

Chapter 1

Marketing: Managing Profitable Customer Relationships

Multiple Choice

1. Marketing seeks to create and manage profitable customer relationships by delivering _____ to customers.
- competitive prices
 - superior value
 - superior service
 - superior promotion

(b; Easy; p. 5)

2. The marketing manager at Sunshine Car Washes is holding a training session for new employees. She stresses that perhaps the most important concept of modern marketing is _____.
- customer relationship management
 - e-mail advertising
 - a quality Web site
 - properly trained sales people

(a; Moderate; p. 15)

3. This business is now the best-known name on the Net.
- Barnes and Noble
 - Microsoft
 - Amazon.com
 - America Online

(c; Easy; p. 3)

4. Jeff Bezos, founder of Amazon.com, wants to deliver a _____ to every customer.
- special experience
 - superior value
 - wide selection of products
 - none of the above

(a; Easy; p. 4)

5. Amazon.com delivers all of the following benefits except one. Choose it.
- huge selection
 - good value
 - convenience
 - no refund, credit only policy

(d; Challenging; p. 3)

6. Selling on the Web presents serious challenges. Amazon.com has made large initial investments in computer systems, distribution centers, and _____.
a. customer acquisition
b. inventory
c. employee training
d. employee benefits
(a; Moderate; p. 4)
7. Many experts predict that the future will belong to retailers who offer both “clicks” and _____.
a. major discounts
b. bricks
c. superior locations
d. superior promotion
(b; Easy; p. 4)
8. You have learned at work that today’s successful companies at all levels have one thing in common: they are strongly customer focused and heavily committed to _____.
a. obtaining the best CEOs
b. increasing wealth to stockholders
c. marketing
d. employee motivation
(c; Moderate; p. 5)
9. _____ is managing profitable customer relationships.
a. Management
b. Control
c. Marketing
d. Human Resources
(c; Easy; p. 5)
10. The twofold goal of marketing is to attract new customers by promising superior value and to _____.
a. keep and grow current customers by delivering satisfaction
b. keep and grow current customers by delivering competitive pricing
c. keep and grow current customers by delivering friendly service
d. all of the above
(a; Challenging; p. 5)

11. Highly successful companies know that if they take care of their customers, _____ will follow.
- a. frequent word of mouth
 - b. market share
 - c. profits
 - d. market share and profits
- (d; Moderate; p. 5)
12. Marketing is more than _____ and advertising.
- a. distribution
 - b. promotion
 - c. selling
 - d. customer service
- (c; Easy; p. 5)
13. Today, marketing must be understood in terms of making a sale and _____.
- a. satisfying customer needs
 - b. understanding customer value
 - c. customers' self images
 - d. brilliant advertising
- (a; Easy; p. 5)
14. Marketing is not only an exchange and managerial process, it is a _____.
- a. numbers game
 - b. social process
 - c. cultural process
 - d. subcultural process
- (b. Moderate; p. 5)
15. You have learned from experience as well as from this course that the most basic concept underlying marketing is that of _____.
- a. selling and advertising
 - b. customer satisfaction
 - c. retaining customers
 - d. human needs
- (d; Easy; p. 6)
16. As a new assistant marketing manager trainee, you learn in an orientation meeting that _____ are the form human needs take as they are shaped by culture and individual personality.
- a. wants
 - b. demands
 - c. self concepts
 - d. desires
- (a; Moderate; p. 6)

17. Greg Williams now has the buying power to purchase the computer system he has wanted for the last six months. Greg's want now has become a _____.
a. need
b. necessity
c. demand
d. none of the above

(c; Easy; p. 6)

18. What do companies call a set of benefits that they promise to consumers to satisfy their needs?
a. marketing offer
b. value proposition
c. demand satisfaction
d. need proposition

(b; Moderate; p. 6)

19. You are preparing a combination of products, services, information, and experiences to a market to satisfy needs and wants. What are you preparing?
a. value proposition
b. demand satisfaction
c. tactical plan
d. marketing offer

(d; Challenging; p. 6)

20. We must learn a valuable lesson in marketing. Many sellers make the mistake of paying more attention to the specific products they offer than to the _____ produced by those products.
a. benefits
b. experiences
c. benefits and experiences
d. value satisfaction

(c; Moderate; p. 7)

21. Smart marketers look beyond the attributes of the products and services they sell. They create brand _____ and brand _____ for consumers.
a. awareness; preference
b. recognition; preference
c. meaning; preference
d. meaning; experiences

(d; Challenging; p. 7)

22. By orchestrating several services and products, companies can create, stage, and market brand _____.
a. meaning
b. experiences
c. awareness
d. preferences
(b; Moderate; p. 7)
23. The difference between customer value and customer satisfaction is that value is the difference between the values the customer gains from owning and using a product and the _____.
a. costs of delivery of the product
b. cost of obtaining the product
c. cost of competing products
d. cost of the lost experience
(b. Moderate; p. 9)
24. We can safely say that when a customer's purchase lives up to his or her expectations, the customer is experiencing this state of being.
a. customer value
b. self-esteem
c. self-actualization
d. customer satisfaction
(d; Moderate; p. 9)
25. At work, customers decide to satisfy needs and wants through exchange. What occurs at this point?
a. selling
b. customer service
c. marketing
d. transaction marketing
(c; Challenging; p. 9)
26. Marketing consists of actions taken to build and maintain desirable _____ with target audiences involving a product, service, idea, or other object.
a. exchange transactions
b. exchange relationships
c. exchange processes
d. exchange communications
(b; Easy; p. 9)

27. This group of buyers share a particular need or want that can be satisfied through exchange relationships.
- a. segment
 - b. target market
 - c. market
 - d. buying group
- (c; Easy; p. 10)
28. Economists use the term “market” differently than marketers. They refer to a collection of buyers and sellers who transact in a particular _____, as in the commodities or housing market.
- a. product class
 - b. product division
 - c. market segment
 - d. target market
- (a; Moderate; p. 10)
29. Marketing is not carried on by sellers alone. _____ also carry on marketing.
- a. Suppliers
 - b. Investors
 - c. Web designers
 - d. Buyers
- (d; Easy; p. 10)
30. _____ means managing markets to bring about profitable exchange relationships by creating value and satisfying needs and wants.
- a. Selling
 - b. Promoting
 - c. Marketing
 - d. Relationship marketing
- (c; Easy; p. 10)
31. Shawn McCork has an interesting job. He is involved in getting, keeping, and growing customers through creating, delivering, and communicating superior customer value. What is Shawn’s job?
- a. general manager
 - b. supervisor
 - c. marketing manager
 - d. sales manager
- (c; Challenging; p. 11)

32. Marketers are not concerned with serving all customers in every way. Rather, they want to serve selected customers that they can serve _____.
a. profitably
b. with superior customer service
c. well
d. well and profitably
(d; Moderate; p. 10)
33. Marketing managers are concerned with ways to deal with demand. They may need to find, increase, _____, or even _____ demand.
a. avoid; slow
b. change; reduce
c. maximize; change
d. change; modify
(b; Challenging; p. 11)
34. The federal government finds it necessary at times to limit demand by reducing the number of customers or to shift their demand temporarily or permanently. Name the term for this type of action.
a. debugging
b. deregulation
c. demarketing
d. gray marketing
(c; Easy; p. 11)
35. The five alternative concepts under which organizations conduct their marketing activities include the production, _____, selling, marketing, and societal marketing concepts.
a. promotion
b. pricing
c. distribution
d. product
(d; Moderate; p. 12)
36. After surveying all 3,500 customers by e-mail, Best Value Stores learned that its customers favor high quality, performance, and innovative features. Best Value's customers were surveyed about _____.
a. product concept
b. production concept
c. marketing concept
d. promotion concept
(a; Challenging; p. 12)

37. We have learned by sad experience that the product concept can lead to marketing _____.
a. failures
b. myopia
c. problems
d. incongruences
(b; Moderate; p. 12)
38. Jolene's firm believes that consumers will not buy enough of the firm's products unless the firm undertakes a large-scale selling and promotion effort. Jolene's firm is practicing the _____.
a. production concept
b. marketing concept
c. selling concept
d. relationship concept
(c; Easy; p. 12)
39. Most firms practice the selling concept when they face _____.
a. a crisis
b. a recession
c. fierce competition
d. overcapacity
(d; Moderate; p. 12)
40. To practice the marketing concept, an organization must deliver the _____ better than competitors.
a. desired satisfactions
b. attractive prices
c. level of service
d. advertising campaign
(a; Moderate; p. 12)
41. One of the following is the call of the Information Age where the customer asks:
a. "This is what I want, will you make it safer?"
b. "This is what I want, won't you please make it?"
c. "Can you make it safer and sell it cheaper?"
d. "This is what I want, can you provide more options?"
(b; Moderate; p. 13)
42. Jonathan Nash works in sales for a telemarketing firm. His firm uses the selling concept which takes a (an) _____ approach.
a. outside-in
b. myopic
c. inside-out
d. marketing concept
(c; Easy; p. 13)

43. Herb Kelleher of Southwest Airlines uses the marketing concept in his successful organization. His perspective of having a customer department uses a (an) _____ perspective.
- a. outside-in
 - b. external
 - c. inside-out
 - d. modern
- (a; Challenging; p. 13)
44. Customer-driven marketing usually works well when _____ and when customers _____.
- a. a clear need exists; are easy to identify
 - b. customers know what they want; can afford it
 - c. a firm can deliver the goods desired; are thoroughly researched
 - d. a clear need exists; know what they want
- (d; Challenging; p. 13)
45. Marie Ortiz enjoys her work at Futuristic Designs, Inc. Her organization understands customer needs even better than customers themselves do and creates products and services that will meet existing and latent needs, now and in the future. Marie's firm practices _____ marketing.
- a. customer-driven
 - b. customer-driving
 - c. relationship
 - d. none of the above
- (b; Challenging; p. 13)
46. Now many companies are beginning to think of _____ interests as well as their own customers' needs.
- a. society's
 - b. stockholders'
 - c. investors'
 - d. lenders'
- (a; Easy; p. 14)
47. The societal marketing concept seeks to establish a balance between consumer short-run wants and consumer_____.
- a. short-run costs and profits
 - b. short-run ethics
 - c. long-run welfare
 - d. health
- (c; Moderate; p. 14)

48. You find yourself in a new job. Your marketing manager is heavily involved in the process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. Your manager is concerned with which one of the following?

- a. database management
- b. Web site hits
- c. relationship management
- d. customer relationship management

(d; Moderate; p. 15)

49. Companies today face some new marketing realities that mean there are fewer customers to go around. Changing demographics, _____, and overcapacity in many industries are great concerns.

- a. more sophisticated competitors
- b. higher unemployment
- c. slowing incomes
- d. 9/11

(a; Challenging; p. 16)

50. _____ is an important concept when we realize that losing a customer means losing more than a single sale. It means losing the entire stream of purchases that the customer would make over a lifetime of patronage.

- a. Heuristics
- b. Net profit
- c. Customer lifetime value
- d. Relationship marketing

(c; Moderate; p. 16)

51. Experience has taught us that the key to building lasting customer relationships is to create superior customer value and _____.

- a. satisfaction
- b. great service
- c. competitive prices
- d. long-term relationships

(a; Easy; p. 16)

52. Customers buy from stores and firms that offer the highest _____.

- a. value for the dollar
- b. customer perceived value
- c. level of customer satisfaction
- d. both b and c

(b; Challenging; p. 17)

53. Since customers tend to act on perceived values, they often do not judge product values and costs _____.
a. reliably
b. accurately
c. objectively
d. accurately or objectively
(d; Moderate; p. 17)
54. Tommy Gray attempts to deliver customer satisfaction every day in his Audio Expressions installation business. He is a smart operator who knows that the key to this goal is to match _____ with _____.
a. customer expectations; competitive prices
b. company performance; competitive prices
c. customer expectations; company performance
d. company performance; unique products
(c; Moderate; p. 17)
55. You have just read a report that alarms you. According to the American Customer Satisfaction Index, which of the following conditions exists relative to overall customer satisfaction with U.S. manufacturing and service industries?
a. It has increased slightly.
b. It has increased very much.
c. It has remained steady.
d. It has decreased slightly.
(d; Easy; p. 17)
56. All of the following are associated with highly satisfied customers except one.
a. They are less price sensitive.
b. They remain loyal for a longer period.
c. They spend a higher percentage of their discretionary income on personal items.
d. They talk favorably to others about the company and its products.
(c; Moderate; p. 19)
57. Shania works hard with her Internet customers to create an emotional relationship for her customers with the products and services she and her staff sell. She and her staff have created _____.
a. customer delight
b. customer satisfaction
c. customer value
d. customer loyalty
(a; Challenging; p. 19)

58. Beyond simply retaining good customers, marketers want to constantly increase their “share of customer.” Describe what this means in marketing terms.
- Marketers want to increase their market share.
 - Marketers want to increase the share they get of the customer’s purchasing in their product categories.
 - Marketers want to increase the profit margin with this target market.
 - none of the above
- (b; Challenging; p. 20)
59. _____ is one of the best ways to increase share of customer.
- Selling up
 - Using bait and switch
 - Cross selling
 - Relationship selling
- (c; Easy; p. 20)
60. Karrie Romanov wants to capture the full essence of customer relationship management. Which of the following will Karrie take into consideration?
- own the customers for life
 - capture their lifetime value
 - build overall customer equity
 - all of the above
- (d; Moderate; p. 20)
61. Is the following statement true? Clearly, the more loyal the firm’s customers, the higher the firm’s customer equity.
- no
 - yes
 - maybe
 - cannot tell accurately
- (b; Easy; p. 21)
62. Surveys show that in markets with few customers and high margins, sellers want to create _____ with key customers.
- basic relationships
 - relationship marketing
 - extreme partnerships
 - full partnerships
- (d. Moderate; p. 21)

63. Some firms find themselves in markets with many low-margin customers. As Assistant Marketing Director, what type of relationship would you develop with these customers?
- a. full partnerships
 - b. basic relationships
 - c. relationship marketing
 - d. key customer marketing
- (b; Challenging; p. 21)
64. Many organizations today realize that in addition to providing financial benefits to customers, they must also add _____ benefits.
- a. social
 - b. emotional
 - c. rational
 - d. psychographic
- (a; Easy; p. 21)
65. By supplying customers with special equipment or computer linkages that help them manage their orders, payroll, or inventory, a business marketer would be building customer relationships by adding _____.
- a. greater customer service
 - b. partnership marketing
 - c. structural ties
 - d. none of the above
- (c; Moderate; p. 22)
66. You have just read a report in a leading business magazine. It states that the major marketing developments as we enter the new millennium can be summed up in what single theme?
- a. relationship marketing
 - b. connecting
 - c. partnering
 - d. networking
- (b; Challenging; p. 23)
67. You will learn that marketing ultimately involves attracting, keeping, and _____ profitable customers.
- a. tracking
 - b. placing in a database
 - c. growing
 - d. none of the above
- (c; Moderate; p. 23)

68. We can say that the major force behind the new “connectedness” is explosive advances in information, transportation, and _____.
a. computer telecommunications
b. improved market research
c. better-trained marketing departments
d. Web sites
(a; Easy; p. 23)
69. A tremendous advantage of modern communication and advertising tools is that marketers can zero in on selected customers with carefully _____.
a. selected customer profiles
b. customized products
c. flexible pricing ranges
d. selected targeted messages
(d; Moderate; p. 23)
70. You have just been told by your supervisor at work that a New Economy has emerged. What is the technology behind this new force?
a. the Internet
b. Web sites
c. voice mail
d. cell phones
(a; Easy; p. 24)
71. A recent study confirms that Internet penetration in the United States has reached what percent?
a. 40 percent
b. 50 percent
c. 60 percent
d. 70 percent
(c. Easy; p. 24)
72. Business-to-business marketing is growing at a tremendous pace. Sales in this arena are expected to reach _____ by the end of 2003.
a. \$1.6 trillion
b. \$2.7 trillion
c. \$3.0 trillion
d. \$3.6 trillion
(d; Moderate; page 25)

73. Pete Sanchez has just realized something that he needs to tell his marketing manager at work. Pete knows that today few firms still practice true _____.
a. production orientation
b. sales orientation
c. mass marketing
d. market segmenting
(c; Moderate; p. 25)
74. Many marketers use a concept today to determine which customers can be served profitably and which ones cannot. They target the winning ones for pampering. What is this concept called?
a. selective relationship management
b. target marketing
c. market segmenting
d. selective targeting
(a; Challenging; p. 25)
75. There is a trend today to do away with unprofitable customers. This ends up improving the _____ of the firm.
a. database
b. profitability
c. image
d. customer relationships
(b; Moderate; p. 25)
76. In addition to connecting more deeply with customers, many companies are also connecting more _____.
a. directly
b. frequently
c. inexpensively
d. none of the above
(a; Easy; p. 26)
77. Suzie Chan strengthens her company's connections with partners all along the supply chain. What type of management is she using?
a. outside partnering
b. supplier connecting
c. channeling
d. supply chain
(d; Easy; p. 28)

78. Most companies realize that they need partners to go beyond supply chain management. What do we call this association?
- a. strategic alliances
 - b. strategic planning
 - c. partnering
 - d. mutual reciprocity
- (a; Moderate: p. 28)
79. Compared to the early 1990s, firms now find that _____ in every four dollars earned by the top 1,000 U.S. companies flows from _____.
- a. one; strategic planning
 - b. two; superior marketing
 - c. one; alliances
 - d. none of the above
- (c; Challenging; p. 28)
80. Today, in countries around the world, managers are going beyond a local view of the company's industry and competitors. _____ opportunities are becoming more common.
- a. Global
 - b. Ethnic
 - c. Subcultural
 - d. Internal
- (a; Easy; p. 28)
81. Your authors have expressed that in the next century winning companies may well be those that have built the best _____.
- a. channels of distribution
 - b. sales force
 - c. global networks
 - d. governmental relations
- (c; Moderate; p. 29)
82. Many firms today are taking a proactive orientation by becoming more socially and _____ responsible.
- a. environmentally
 - b. financially
 - c. ethically
 - d. all of the above
- (a; Challenging; p. 31)

83. Today, which of the following types of organizations use various marketing strategies in addition to larger corporations?

- a. small businesses
- b. minority owned businesses
- c. not-for-profit organizations
- d. all of the above

(d; Easy; p. 31)

84. Governmental agencies are becoming more involved in marketing as the years pass. When a local government advertises keeping the area's streams and water supply cleaner, it is involved in _____.

- a. green marketing
- b. social marketing campaigns
- c. demarketing
- d. environmental marketing

(b; Challenging; p. 31)

85. Is it true that every type of organization can connect through marketing?

- a. yes
- b. no
- c. maybe
- d. cannot be determined

(a; Easy; p. 32)

86. Many not-for-profit organizations are facing huge operating deficits that they must cover by more aggressive _____.

- a. volunteer service
- b. customer service
- c. advertising
- d. donor marketing

(d; Moderate; p. 31)

87. A more modern view of marketing is that it has evolved from customer acquisition to customer _____.

- a. involvement
- b. care
- c. exploitation
- d. service

(b; Easy; p. 32)

88. The old marketing view emphasized trying to make a profit on each sale rather than trying to profit by managing what value?

- a. customer lifetime value
- b. customer satisfaction index
- c. cognitive dissonance
- d. all of the above

(a; Challenging; p. 32)

89. Which word is missing from the following statement? Marketers need to _____, create, communicate, and deliver real value to customers.

- a. find
- b. understand
- c. explore
- d. seek

(b; Easy; p. 32)

90. Modern companies are improving their customer knowledge and customer _____.

- a. appreciation
- b. awareness
- c. connections
- d. none of the above

(c; Easy; p. 32)

True – False

91. It is safe to say that today's most important marketing concept is customer relationship management.

(True; Easy; p. 5)

92. The best-known dot com business name in the world is Ebay.

(False; Moderate; p. 3)

93. Amazon.com is an outstanding marketing company. The key to its future is its relationships with its customers.

(True; Easy; p. 4)

94. Amazon.com's unique blend of benefits includes huge selection, good value, convenience, and customer satisfaction.

(False; Moderate; p. 4)

95. Internet-based companies tend to spend tremendous outlays on customer acquisition.

(True; Moderate; p. 4)

96. Like Amazon.com, today's successful companies at all levels have one thing in common – they are strongly supplier focused and heavily committed to cost savings.
(False; Challenging; p. 5)
97. The simplest definition of modern marketing is managing profitable customer relationships.
(True; Easy; p. 5)
98. A thorough definition of marketing tells us that it is a business and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.
(False; Moderate; p. 5)
99. The difference between human needs and wants is that needs are states of felt deprivation.
(True; Easy; p. 6)
100. Harry Porter is addressing customer needs by putting forth a set of benefits he promises to consumers to satisfy them. Harry is concerned with value proposition.
(True; Moderate; p. 6)
101. Smart marketers look beyond the attributes of the products and services they sell. They create brand meaning and brand experiences for consumers.
(True; Moderate; p. 6)
102. Customer value in relation to a purchase depends on how well the product's performance lives up to the customer's expectations.
(False; Moderate; p. 9)
103. The difference between the way economists and marketers view the term "market" is that economists refer to a collection of buyers and sellers who transact in a particular product class, as in the automobile or land markets.
(True; Challenging; p. 10)
104. Marketing management is interested in serving all customers in every way to remain competitive in today's markets.
(False; Moderate; p. 11)
105. At times it becomes necessary to reduce demand for some products and services. When the government tries to reduce smoking of tobacco products, it adds more tax to the products and is practicing demarketing.
(True; Easy; p. 11)

106. Amy's law office has developed a new format and wording for wills. The staff believes they offer the most in quality, performance, and innovative features. Her law office is practicing the production concept.
(False; Moderate; p. 12)
107. The selling concept holds that consumers will not buy enough of the firm's products unless it undertakes a large-scale selling and promotion effort.
(True; Easy; p. 12)
108. Your department holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfaction better than competitors do. Your department is practicing the selling concept.
(False; Moderate; p. 12)
109. We say that the selling concept is an *inside-out* perspective.
(True; Challenging; p. 13)
110. The major difference between customer-driving marketing and customer-driven marketing is that the former considers existing and latent needs, now and in the future.
(True; Easy; p. 13)
111. The societal marketing concept questions whether the pure marketing concept overlooks possible conflicts between consumer short-run and long-run welfare.
(True; Moderate; p. 14)
112. L.L. Bean Company views marketing as the science and art of finding, retaining, and growing profitable customers. This firm practices societal marketing.
(False; Moderate; p. 14)
113. Your supervisor is concerned with the entire stream of purchases each customer makes over the lifetime of his or her patronage. We call this customer lifetime value.
(True; Easy; p. 16)
114. Customers buy from businesses that offer the highest customer perceived value.
(True; Easy; p. 17)
115. A smart company tries to *delight* customers by promising more than it can deliver and delivering more than it promises.
(False; Moderate; p. 17)
116. Loyal customers must be more than satisfied, they must be highly satisfied.
(True; Easy; p. 19)

117. To increase their “share of customer”, a firm concentrates on retaining as many customers as possible over their lifetimes.
(False; Challenging; p. 20)
118. To practice customer equity, a company must be concerned with the total combined customer lifetime values of all major purchasers of its products.
(False; Challenging; p. 20)
119. In order to develop full partnerships with key customers, firms should add financial and social benefits to customer purchases.
(True; Moderate; p. 21)
120. The major marketing development of our day is summed up in a single theme called “connecting.”
(True; Moderate; p. 22)

Essay

121. Define marketing in more than one way.

In its simplest definition it is managing profitable customer relationships. It also means satisfying customer needs. Marketing is applied as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others.

(Easy; pp. 5 and 10)

122. How do marketers differentiate between needs, wants, and demands?

Marketers realize that humans have needs when they are in a state of felt deprivation. These needs take on the form of wants as they are shaped by culture and individual personality. When backed by buying power, wants become demands. Companies research demands and supply the needs that drive them.

(Easy; p. 6)

123. Explain marketing management in today’s terms.

Marketing management is the art and science of choosing target markets and building profitable relationships with them. This involves getting, keeping, and growing customers through creating, delivering, and communicating superior customer value. Thus, marketing management involves managing demand, which in turn involves managing customer relationships.

(Moderate; pp 11-13)

124. Distinguish between value proposition and marketing offer.

Companies address needs by putting forth a value proposition, which means a set of benefits that they promise to consumers to satisfy their needs. It is fulfilled through a marketing offer which offers some combination of products, services, information, or experiences to satisfy needs and wants in the market.

(Challenging; p. 6-7)

125. Describe the five marketing management orientations.

The production concept holds that consumers will favor products that are available and highly affordable. The product concept holds that consumers will favor products that offer the most in quality, performance, and innovative features. Those who follow the selling concept hold that consumers will not buy enough of the firm's products unless it undertakes a large-scale selling and promotion effort. Using the marketing concept means that achieving organizational goals depends on knowing the needs and wants of target markets and delivering satisfactions better than competitors do. The societal marketing concept holds that the firm should determine the needs, wants, and interests of target markets.

(Challenging; pp. 12-14)

126. Explain customer relationship management.

Customer relationship is no longer defined as a customer database management activity. It is now the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction.

(Easy; pp. 15-16)

127. Discuss strategies for building lasting customer relationships.

Determining the customers' lifetime values is the place to start. Next, customer perceived value and satisfaction must be built and delivered. When a firm builds customer loyalty and retention, it grows its share of customers and its "share of customer" through customer relationships and equity

(Challenging; pp. 16-20)

128. Analyze the major challenges facing marketers heading into the new “connected” millennium.

Marketers must connect faster and better with customers. The latest technologies must be used to ensure delivery of time-based competition. Web sites and e-commerce must be fine-tuned to connect with more carefully selected customers. Many companies are connecting directly with customers to customize their mix of products and services. Partnership relationship and supply chain management must be built with strategic alliances to make those domestic and global challenges.

(Challenging; pp. 22-29)

129. Explain why Amazon.com is such a successful company.

Amazon.com uses the latest in Web technology to build strong, one-to-one customer relationships based on creating genuine customer value. It turns a long-term profit as a result. This company has amassed 35 million customers by being relentlessly customer driven. A special experience is delivered to every customer to build customer loyalty.

(Moderate; pp. 3-5)