hands.

LO1-2 Detail the evolution of marketing over time.

Marketing has evolved from a production or sales-oriented approach, in which firms told people what they could and should buy, to a market- and value- oriented perspective. In this more recent view, firms look to their markets to tell them what they need to product and provide, in a way that creates value for them and their customers.

LO1-3 Describe how marketers create value for a product or service.

Value stems from at least four main activities that value-driven marketers undertake and are reinforced throughout the book:

- Adding value, such that they leverage various elements of marketing and work to build relationships with partners and customers to ensure that they introduce their product, service, or idea to the marketplace at just the place and time that customers want it.
- Marketing analytics, which companies use to gather vast amounts of information about customers and competitors, then analyze it and share it across their own organization and with partner firms.
- Social and mobile marketing, to take advantage of new technologies and connect with customers using the latest social media channels.
- Ethical and societal dilemmas, such that firms engage in conscious marketing that takes into account the benefits and costs of their actions for all stakeholders.

## Extended Chapter Outline

### I. What Is Marketing?

#### A. Marketing Is About Satisfying Customer Needs and Wants

#### B. Marketing Entails an Exchange

1. An exchange is the trade of things of value between the buyer and the seller so that each is better off as a result.

#### C. Marketing Creates Value through Product, Price, Place, and Promotion Decisions

##### 1. Product: Creating Value

- a. Includes goods, services, and ideas.

##### 2. Price: Capturing Value

##### 3. Place: Delivering the Value Proposition

##### 4. Promotion: Communicating the Value Proposition

#### D. Marketing Can Be Performed by Individuals and Organizations

##### 1. Business-to-consumer marketing (B2C)

##### 2. Business-to-business marketing (B2B)

##### 3. Consumer-to-consumer marketing (C2C)

#### E. Marketing Affects Various Stakeholders

### Progress Check:

#### 1. What is the definition of marketing?

Answer: Marketing is the activity, set of institutions, and processes for creating, capturing, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large

2. *Marketing is about satisfying \_\_\_\_\_ and \_\_\_\_\_.*

Answer: Marketing is about satisfying needs and wants.

3. *What are the four components of the marketing mix?*

Answer: The four components of the marketing mix are product, place, price, and promotion.

4. *Who can perform marketing?*

Answer: Both individuals and organizations can perform marketing as marketing can entail B2C, B2B, and C2C.

## II. The Importance of Marketing over Time

### A. Marketing Helps Create Value

1. Production-Oriented Era
2. Sales-Oriented Era
3. Market-Oriented Era
4. Value-Based Marketing Era
  - a. Relational orientation
  - b. Customer relationship management (CRM)
5. Technology-Augmented Era

### **Progress Check:**

1. *What are the various eras of marketing?*

Answer: The eras of marketing include the production, sales, market, value-based, and technology-augmented eras.

## III. How Does Marketing Create Value, and How Do Firms Become Value Driven?

- A. Adding Value
- B. Marketing Analytics
- C. Social and Mobile Marketing
- D. Ethical and Societal Dilemma

### **Progress Check:**

1. *Does providing a good value mean selling at a low price?*

Answer: Value-based marketing isn't just about low prices; it is also about creating strong products and services.

2. *How are marketers connecting with customers using social and mobile media?*

Answer: Marketers are steadily embracing new technologies, such as social and mobile media, to allow them to connect better with their customers and thereby serve their needs.

## Answers to End of Chapter Learning Aids

### Marketing Digitally

1. **Visit the website (<https://openai.com/chatgpt>) and try ChatGPT. What value does ChatGPT provide marketers?**

Student responses will vary, and most students will input the question into ChatGPT. The following is an example of a possible set of answers. ChatGPT can provide significant value to marketers in several ways: content generation, copywriting, brainstorming and idea generation, audience engagement, market research, content curation, language translation, a/b testing ideas, SEO optimization, social media engagement, personalization, and learning and education. It's important to note that while ChatGPT can be a valuable tool for marketers, it's not a replacement for human creativity, strategic thinking, and domain expertise. It should be used as a supplement to enhance marketing efforts and streamline various tasks.

2. **Go to Instagram.com and navigate to the “About Us” section. What is Instagram’s mission? How could a marketer use Instagram, and what other social media tools could they use? What are the drawbacks a marketer might face when using Instagram to communicate with their customers?**

Mission: Instagram's mission is to bring you closer to the people and things you love..

Marketers can use Instagram by encouraging users to incorporate #tags into their postings to promote the company. For marketers with a budget, Instagram offers filters to reach to promote the location where the picture was taken. It also offers the Instagram logo and other assets for use on websites, in-store windows, or other marketing materials. Facebook and TikTok are other social media platforms that can be used. One drawback a marketer might face when using Instagram to communicate with their customers is that they have no control over the types of pictures the user might take and the images they might portray.

3. **Visit the site of any company from which. You receive some free service (e.g. Facebook, Spotify, TikTok, X (formerly Twitter), Gmail). Check your settings to see what information to have given to the company to exchange for the service. Is the value of the information you have provided equivalent to the value the company provides you with its service?**

Students' answers will vary greatly depending on the service they visit and the privacy settings they have. Many people set up these services without really checking what information they don't have to share and what they do, blindly setting up these services without investigating the restrictions they can choose in the privacy settings. The less likely they are to use the privacy settings, the less likely students will believe that the exchange is worth it. Another factor that comes into play is that many times, students lack the life experience to realize the negative ramifications that can come with sharing too much information so they may not realize how much they are giving away.

### Marketing Applications

- 1. Do you know the difference between needs and wants? When companies that sell coffee develop their marketing strategy, do they concentrate on satisfying their customers' needs or wants? What about a utility company, such as the local power company or a humanitarian agency, such as Doctors without Borders?**

Needs are essential items that individuals cannot live without. These include necessities like shelter, health care, basic food, and basic transportation. Wants are products that customers would like to have and view as improving their quality of life, like brand-name clothing, computers, and luxury vehicles.

This question is intended to make students think about the difference between customer needs and wants, as well as how companies might address one or both. It also challenges students to explore whether different types of companies address the needs and wants of consumers differently. Companies that sell coffee most likely concentrate on satisfying customers' wants, as their products are not considered essential items. Firms also must respond to competitors' offers. An electric utility company might have a strong imperative to satisfy customers' needs for reliable electricity but not focus as much on the customer's wants because it faces little market competition. Student responses should reflect an awareness of considering both consumers' wants and needs. Humanitarian agencies, like Doctors without Borders, are satisfying customers' needs, especially their basic needs for health care and medicine.

- 2. People can apply marketing principles to finding a job. If the person looking for a job is the product, describe the other three Ps.**

Students should define the remaining Ps in the marketing mix and better define the product P. In addition, answers should consider how a person seeking employment can offer value to a potential employer and how employers might add value to prospective employees. Responses should answer the following questions.

What employer needs and wants can the applicant offer to fulfill (product)?

What will it cost the potential employer to hire the applicant (price)?

How will the employer promote the job to the pool of possible applicants (promotion)?

Where and when will the job be available (place)?

- 3. What is the difference between a good and a service? When you buy a music subscription on Spotify, are you buying a good or service? Would your answer be different if you bought an MP3 album on Amazon?**

Goods are items that you can physically touch, whereas services are intangible customer benefits that are produced by people or machines and cannot be separated from the producer.

Students should understand that in terms of the creation of each, they are both "created" using raw materials that are "processed" into a finished output.

- 4. One of your friends was recently watching TV and saw an advertisement that they liked. They said, "Wow that was great marketing!" Was the ad, in fact, marketing?**

Students frequently associate advertising with marketing but fail to recognize that advertising is just one part of all the functions encompassed by marketing. Student responses should acknowledge that marketing is made up of product, price, place, and promotion decisions, and advertising is one of the promotional tools available to marketers.

- 5. Which of the four Ps is most relevant for understanding how Google Maps creates value for customers and for firms?**



In the context of Google Maps, the most relevant "P" for understanding how it creates value for customers and firms would likely be "Product." It offers a wide range of features and benefits to both customers and firms. For customers, Google Maps provides accurate and up-to-date mapping information, turn-by-turn navigation, real-time traffic data, Street View, and more. These features contribute to the convenience, efficiency, and overall experience of users when navigating or exploring locations. For firms, Google Maps provides a platform to list and showcase their businesses, which increases their visibility and accessibility to potential customers.

While the other Ps (Price, Place, and Promotion) are still relevant to Google Maps, they might not be as central to its value creation. Google Maps is generally provided for free to users (Price). Google Maps is a digital platform accessible through various devices connected to the internet (Place). Finally, it benefits from promotion through Google's broader marketing efforts, and it's arguably not as critical as the product itself in terms of value creation.

**6. Explain how Wrangler Jeans priced at \$29 versus Dolce and Gabbana Jeans at \$10,200 deliver value to their respective target markets. What factors drive these vastly different prices?**

Both Wrangler and Dolce and Gabbana jeans meet the basic need of providing clothing functionality to consumers. Both are comfortable, durable, and provide protection against the environment. Wrangler has a mass distribution channel strategy and a low price point that allows multiple segments of consumers to be able to afford and use this product. Wrangler jeans are often associated with high-quality denim and construction. They have a reputation for being durable and able to withstand wear and tear, making them popular for rugged outdoor activities.

Dolce & Gabbana is known for its luxurious and elegant designs. The brand often incorporates intricate details, high-quality materials, and craftsmanship into its products, which appeals to consumers seeking high-end fashion. The brand has been known for its innovative and unique designs that combine traditional elements with modern aesthetics, setting trends in the fashion world. Also, many celebrities, actors, musicians, and public figures have been seen wearing Dolce & Gabbana, which contributes to the brand's popularity and reputation.

**7. Assume you have been hired into the marketing department of a major consumer products manufacturer such as Nike. You are having lunch with some new colleagues in other departments—finance, manufacturing, and logistics. They are arguing that the company could save millions of dollars if it just got rid of the marketing department. Develop an argument that would persuade them otherwise.**

This scenario forces students to think about the purpose and value of marketing in an organizational context and allows for a variety of justifications. For example, a student could use an internal or external perspective and argue that finance, manufacturing, and logistics tend to worry less about the customer and more about internal processes, whereas the marketing and sales functions constantly focus outward on the customers the company serves. Using this argument, the student might question whether other departments are willing or prepared to take on customer relations and develop an understanding of how and why customers buy the company's product or service. Another argument might simply question how customers will even know about the company's products if the marketing department doesn't broadcast their features, benefits, and value outward.

**8. Why do marketers like those at Apple find it important to embrace societal needs and ethical business practices? Provide an example of a societal need or ethical business practice that Apple is addressing.**

This question centers on the role of social and ethical issues in a marketing context. Students might mention efforts such as keeping the environment clean and offering fair wages to workers. For example, Apple has developed multiple green initiatives. Some examples:

- The Apple Supplier Code of Conduct
  - Our Supplier Code of Conduct outlines our high standards for creating safer working conditions, treating workers fairly, and using environmentally responsible practices. It's one of the strictest in our industry and often requires practices above and beyond local law. To comply with the Code of Conduct, all suppliers must meet the stringent requirements in our Supplier Responsibility Standards.
- Clean Energy Program
  - In 2015, we launched our Clean Energy Program to reduce carbon emissions across our supply chain, which makes up nearly three-quarters of Apple's total carbon footprint. In China alone, we're working with our suppliers to install more than 2 gigawatts of clean energy.

### Quiz Yourself (answers are bolded)

1. Which of the following is *not* a function of marketing's value creation process?

- a. Capturing value
- b. Delivering value.
- c. Communicating value.
- d. Exchanging value.
- e. **All of these functions are part of marketing's value creation process.**

2. Value creation is the central activity of marketing. Which is not a benefit to the firm from engaging in value creation and the ongoing process of identifying value-adding options for consumers?

- a. The firm is able to satisfy consumers' needs.
- b. The firm is able to expand.
- c. The firm is able to build brand loyalty.
- d. **The firm is able to sell fewer products.**
- e. All of these are benefits to the firm.

## Chapter Case Study: ChatGPT: Revolutionizing Marketing with Cutting-Edge Natural Language Processing

### 1. What is ChatGPT?

ChatGPT is a large language model developed by OpenAI, which is capable of processing and generating natural language text. It is based on a deep neural network architecture and has been trained on a massive data set of text using unsupervised learning techniques, making it a powerful tool for natural language processing tasks.

### 2. How can companies use ChatGPT, and other generative AI, for marketing?

Student answers will vary. The case states that ChatGPT can be an invaluable tool for companies looking to enhance their marketing efforts. Marketers can use ChatGPT to power chatbots and virtual assistants, providing customers with personalized and interactive engagement. Chatbots can be integrated into

websites, social media channels, or messaging apps and can answer questions, provide recommendations, and offer support. ChatGPT can also be used to generate high-quality content, such as product descriptions, social media posts, and marketing e-mails, saving time and resources.

Additionally, marketers can use ChatGPT to conduct customer research and gain insights into their preferences and behaviors. ChatGPT can also analyze customer data and provide personalized recommendations for products, services, and content, helping marketers create targeted campaigns that resonate with their audience. Finally, ChatGPT can be used to provide automated customer service, reducing the workload on customer service teams, and providing faster, more consistent support to customers.

### 3. What are the benefits of using generative AI?

Student answers will vary. Generative AI has the potential to revolutionize various aspects of marketing by enabling the creation of content, strategies, and insights that were previously time-consuming or even impossible to achieve. By leveraging the power of natural language processing, marketers can create more personalized and effective marketing campaigns that drive results. Chatbots can ask customers questions and provide feedback, allowing marketers to collect data in a conversational and engaging way.

### 4. What concerns does using ChatGPT and other generative AI raise?

Student answers will vary. The use of generative AI, including systems like ChatGPT, raises several important concerns that need to be addressed to ensure ethical and responsible deployment. Some of these concerns include the following. Generative AI models can learn biases present in the training data, potentially leading to the generation of biased or discriminatory content. There is a risk that generative AI can be used to create fake news, deceptive content, and misinformation. AI systems might inadvertently generate content that includes private or sensitive information, violating individuals' privacy rights.

Generative AI can be used to create content that is designed to manipulate or exploit users' emotions and behaviors for commercial or political purposes. In fields where generative AI is applied, like marketing, there is a concern about potential job displacement as tasks traditionally done by humans are automated. Also, even well-intentioned AI-generated content can sometimes have unintended negative consequences, leading to misunderstandings or misinformation.

## Additional Teaching Tips

In this chapter, the goal is to provide an overview of marketing and encourage students to think about the specific aspects of the marketing mix.

*Place* is one of the most difficult concepts for students because it is largely invisible to them as consumers. They touch hard goods, experience services, view and hear promotions, and pay for what they buy, but it can seem that products almost appear magically. One recent trend among environmentally conscious consumers is to seek out products produced within a 100-mile radius of their hometowns. Buying these products reduces costs and detrimental environmental effects by reducing emissions associated with transportation and storage. Students should visit local grocery markets, identify goods, and investigate how far the products traveled (and by what means) to reach the store's shelves. From this experience, a rich discussion of both distribution decisions and marketing's impact on society can evolve.

To make the *eras of marketing* clear to students, divide the class into groups, with each group assigned to a specific era. Ask the students to identify a business that adheres to their assigned era in terms of its business philosophy and approach. They should present the business to the class with evidence of the business's philosophy. Each brief presentation should include an assessment of whether the orientation is appropriate to the business given its competitive environment, target audience, and positioning strategy, and if not, what orientation would be best.

### Connect Activities

| Activity                                            | Type            | Learning Objectives 01- |    |    |
|-----------------------------------------------------|-----------------|-------------------------|----|----|
|                                                     |                 | 01                      | 02 | 03 |
| Zipcar: Creating Value in the Marketplace           | Case Analysis   | X                       | X  | X  |
| The Marketing Mix: Travel Goods and Services        | Multiple Choice | X                       |    |    |
| Jeans                                               | Video Case      | X                       | X  |    |
| Value: The Bottled Water Industry                   | Video Case      | X                       | X  |    |
| Delivering Value at Red Mango                       | Video Case      | X                       | X  |    |
| Dunkin' Donuts: Delivering on the Brand Promise     | Video Case      | X                       | X  |    |
| From Beans to Pralines: The Global Chocolate Market | Case Analysis   | X                       | X  | X  |
| Making a Market: Vosges Haut-Chocolat               | Video Case      | X                       |    | X  |
| ISEelt: Value Creation Through the Marketing Mix    | Video Case      | X                       |    |    |
| Marketing at The Gluten Free Bar (GFB)              | Video Case      | X                       | X  | X  |
| A Flood of Water Consumption Choices                | Case Analysis   | X                       |    |    |

#### ZipCar: Creating Value in the Marketplace

- **Activity Type:** Case Analysis
- **Learning Objectives:** 01-01, 01-02, 01-03
- **Difficulty:** Medium
- **Activity Summary:** This case describes Zipcar's operations, focusing on how it creates value. Students answer questions relating the case to chapter concepts.

#### Activity

- **Introduction:** Nearly a decade ago, the founders of Zipcar decided to bring the car-sharing experience to the United States. Since then, Zipcar has developed the gold standard by offering its members 24/7 access to thousands of cars around the world and creating a revolution in the way many think about alternate transportation.

This activity is important because understanding the marketplace, especially consumers' needs and wants, is fundamental to marketing success.

The goal of this activity is to demonstrate how marketing focuses on creating value for customers, clients, partners, and society at large.

- **Concept Review:** Understanding the marketplace, and especially consumers' needs and wants, is fundamental to marketing success. Marketing focuses on creating value for customers, clients, partners, and society at large.

#### Follow-up Activity

Zipcar has a special program targeted at universities. Ask the students the following questions:

- How might students' wants and needs differ from those of Zipcar customers in general?
- What kind of marketing (B2C, B2B, C2C) is Zipcar engaging in when it works with universities to get Zipcar locations approved on campus?
- How can Zipcar create value for university administrators such that they would be interested in having Zipcar locations on campus?

After discussing these points, visit the Zipcar website and look at the "Zipcar for universities" tab. Note the three columns addressing how Zipcar creates value for three different audiences: alumni, students, and faculty and staff.

#### The Marketing Mix: Travel Goods and Services

- **Activity Type:** Multiple Choice
- **Learning Objectives:** 01-01
- **Difficulty:** Medium
- **Activity Summary:** The student is presented with eight marketing activities performed by two travel companies—one that manufactures products and one that offers services. Students are asked to classify the activities according to the marketing mix element it represents.

#### Activity

- **Introduction:** Marketing traditionally has been divided into a set of four interrelated decisions known as the marketing mix, or four Ps: product, price, place, and promotion. Two travel-oriented companies—one a producer of goods, the other a service provider—have different marketing mixes. In this activity, you categorize a set of statements about each company's marketing activities according to the four Ps (product, price, place, and promotion). This activity is important because one of the core aspects of marketing is to create value for customers.

The goal of this activity is to recognize that companies make different marketing mix decisions to offer value. In this activity, you will categorize a set of statements about each company's marketing activities according to the four Ps (product, price, place, and promotion).

#### Follow-Up Activity

- In small groups, students select a company/brand from which they buy products or services. Then, have them fill in examples of marketing activities that fit into each of the four Ps.

**Jeans**

- **Activity Type:** Video Case
- **Learning Objectives:** 01-01, 01-02
- **Difficulty:** Medium
- **Activity Summary:** This video case discusses the market for blue jeans, with its wide price range and many different sets of customer needs and wants. After the video ends, students are asked questions about the video and related course concepts.

**Activity**

- **Introduction:** Marketing involves satisfying the needs and wants of consumers. However, not all consumers have the same needs and wants. The marketing of blue jeans is a good example of how marketers develop a different marketing mix to suit the needs of different consumers.
- **Concept Review:** First invented in the United States, blue jeans represent everything American. How blue jeans went from their humble beginnings to the height of high fashion is a marketing success story. There are dozens of brands, ranging from the \$10 pair to the \$1,000 pair, with numerous offerings between the two extremes to meet the needs of every type of consumer. Marketers must understand what consumers value in order to manage the marketing mix to deliver the right set of benefits to different consumers.
- **Video:** The video is presented to the student below the introductory information. The video plays embedded on the page, after which questions are presented.

**Follow-Up Activity**

In groups or individually, ask students to:

1. List all the brands of jeans they can think of, from basic discount brands to hip designer brands.
2. Use the Internet to find typical prices for a pair of jeans in each brand.
3. Enter the prices into a spreadsheet and generate a scattergram of the prices. (You can use options to have each point labeled by its brand name.)

Then, discuss: How could this scattergram be useful to marketers of each brand? Possible answers:

- It shows the overall price range so a brand can tell if its price is unusually high or low.
- It MIGHT indicate which brands are competing head-to-head (the ones whose dots on the scattergram are closest together), though it's important to note that pricing is only one dimension on which brands can be similar or different. They may be targeting different age or size ranges or aiming to establish different brand images.

**Value: The Bottled Water Industry**

- **Activity Type:** Video Case
- **Learning Objectives:** 01-01, 01-02
- **Difficulty:** Medium
- **Activity Summary:** This video case traces the evolution of the bottled water industry. After the video ends, students are asked questions about the video and related course concepts.

### Activity

- **Introduction:** Bottled water companies create value for customers even though they sell a natural resource that is free and abundant. Water was first positioned as a premium product that indicated status and sophistication. Since then, soft drink companies with large distribution networks, such as PepsiCo and Coca-Cola, have marketed bottled water at lower prices. This activity is important because all marketers must consistently find ways to integrate their different functions into customer value.
- **Concept Review:** The American Marketing Association states that marketing is “an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.” The goal of this activity is to demonstrate your understanding that marketing is a multifaceted function. Although marketing is a multi-faceted function, its fundamental purpose is to create value by developing a variety of offerings, including goods, services, and ideas, to satisfy customer needs.
- **Video:** The video is presented to the student below the introductory information. The video plays embedded on the page, after which questions are presented.

### Follow-Up Activities

Hold a group discussion—or a structured debate, with students assigned to argue a particular position—on the ethics of the bottled water industry. Some potential sources:

- a. Summary of the issues from environmental and clean water advocacy groups:
  - <http://www.nrdc.org/water/drinking/qbw.asp> - Natural Resources Defense Council. Addresses both water safety and environmental impact
  - [http://thewaterproject.org/bottled\\_water\\_wasteful](http://thewaterproject.org/bottled_water_wasteful) - from The Water Project
- b. How bottled water brands are trying to address concerns:
  - <http://www.prnewswire.com/news-releases/pepsicos-aquafina-launches-the-eco-fina-bottletm-the-lightest-weight-bottle-in-the-market-61940397.html> - a press release from Pepsi about the Aquafina Eco-Fina® bottle.
  - <http://www.dasani.com> - Dasani’s statement about its recycling efforts. Click on “DASANI Initiatives.”
  - <http://www.evian.com> - Evian’s website contains several sections addressing concerns (“Evian and your health” discusses water quality; “Evian and the environment” discusses various initiatives related to environmental protection).
  - <http://blogs.ei.columbia.edu/2009/08/11/%E2%80%99Cethical%E2%80%99D-bottled-water-companies> - Discusses strategies of Ethos water and others selling “ethical” bottled water.

### Delivering Value at Red Mango

- **Activity Type:** Video Case
- **Learning Objectives:** 01-01, 01-02
- **Difficulty:** Medium
- **Activity Summary:** This video reviews Red Mango’s marketing mix and its approaches to value creation. After the video ends, students are asked questions about the video and related course concepts.



**Activity**

- **Introduction:** Founder Dan Kim opened the first U.S.-based Red Mango in Los Angeles in 2007. He quickly expanded, and there are currently more than 200 locations in 27 states, plus three locations outside the U.S. Red Mango has successfully combined a healthy product (frozen yogurt) with cool, fun shops to hang out in. Red Mango uses 100% all-natural, nonfat or low-fat, kosher, and gluten-free frozen yogurt fortified with probiotics. It has expanded its menu to include fresh fruit smoothies, parfaits, and probiotic iced teas. Red Mango was named the number one smoothie and frozen yogurt chain in America in Zagat's 2011 National Chain Restaurants Survey. This video illustrates how Red Mango delivers superior value to customers.
- **Concept Review:** This activity is important because you must understand that marketing strives to create value in many ways. If marketers are to succeed, their customers must believe that the firm's products and services are valuable; that is, they are worth more than they cost. Value represents the relationship of benefits to costs. Marketers deliver value through the marketing mix—the 4 Ps: product, price, place, and promotion. Firms become value-driven by sharing information, balancing customer benefits and costs, concentrating on building long-term relations with loyal customers, and creating connections with customers by using social and mobile media. To achieve this, marketers must understand customers' needs and wants. The goal of this activity is to demonstrate your awareness that successful marketing also requires thoughtful planning, with an emphasis on the ethical implications of any of those decisions on society in general.
- **Video:** The video is presented to the student below the introductory information. The video plays embedded on the page, after which questions are presented.

**Dunkin' Donuts: Delivering on the Brand Promise**

- **Activity Type:** Video Case
- **Learning Objectives:** 01-01, 01-02
- **Difficulty:** Medium
- **Activity Summary:** This video case discusses the overall strategy Dunkin' Donuts uses to build its brand and create value for customers. After the video ends, students are asked questions about the video and related course concepts.

**Activity**

- **Introduction:** For more than sixty years, Dunkin' Donuts has been known for its donuts, but recently, the company has increased its focus on coffee, responding to the growing popularity of coffee in the United States. This activity is important because it shows how Dunkin' Donuts uses the four Ps to help differentiate its coffee brand from that of its many competitors.

The goal of this activity is for you to gain a better understanding of how firms develop strategies based on the four Ps.

- **Video:** The video is presented to the student below the introductory information. The video plays embedded on the page, after which questions are presented.



**Follow-Up Activity**

- Discuss how Dunkin' Donuts uses its strategy to differentiate itself from its major competitors in the Coffee and Breakfast marketplace. Some points to consider:
  - Dunkin' Donuts focuses on good value at a reasonable price, mixing coffee and food.
  - Starbucks focuses more on quality to justify its high price and has a stronger focus on coffee drinks, with food available but not a primary focus.
  - McDonald's offers food at all times of the day in addition to its McCafé offerings. It has thousands of locations and keeps a strong focus on low prices and fast service.

**From Beans to Pralines: The Global Chocolate Market**

- **Activity Type:** Case Analysis
- **Learning Objectives:** 01-01, 01-02, 01-03
- **Difficulty:** Easy/Medium/Hard
- **Activity Summary:** Students read a case reviewing strategies adopted by different chocolate brands and then answer questions requiring them to apply the six core aspects of marketing to what they have read.

**Activity**

- **Introduction:** The worldwide chocolate market is huge, with cocoa bean growers spanning three continents, processors located all over the world, and multiple chocolate brands serving the preferences of different consumers. This activity is important because it gives you a solid "big picture" view of the scope of marketing via the chocolate industry.

The goal of this activity is to test your understanding of the six core aspects of marketing by applying these concepts to the global chocolate market.

**Follow-Up Activity**

- Students might enjoy learning about Dr. Dan Ariely's "Hershey Kiss Experiment," in which students were offered a Lindt truffle or a Hershey kiss. When the truffle cost 26 cents, and the kiss cost 1 cent, equal numbers of students chose each; when the truffle cost 25 cents, and the kiss was free, the vast majority chose the kiss. It illustrates the power of "FREE!" and is discussed further in this article: <https://danariely.com/the-nuances-of-the-free-experiment>.

**Making a Market: Vosges Haut-Chocolat**

- **Activity Type:** Video Case
- **Learning Objectives:** 01-01, 01-03
- **Difficulty:** Easy/Medium
- **Activity Summary:** This video case presents a marketing mix for a small brand that seeks to differentiate itself through luxury and innovation. After the video ends, students are asked questions about the video and related course concepts.

**Activity**

- **Introduction:** Vosges Haut-Chocolat is a chocolate brand seeking to make consumption of their chocolate a luxury experience, which has grown along with the market for high-end chocolate. The video discusses how Vosges has created a cohesive marketing strategy focused on luxury and innovation.

This activity is important because successful marketing requires an understanding of the full range of marketing activities and the importance of ensuring that all these activities serve a common strategy.

The goal of this activity is to test your understanding of the basic concepts of marketing.

- **Video:** The video is presented to the student below the introductory information. The video plays embedded on the page, after which questions are presented.

**Follow-Up Activity**

- Compare Vosges to Godiva, which is probably the best-known luxury chocolate brand in the USA. What advantages does Godiva have over Vosges? How can Vosges compete successfully with Godiva (both in terms of its current activities and other things it might do)? Points to consider:
  - Godiva has far more brand recognition, more of its own stores, and a wider distribution network.
  - Vosges has innovative flavors; in addition, the very fact that it is not as well-known might allow the brand to create a more exclusive, super-premium image.

**iSeelt: Value Creation Through the Marketing Mix**

- **Activity Type:** Video Case
- **Learning Objectives:** 01-01
- **Difficulty:** Easy
- **Activity Summary:** The iSeelt video cases available for most chapters introduce key concepts through examples that are familiar to students from their own lives. This short activity uses different consumer preferences for coffee shops to illustrate how marketing creates value.

**Activity**

- **Introduction:** Value is when a customer receives more than they give up, such as when a customer pays for a product or service. The definition of value often shifts based on what each customer is looking for in the product or service they are purchasing. Take, for instance, the Hernandez family and their search for the perfect cup of coffee. Mom, Dad, and Gabby each place value on different aspects of the coffee-drinking experience. Gabby looks for a unique experience, often provided by independent coffee shops, and is willing to pay more for that experience. Mom, on the other hand, wants the consistency and convenience provided by chains, while Dad is not interested in anything fancy but is simply looking for a cheap cup of coffee. Before organizations can effectively market their coffee to this family with such diverse needs, they need to understand where each consumer places value and meet their needs using the marketing mix.

Customer value is the unique combination of benefits received by targeted buyers that includes quality, convenience, on-time delivery, and both before-sale and after-sale service at a specific price. For

organizations to provide value and effectively satisfy consumer needs, they must understand their target market and adjust the marketing mix accordingly.

- **Video:** The video is presented to the student below the introductory information. The video plays embedded on the page, after which questions are presented.

#### Follow-Up Activity

- Discuss some of the places around your university where people can go for a cup of coffee. How do they differ in the value they offer?

#### Marketing at The Gluten Free Bar (GFB)

- **Activity Type:** Video Case
- **Learning Objectives:** 01-01, 01-02, 01-03
- **Difficulty:** Easy/Medium
- **Activity Summary:** Students watch a video that addresses how the marketplace is divided into groups of potential customers who are important to Gluten Free Bar (GFB) for different reasons.

#### Activity

- **Introduction:** From the beginning of the morning until the late hours of the evening, marketing is a core part of everyone's life. This activity is important because understanding the needs and wants of consumers is essential to marketing success. The marketplace can be segmented or divided into groups of potential customers who are important to an organization for different reasons. These future buyers, along with the companies as sellers, trade things of value so that each is better off as a result.

The goal of this activity is to demonstrate your understanding of the role of marketing in organizations.

- **Video:** The video is presented to the student below the introductory information. The video plays embedded on the page, after which questions are presented.

#### Follow-Up Activity

- Discuss the criteria for segmenting a market. Depending on the size of the city or town in which your school is located, have students think of products that can successfully be marketed in your location and others that might not. If the city is large, consider products that succeed there but might not in a smaller town. If the school is in a small college town, consider products that are available in larger areas but not yours. Lead the students in a discussion of why those products can succeed or why they can't, based on the criteria required for segmenting a market.

#### A Flood of Water Consumption Choices

- **Activity Type:** Case Analysis
- **Learning Objectives:** 01-01
- **Difficulty:** Easy/Medium/Hard

- **Activity Summary:** Students read a case about how the consumption of water has changed and then answer questions about the case.

|                 |
|-----------------|
| <b>Activity</b> |
|-----------------|

- **Introduction:** This activity is important because organizations must understand how the role of marketing fits with customers and companies. Understanding the marketplace, and especially consumer needs and wants, is fundamental to marketing success. Good marketing needs to be planned with a recognition of how the implications of those decisions affect society. Marketing traditionally has been divided into a set of four interrelated controllable decisions and consequent actions known as the marketing mix, or four Ps: product, price, place, and promotion. Ultimately, marketing involves an exchange in which both parties should be satisfied after the transaction.

The goal of this activity is to demonstrate your understanding of the role that marketing plays in creating value and why it is important.