Test Bank for Essentials of Health Care Marketing 5th Berkowitz

Essentials of Health Care Marketing, 5th Edition
Eric N. Berkowitz
Additional Quiz
Chapter 2

Import Settings:
Base Settings: Brownstone Default
Information Field: Complexity
Information Field: Ahead
Information Field: Subject
Information Field: Title
Information Field: Feedback
Highest Answer Letter: D
Multiple Keywords in Same Paragraph: No

Chapter: Chapter 02 – Practice Activities

True/False

1. True or False? The mission statement for an organization sets the broad direction for an organization.
Ans: True
Complexity:
Ahead: Strategic Planning Process
Subject: Chapter 2
Title: Marketing Strategy
Feedback: Page

2. True or False? A foundation for resource and financial-based planning is developed through a SWOT analysis.
Ans: False
Complexity:
Ahead: Strategic Planning Process
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3. True or False? The cost-based differential advantage is the hardest differential advantage to regain once it is lost.
Ans: False
Complexity: Easy
Ahead: Strategic Planning Process
Subject: Chapter 2
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4. True or False? Trust is an essential differential advantage in the customer believing the price is fair.

Ans: True
Complexity: Easy
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5. True or False? Invisible value is the value that is built into a product or service.
Ans: True
Complexity: Easy
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6. True or False? Sustaining innovations are those that might be viewed as incrementally new products or services.
Ans: True
Complexity: Easy
Ahead: Disruptive Innovations and New Competition
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Feedback: Page

7. True or False? The three attributes that are common to distributive innovations are that they tend to be cheaper, easy to get, and somewhat more expensive than existing alternatives.
Ans: False
Complexity: Disruptive Innovations and New Competition
Ahead: Easy
Subject: Chapter 2
Title: Marketing Strategy
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8. True or False? Large, established firms with the financial resources to innovate are the organizations that typically bring disruptive innovations to the market.
Ans: False
Complexity: Easy
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Ans: False
Complexity: Easy
Ahead: The Visible Value Challenge of a Differential Advantage
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10. True or False? Evidence management is an organized approach to presenting capabilities.
Ans: True
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11. True or False? Increasing sales of present products to present markets is a product development strategy.
Ans: False
Complexity: Easy
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12. True or False? Taking new products to new markets is a diversification strategy.
Ans: True
Complexity: Easy
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13. True or False? Taking existing products to new markets is a market penetrations strategy.
Ans: False
Complexity: Easy
Ahead: Organizational Strategy
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14. True or False? John Hopkins is working with a private hospital in China to establish a new cancer center. This approach is an example of the market penetration strategy.
Ans: False
Complexity:
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15. True or False? A market penetration strategy can occur through a more aggressive pricing strategy or distribution strategy than a competitor.
Ans: True
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16. True or False? Many women's hospitals are now establishing specialized services for men as a market penetration strategy.
Ans: False
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17. True or False? A medical group deciding to build a hospital is an example of backwards vertical integration.
Ans: True
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18. True or False? A health system has decided to create its own accountable care organization and be responsible for the health status of a group of patients. This is an example of a product development strategy.
Ans: True
Complexity: True
Ahead: Developing the Marketing Plan
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19. True or False? In the pharmaceutical industry, one company often licenses its products to another so that the second firm can market the drug. This is referred to as a strategic affiliation.
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Ans: False
Complexity: Easy
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21. True or False? A multispecialty group has many satellite locations. As the market changes in population distribution, the group decides to close some clinic locations. This strategy is referred to as retrenchment.
Ans: True
Complexity: Easy
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22. True or False? Harvesting is allowing a product to gradually decline by withdrawing support until there is little or no market demand.
Ans: True
Complexity: Easy
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23. True or False? In the BCG matrix, the underlying assumption is that cash flow and rate of return are closely related to sales volume.
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Ahead: Determining Organizational Strategy
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24. True or False? When growth is low but present value is high, the product is a cash cow.
Ans: False
Complexity: Easy
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25. True or False? Problem children have great growth potential but low market share.
Ans: True
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Ans: False
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27. True or False? Revenue that the cash cows generate should go to the problem children.
Ans: True
Complexity: Easy
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28. True or False? A key factor in the Five Forces Model is the threat of new technology.
Ans: False
Complexity: Easy
Ahead: Analyzing the Competitive Market
Subject: Chapter 2
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29. True or False? When the cost of switching among providers is low, competition can be intense.
Ans: True
Complexity: Easy
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30. True or False? In health care, nurse practitioners and pharmacists represent the threat of new entrants.
Ans: True
Complexity: Easy
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31. True or False? The Five Forces Model and the Blue Ocean strategy perspective both consider strategy in light of existing competitors.
Ans: False
Complexity: Easy
Ahead: Blue Ocean Strategy
Subject: Chapter 2
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Feedback: Page

32. True or False? Red Oceans represent the blood of companies fighting for market share among existing competitors.
Ans: True
Complexity: Easy
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33. True or False? In terms of the Blue Ocean perspective, new service innovations differ on two dimensions of the types of benefits offered and the price level.
Ans: False
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34. True or False? A market concentration strategy focuses on the most geographically concentrated group of customers.
Ans: False
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35. True or False? Hospital ROI has been found to be related to market share.
Ans: True
Complexity: Easy
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36 True or False? Specialty hospitals can be said to follow a niche strategy.
Ans: True
Complexity: Easy
Ahead: Developing the Marketing Plan
Subject: Chapter 2
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37. True or False? Specialty hospitals could be said to follow a concentrated strategy.
Ans: False
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Multiple Choice

1. Johns Hopkins, a major academic healthcare organization located in Baltimore, Maryland, has multiple satellite clinics throughout the wider Washington D.C. metropolitan area. This strategy is a:
A) diversification strategy.
B) product-development strategy.
C) market-penetration strategy.

D) market-development strategy.
Ans: C
Complexity: Moderate
Ahead: Organizational Strategy
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2. Many women's hospitals are now offering specialized programs for men. This approach is an example of what type of strategy?
A) Diversification
B) Product development
C) Market development
D) Market penetration
Ans: C
Complexity: Moderate
Ahead: Organizational Strategy
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3. Scott & White Clinic in Texas and Aultman Hospital in Ohio have developed their own insurance products. These organizations have decided to pursue a strategy of:
A) market development.
B) diversification.
C) product development.
D) market penetration.
Ans: C
Complexity: Moderate
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4. Sharp Health Care has partnered with the CVS retail pharmacy chain to offer its services within CVS retail locations. This is an example of:
A) forward integration.
B) mass retailing.
C) mass distribution.
D) backward integration.
Ans: A
Complexity: Moderate
Ahead: Organizational Strategy
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Title: Marketing Strategy

5. In a backward integration strategy, an organization becomes:
A) a pharmaceutical company.
B) its own supplier.
C) its own buying entity.
D) a purchasing coalition.
Ans: B
Complexity: Moderate
Ahead: Organizational Strategy
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6. When growth in existing markets is slow or regulatory changes make it risky to remain in existing markets, organizations tend to pursue which of the following growth strategies?
A) Diversification
B) Product development
C) Market penetration
D) None of these is correct.
Ans: A
Complexity: Moderate
Ahead: Organizational Strategy
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7. IBM has increasingly partnered with healthcare organizations interested in applying the Watson cloud technology for healthcare applications to assist physicians and researchers. For IBM, this approach is an example of which type of growth strategy?
A) Market penetration
B) Market development
C) Product development
D) Diversification
Ans: D
Complexity: Moderate
Ahead: Organizational Strategy
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8. Strategic alliances in which both corporate entities hold an equity position are:
A) usually successful given the fact that there is shared risk.
B) difficult to achieve, because it is difficult to get corporate agreement among both parties.
C) referred to as shared risk pooled entities.
D) defined as joint venture businesses.
Ans: D
Complexity: Moderate

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9. When there is a weak fit between a core business and a particular business line, organizations will typically follow what particular strategy?
A) They will consolidate the weak line into others.
B) The organization will attempt to divest the weak line.
C) The organization will try to refine the target marketing strategy.
D) They will attempt to try to reinvigorate the line with additional advertising.
Ans: B
Complexity: Moderate
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10. Increasingly, many hospitals are having to close service lines when the market is too small or costly to serve, such as the case in mental health. This is an example of which type of strategy?
A) Divestment
B) Pruning
C) Retrenchment
D) Harvesting
Ans: B
Complexity: Moderate
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11. A pharmaceutical vice president has decided to gradually withdraw marketing and promotional support from a particular drug. She has instructed her sales force to no longer spend any time with physicians discussing this particular script, nor will any promotional support be provided. The number of generics competing against this formulary has increased, and the margins have declined precipitously. This is an example of:
A) retrenchment.
B) harvesting.
C) pruning.
D) divestment.
Ans: B
Complexity: Moderate
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12. In the BCG matrix, a marketing person can affect one of the two dimensions of this matrix as a function of their strategy. Which dimension could they possibly affect?
A) Population
B) Target size
C) Market growth rate
D) Market share
Ans: D
Complexity: Moderate
Ahead: Determining Organizational Strategy
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13. In the BCG matrix, revenues generated by stars should be reinvested into:
A) dogs.
B) cows.
C) stars.
D) problem children.
Ans: C
Complexity: Moderate
Ahead: Determining Organizational Strategy
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14. A product would be considered a cash cow if:
A) the product's market has matured, but the organization was able to retain its market share through the life cycle.
B) the product has a high market share and a high growth rate
C) the organization could generate cash but not capture share.
D) product has low relative market share, but high growth rate.
Ans: A
Complexity: Moderate
Ahead: Determining Organizational Strategy
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15. Which of the following is true of a service that is a problem child?
A) It is a new service with little share or one that is generating a lot of cash.
B) It is a poor service but has a high share.
C) It is a new service but has quality problems.
D) It is a new service or one that has been in existence for some time, but there are strategy problems.
Ans: D
Complexity: Moderate

Ahead: Determining Organizational Strategy
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16. Which of the following is *not* one of the four factors that affect the intensity of competition in Porter's Five Forces Model?
A) Intensity of competition
B) Bargaining power of buyers
C) Bargaining power of suppliers
D) Threat of new entrants
Ans: A
Complexity: Moderate
Ahead: Analyzing the Competitive Market
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17. In terms of Porter's Five Forces Model, the formation of physician/hospital networks is an attempt to:
A) develop a structure to create new medical technologies quickly.
B) mitigate the power of buyers with stronger suppliers.
C) mitigate the threat of new entrants.
D) All of these are correct.
Ans: B
Complexity: Moderate
Ahead: Analyzing the Competitive Market
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18. The foundation of the 7-S framework is:
A) the seven structural components of efficiency.
B) shared values.
C) shared service lines across merged systems.
D) system efficiencies.
Ans: B
Complexity:
Ahead: Analyzing the Competitive Market
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19. Suppliers can become a significant threat when they are able to:
A) forward integrate.
B) develop a system for technological interactivity.

C) systematize delivery online.
D) backward integrate.
Ans: A
Complexity: Moderate
Ahead: Analyzing the Competitive Market
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20. On a continuum of strategic perspectives, the Blue Ocean strategy is most dissimilar to:
A) the BCG matrix, because growth is not a major focus of this model.
B) the BCG matrix, because market share and growth are irrelevant in considering opportunities.
C) the Porter model, because Porter focuses on existing competitors, whereas Blue Ocean focuses on uncontested market space.
D) the Porter model, because Blue Ocean only has blue and red oceans, not five forces.
Ans: C
Complexity: Moderate
Ahead: Blue Ocean Strategy
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21. Mass marketing is when an organization decides to treat the entire market as a:
A) group of people with very different needs.
B) heterogeneous group of patients.
C) group of patients who want to purchase the same services.
D) None of these is correct.
Ans: C
Complexity: Moderate
Ahead: Developing the Marketing Plan
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22. Boutique medical practices in which patients pay a significant amount upfront to ensure that they have personalized concierge service with their doctor is an example of a:
A) mass marketing strategy.
B) high-income strategy.
C) market concentration strategy.
D) market elite strategy.
Ans: C
Complexity: Moderate
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23. In health care, it has been found that hospitals with higher profitability tend to be those with:
A) lower market share in niche markets.
B) higher market share.
C) more technological investments.
D) medical staff encompassing a wider age distribution.
Ans: B
Complexity: Moderate
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True/False

1. True or False? The mission statement for an organization sets the broad direction for an organization.

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Multiple Choice

38. Johns Hopkins, a major academic healthcare organization located in Baltimore, Maryland, has multiple satellite clinics throughout the wider Washington D.C. metropolitan area. This strategy is a:
A. diversification strategy.
B. product-development strategy.
C. market-penetration strategy.
D. market-development strategy.

Answer: C
Complexity: Moderate
Ahead: Organizational Strategy
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39. Many women's hospitals are now offering specialized programs for men. This approach is an example of what type of strategy?
A. Diversification
B. Product development
C. Market development
D. Market penetration

Answer: C
Complexity: Moderate
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C. product development.
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Answer: C
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43. When growth in existing markets is slow or regulatory changes make it risky to remain in existing markets, organizations tend to pursue which of the following growth strategies?
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C. Market penetration
D. None of these is correct.

Answer: A
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44. IBM has increasingly partnered with healthcare organizations interested in applying the Watson cloud technology for healthcare applications to assist physicians and researchers. For IBM, this approach is an example of which type of growth strategy?
A. Market penetration
B. Market development
C. Product development
D. Diversification

Answer: D
Complexity: Moderate
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45. Strategic alliances in which both corporate entities hold an equity position are:
A. usually successful given the fact that there is shared risk.
B. difficult to achieve, because it is difficult to get corporate agreement among both parties.
C. referred to as shared risk pooled entities.
D. defined as joint venture businesses.

Answer: D
Complexity: Moderate
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46. When there is a weak fit between a core business and a particular business line, organizations will typically follow what particular strategy?
A. They will consolidate the weak line into others.
B. The organization will attempt to divest the weak line.
C. The organization will try to refine the target marketing strategy.
D. They will attempt to try to reinvigorate the line with additional advertising.

Answer: B
Complexity: Moderate
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47. Increasingly, many hospitals are having to close service lines when the market is too small or costly to serve, such as the case in mental health. This is an example of which type of strategy?
A. Divestment
B. Pruning
C. Retrenchment
D. Harvesting

Answer: B
Complexity: Moderate
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48. A pharmaceutical vice president has decided to gradually withdraw marketing and promotional support from a particular drug. She has instructed her sales force to no longer spend any time with physicians discussing this particular script, nor will any promotional support be provided. The number of generics competing against this formulary has increased, and the margins have declined precipitously. This is an example of:
A. retrenchment.
B. harvesting.
C. pruning.
D. divestment.

Answer: B
Complexity: Moderate
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49. In the BCG matrix, a marketing person can affect one of the two dimensions of this matrix as a function of their strategy. Which dimension could they possibly affect?
A. Population
B. Target size
C. Market growth rate
D. Market share

Answer: D
Complexity: Moderate
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50. In the BCG matrix, revenues generated by stars should be reinvested into:
A. dogs.
B. cows.
C. stars.
D. problem children.

Answer: C

Complexity: Moderate
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51. A product would be considered a cash cow if:
A. the product's market has matured, but the organization was able to retain its market share through the life cycle.
B. the product has a high market share and a high growth rate
C. the organization could generate cash but not capture share.
D. product has low relative market share, but high growth rate.

Answer: A
Complexity: Moderate
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52. Which of the following is true of a service that is a problem child?
A. It is a new service with little share or one that is generating a lot of cash.
B. It is a poor service but has a high share.
C. It is a new service but has quality problems.
D. It is a new service or one that has been in existence for some time, but there are strategy problems.

Answer: D
Complexity: Moderate
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53. Which of the following is *not* one of the four factors that affect the intensity of competition in Porter's Five Forces Model?
A. Intensity of competition
B. Bargaining power of buyers
C. Bargaining power of suppliers
D. Threat of new entrants

Answer: A
Complexity: Moderate
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54. In terms of Porter's Five Forces Model, the formation of physician/hospital networks is an attempt to:
A. develop a structure to create new medical technologies quickly.
B. mitigate the power of buyers with stronger suppliers.
C. mitigate the threat of new entrants.
D. All of these are correct.

Answer: B
Complexity: Moderate
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55. The foundation of the 7-S framework is:
A. the seven structural components of efficiency.
B. shared values.
C. shared service lines across merged systems.
D. system efficiencies.

Answer: B
Complexity:
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56. Suppliers can become a significant threat when they are able to:
A. forward integrate.
B. develop a system for technological interactivity.
C. systematize delivery online.
D. backward integrate.

Answer: A
Complexity: Moderate
Ahead: Analyzing the Competitive Market
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57. On a continuum of strategic perspectives, the Blue Ocean strategy is most dissimilar to:
A. the BCG matrix, because growth is not a major focus of this model.
B. the BCG matrix, because market share and growth are irrelevant in considering opportunities.
C. the Porter model, because Porter focuses on existing competitors, whereas Blue Ocean focuses on uncontested market space.
D. the Porter model, because Blue Ocean only has blue and red oceans, not five forces.

Answer: C
Complexity: Moderate
Ahead: Blue Ocean Strategy
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58. Mass marketing is when an organization decides to treat the entire market as a:
A. group of people with very different needs.
B. heterogeneous group of patients.
C. group of patients who want to purchase the same services.
D. None of these is correct.

Answer: C
Complexity: Moderate
Ahead: Developing the Marketing Plan
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59. Boutique medical practices in which patients pay a significant amount upfront to ensure that they have personalized concierge service with their doctor is an example of a:
A. mass marketing strategy.
B. high-income strategy.
C. market concentration strategy.

D. market elite strategy.

Answer: C
Complexity: Moderate
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60. In health care, it has been found that hospitals with higher profitability tend to be those with:
A. lower market share in niche markets.
B. higher market share.
C. more technological investments.
D. medical staff encompassing a wider age distribution.

Answer: B
Complexity: Moderate
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