

## Chapter 2

### Company and Marketing Strategy: Partnering to Build Customer Relationships

#### Multiple Choice

1. Disney has been successful in selecting an overall company strategy for long-run survival and growth called \_\_\_\_\_.
  - a. tactical planning
  - b. strategic planning
  - c. futuristic planning
  - d. relationship marketing(b; Easy; pp. 39-40)
  
2. When your firm practices developing and maintaining a strategic fit between your organization's goals and capabilities, it is forming a (an) \_\_\_\_\_.
  - a. mission statement
  - b. values statement
  - c. strategic plan
  - d. operating plan(c; Moderate; p. 41)
  
3. At the corporate level, a company starts the strategic planning process by defining its overall purpose and \_\_\_\_\_.
  - a. mission
  - b. values
  - c. vision
  - d. strengths(a; Easy; p. 41)
  
4. Marketing planning at your firm occurs at what levels?
  - a. business unit; market
  - b. business unit; product
  - c. product; market
  - d. business unit; product; market(d; Challenging; p. 41)
  
5. A clear mission statement acts as an invisible hand that guides people in the firm. It is a statement of \_\_\_\_\_.
  - a. fact
  - b. values
  - c. purpose
  - d. financial goals(c; Easy; p. 41)

6. What does a market-oriented mission statement define about the business?
- satisfying basic customer needs
  - satisfying basic supplier needs
  - satisfying basic stockholder needs
  - satisfying basic owner needs
- (a; Easy; p. 41)
7. Your text pointed out that mission statements should be both \_\_\_\_\_ and specific.
- long-term
  - realistic
  - short-term
  - value-laden
- (b; Moderate; 41)
8. \_\_\_\_\_ mission statements provide little real guidance or inspiration.
- Trite
  - Copy-cat
  - Generic
  - none of the above
- (c; Easy; p. 44)
9. The company you work for is on the “right track” because its mission statement fits the \_\_\_\_\_ environment.
- economic
  - political-legal
  - social-cultural
  - market
- (d. Moderate; p. 44)
10. Successful organizations base their missions on their \_\_\_\_\_.
- distinctive competencies
  - strategic plans
  - long-term goals
  - value statements
- (a; Moderate; p. 44)
11. The company’s mission needs to be turned into detailed supporting objectives for \_\_\_\_\_.
- success
  - each level of management
  - corporate needs
  - stockholder wealth
- (b; Challenging; p. 45)

12. A strategic plan has this item or items following its marketing objectives.
- budgetary requirements
  - target market selection
  - research plans
  - marketing strategies
- (d; Easy; p. 45)
13. What do we call the collection of businesses and products that make up the company?
- investment diversity
  - needs inventory
  - business portfolio
  - none of the above
- (c; Moderate; p. 45)
14. Paul Pierce is busy working with other managers evaluating the products and businesses making up their company. Paul is engaged in \_\_\_\_\_.
- strategic business unit analysis
  - preparing a business portfolio
  - portfolio analysis
  - marketing planning
- (c; Moderate: p. 46)
15. Kimball Gardens is a company that operates as two distinctive businesses – one that sells lawn and garden products and one that markets booklets. Each business is called a \_\_\_\_\_.
- separate entity
  - strategic business unit (SBU)
  - profit center
  - division
- (b; Challenging: p. 46)
16. Which of the following does business portfolio planning entail?
- analyzing the current portfolio
  - deciding which units should receive more or less investment
  - deciding which units should receive no further investment
  - all of the above
- (d; Challenging; p. 46)
17. Finding ways in which a company can best use its strengths to take advantage of attractive opportunities in the environment describes \_\_\_\_\_.
- establishing a mission
  - defining a vision
  - creating a values statement
  - strategic planning
- (d; Moderate; p. 46)

18. The firm you work for has decided to use the Boston Consulting Group's approach to classify its business units. Upon what is the approach based?
- most profitable units
  - growth-share matrix
  - customer retention
  - cost-benefits
- (b; Easy; p. 47)
19. The BCG market growth rate provides a measure of \_\_\_\_\_.
- company strength in the market
  - decline of competitors
  - market attractiveness
  - the unit stock value
- (c; Easy; p. 47)
20. The BCG relative market share serves as a measure of company \_\_\_\_\_.
- strength in the market
  - sales
  - diversification
  - success
- (a; Easy; p. 47)
21. Now that your employer has classified his SBUs, the next step to take in using the BCG approach is to determine \_\_\_\_\_.
- what role each will play in the future.
  - the tactical plan
  - the three-year budget
  - none of the above
- (a; Challenging; p. 47)
22. Which of these is not one of the common options in using the BCG approach?
- build
  - hold
  - harvest
  - diversify
- (d; Moderate; p. 47)
23. A problem with using the BDG matrix centers around the fact that it is \_\_\_\_\_ oriented instead of \_\_\_\_\_ oriented.
- future; now
  - now; future
  - financially; customer
  - now; market
- (b; Challenging; p. 47)

24. According to your text, some companies are using all of the following in their strategic planning except one. Choose it.
- a. customers
  - b. suppliers
  - c. employee teams
  - d. cross-functional teams of managers
- (c; Moderate; p. 48)
25. Mountain Home Farms is now using the product/market expansion grid. The owners have found it to be quite useful for identifying \_\_\_\_\_.
- a. target markets
  - b. growth opportunities
  - c. key customers
  - d. new products
- (b; Easy; p. 48)
26. One of these represents marketing's main responsibility for a company.
- a. achieving maximum stockholder wealth
  - b. increasing sales
  - c. achieving profitable growth
  - d. developing new products through research
- (c; Challenging; p. 48)
27. A common practice among marketers is to increase sales to current customers without changing their products. What is this practice called?
- a. market skimming
  - b. market penetration
  - c. market development
  - d. product extension
- (b; Easy; p. 48)
28. A common practice among marketers is to identify and develop new markets for their existing products. This practice is called \_\_\_\_\_.
- a. market development
  - b. product development
  - c. market penetration
  - d. market skimming
- (a; Easy; p. 50)
29. You have been given the assignment to develop new markets for your current products and services. Which of the following might work?
- a. reviewing new demographic markets
  - b. reviewing new geographic markets
  - c. reviewing current sales records
  - d. both a and b
- (d; Challenging; p. 50)

30. MegaVitamins Company has decided to pursue a product development strategy whereby it will offer \_\_\_\_\_ products to \_\_\_\_\_ markets.
- new or modified; new
  - current; new
  - modified or new; current
  - current; current
- (c; Moderate; p. 50)
31. Your text suggested that Starbucks might consider a \_\_\_\_\_ strategy. This strategy would allow the company to start up or buy businesses outside of its current products and markets.
- product development
  - market development
  - market penetration
  - diversification
- (d; Easy; p. 50)
32. There are many reasons why a firm might want to abandon products or markets. In these instances, companies would consider \_\_\_\_\_ rather than growing.
- downsizing
  - demarketing
  - retrenching
  - none of the above
- (b; Moderate; p. 50)
33. We may clearly say that strategic planning is \_\_\_\_\_ to a small company's future.
- important
  - useful
  - crucial
  - optional
- (c; Easy; p. 51)
34. A company's strategic plan establishes what kinds of businesses the company will be in and its \_\_\_\_\_ for each one.
- product line
  - marketing plan
  - management team
  - objectives
- (d; Moderate; p. 51)

35. Marketing, finance, accounting, purchasing, and other departments work together to accomplish strategic objectives. Marketing is a \_\_\_\_\_ department.
- a. functional
  - b. divisional
  - c. working
  - d. crucial

(a; Moderate; p. 51)

36. Marketing plays a key role in a company's strategic planning. Which of the following does marketing provide?
- a. guiding philosophy
  - b. inputs
  - c. strategies
  - d. all of the above

(d; Moderate; p. 51)

37. Partner relationship management with other companies has as its purpose to form an effective \_\_\_\_\_ that serves the customer.
- a. value chain
  - b. value-delivery network
  - c. channel of distribution
  - d. supply chain

(b; Challenging; p. 51)

38. Pioneer Dried Foods works hard to link each of its company departments to accomplish its goals in what is called a company \_\_\_\_\_.
- a. value chain
  - b. value-delivery network
  - c. channel of distribution
  - d. networking

(a; Easy; p. 51)

39. A company's value chain is successful when each department adds \_\_\_\_\_ for customers and \_\_\_\_\_ other departments.
- a. satisfaction; coordinates with
  - b. value; shares budgets with
  - c. value; coordinates with
  - d. value; strengthens

(c; Moderate; p. 52)

40. Wal-Mart is a good example of partnering with others in \_\_\_\_\_.
- a. the supply chain
  - b. co-op buying
  - c. the channel of distribution
  - d. the company

(d; Easy; p. 52)

41. In practice, a marketing department takes the view of which of the following?
- a. other departments
  - b. owners
  - c. customers
  - d. stockholders
- (c; Moderate; p. 52)
42. Marketers must find ways to get all departments to think in terms of \_\_\_\_.
- a. sales
  - b. customer
  - c. new markets
  - d. none of the above
- (b; Easy; p. 52)
43. Jack Welch, CEO at General Electric, expresses the message that “If you are not thinking \_\_\_\_, you are not thinking.”
- a. success
  - b. growth
  - c. strategically
  - d. customer
- (d; Challenging; p. 53)
44. McDonald’s partners well with others in its marketing system. What does the “C” stand for in its QSCV standard?
- a. caring
  - b. customer
  - c. cleanliness
  - d. career
- (c; Easy; p. 53)
45. A major reason that more companies are partnering with other members of the supply chain is to improve the performance of the customer \_\_\_\_.
- a. value-delivery network
  - b. network
  - c. purchasing model
  - d. profile analysis
- (a; Moderate; p. 53)
46. In today’s marketplace, competition has shifted away from individual competition between companies to competition among the entire \_\_\_\_.
- a. value-delivery network
  - b. industry
  - c. market
  - d. all of the above
- (a; Challenging; p. 53)



47. Lucy Ortiz has just prepared a PowerPoint presentation of the marketing process to show at a sales meeting. If you look closely, you will see that \_\_\_\_\_ stand(s) in the center.
- sales goals
  - customers
  - company objectives
  - customer retention
- (b; Moderate; p. 53)
48. The marketing process identifies the \_\_\_\_\_ and divides it into smaller \_\_\_\_\_.
- industry; markets
  - market; segments
  - competition; competitors
  - market; market shares
- (b; Challenging; p. 53)
49. Island Tours is successful at satisfying its customers because it first sought to understand \_\_\_\_\_.
- the market
  - competition
  - customer needs and wants
  - the marketing concept
- (c; Challenging; p. 54)
50. Your firm is attempting to divide up the total market to determine the best segments it can serve. Which is the correct order of doing so?
- market segmentation, target marketing, market positioning
  - target marketing, market positioning, market segmentation
  - market positioning, market segmentation, target marketing
  - market segmentation, market positioning, target marketing
- (a; Challenging; p. 54)
51. TelStar Plastics is in the process of dividing a market into distinct groups of buyers with different needs, characteristics, or behavior who might require separate products or marketing programs. What is this firm doing?
- market development
  - market diversification
  - market penetration
  - market segmentation
- (d; Easy; p. 54)

52. Generally speaking, most companies today cannot profitably serve \_\_\_\_\_.  
a. all consumers in a given market  
b. all consumers in a given market segment  
c. all markets  
d. both a and c  
(d; Challenging; p. 54)
53. Paul Pendergraff has discovered a group of potential customers who seem to respond in a similar way to a given set of marketing efforts. Paul has discovered a \_\_\_\_\_.  
a. target market  
b. market segment  
c. market  
d. gold mine  
(b; Moderate; p. 54)
54. Paul Pendergraff is evaluating each market segment's attractiveness and is in the process of selecting one or more segments to enter. What is Paul doing?  
a. target marketing  
b. market segmenting  
c. marketing  
d. selecting VALS  
(a; Easy; p. 54)
55. A company should target segments in which it can profitably generate the greatest customer \_\_\_\_\_ and \_\_\_\_\_ it over time.  
a. sales; sustain  
b. satisfaction; spread  
c. value; sustain  
d. sales; keep  
(c; Challenging; p. 55)
56. Most companies enter a new market by serving \_\_\_\_\_ segment(s).  
a. multiple  
b. the most profitable  
c. dual  
d. a single  
(d; Easy; p. 54)
57. Jill Reno has researched new markets and has decided which segments to enter. Next she should decide what \_\_\_\_\_ her company should occupy in those segments.  
a. position  
b. place  
c. rank  
d. rating  
(a; Easy; p. 55)

58. When we practice \_\_\_\_\_, we arrange for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.
- positioning
  - market positioning
  - target segmenting
  - repositioning
- (a; Moderate; p. 55)
59. In positioning its product, a company first identifies possible \_\_\_\_\_.
- customer benefits
  - customer satisfaction indexes
  - competitive advantages
  - competitors' positions
- (c; Challenging; p. 55)
60. Environmental Service Company wants to practice effective positioning. The owners have discovered that it begins with actually \_\_\_\_\_ the company's marketing offer so that it gives consumers more value.
- differentiating
  - promoting
  - advertising
  - selling
- (a; Moderate; p. 55)
61. Successful marketing strategies must be geared to the needs of consumers and to \_\_\_\_\_.
- their abilities to buy
  - the strategies of competitors
  - the available supply of goods
  - none of the above
- (b; Challenging; p. 56)
62. Your employer is a runner-up company that aggressively attacks competitors to get more market share. For what type of firm do you work?
- market challenger
  - wanna-be
  - leader
  - market follower
- (a; Easy; p. 56)

63. Favorite Memories specializes in serving market segments that major competitors overlook and ignore. What strategy does this firm use?
- a. market follower
  - b. market challenger
  - c. market seeker
  - d. market nicher

(d; Easy; p. 56)

64. Superior Sporting Goods stores seek stable market shares and profits by following competitors' product offers, prices, and marketing programs. What do we call Superior?
- a. market follower
  - b. market challenger
  - c. market nicher
  - d. market developer

(a; Moderate; p. 56)

65. Once your company has decided on its overall competitive marketing strategy, it is ready to begin planning the details of its \_\_\_\_\_.
- a. tactical plan
  - b. marketing mix
  - c. promotion campaign
  - d. sales forecast

(b; Challenging; p. 56)

66. Choose the item from the following that is not one of the standard four Ps.
- a. product
  - b. place
  - c. positioning
  - d. price

(c; Easy; p. 56)

67. You are excited about studying marketing. You tell your younger brother that product, price, place, and promotion make up the \_\_\_\_\_.
- a. marketing package
  - b. marketing strategy
  - c. marketing combination
  - d. marketing mix

(d; Moderate; p. 56)

68. Which of the four Ps describes the goods-and-services combination the company offers to the target market?
- price
  - promotion
  - product
  - place
- (c; Easy; p. 56)
69. Banking, airline, and retailing services are properly termed \_\_\_\_\_.
- service products
  - products
  - adjunct products
  - accessories
- (a; Easy; p. 58)
70. A concern with the four Ps is that it takes the \_\_\_\_\_ view and not the \_\_\_\_\_ view.
- buyer's; seller's
  - broad; narrow
  - seller's; buyer's
  - traditional; modern
- (c; Challenging; p. 58)
71. We can safely say that the marketing mix constitutes the company's tactical tool kit for establishing \_\_\_\_\_ in target markets.
- strong sales
  - strong positioning
  - strong competitiveness
  - strong strategies
- (b; Moderate; p. 58)
72. Today the four Ps are compared to the four Cs. Product and price are called \_\_\_\_\_ and \_\_\_\_\_ respectively.
- convenience; customer solution
  - customer cost; convenience
  - communication; customer solution
  - customer solution; customer cost
- (d; Moderate; p. 58)
73. Marketers see themselves as selling products, while customers see themselves as buying \_\_\_\_\_.
- value
  - solutions
  - bargains
  - value or solutions to their problems
- (d; Easy; p. 58)

74. One of these is not a basic marketing management function. Please choose it.
- a. analysis
  - b. planning
  - c. directing
  - d. implementation
- (c; Moderate; p. 59)
75. A thorough market analysis includes all of the following except one. Which one?
- a. company situation
  - b. markets
  - c. company strengths
  - d. past sales records
- (d; Easy; p. 59)
76. Identify the marketing logic whereby the company hopes to achieve its marketing objectives.
- a. marketing plan
  - b. marketing goals
  - c. marketing strategy
  - d. marketing promotion plan
- (c; Moderate; p. 59)
77. A marketing plan begins with an executive summary, which quickly overviews major assessments, goals, and \_\_\_\_\_.
- a. budgets
  - b. markets
  - c. promotions
  - d. recommendations
- (d; Moderate; p. 59)
78. Marketing planning address the what and why of marketing activities. Implementation addresses the \_\_\_\_\_.
- a. who, when, where
  - b. when, where, how
  - c. who, where, when, how
  - d. who, where, when, how much
- (d; Moderate; p. 61)
79. When your boss says that implementation means doing things right, what does she mean when she says doing the right things?
- a. strategy
  - b. planning
  - c. objectives
  - d. proper execution
- (a; Challenging; p. 61)

80. A brilliant marketing strategy counts for little if the company fails to \_\_\_\_\_ it properly.
- strategically plan
  - budget
  - implement
  - construct
- (c; Easy; p. 61)
81. Emerson Studios, a chain of 25 portrait stores in five states, has organized its marketing organization in which different marketing activities are headed by a specialist. What is this organization called?
- geographic
  - product
  - organic
  - functional
- (d; Moderate; p. 61)
82. New Health Age has its sales and marketing people assigned to specific countries, regions, and districts. We refer to this organization as \_\_\_\_\_.
- geographic
  - product
  - functional
  - divisional
- (a; Easy; p. 61)
83. This approach allows managers to develop and implement a complete strategy and marketing program for a specific product or brand. What is this approach called?
- geographic
  - product management
  - functional
  - divisional
- (b; Moderate; p. 61)
84. Some major firms are moving away from managing only product profitability and moving toward customer equity management. The key here is \_\_\_\_\_.
- managing customer expectations
  - managing customer satisfaction
  - managing customer profitability
  - managing customer needs
- (c; Challenging; p. 62)

85. A market management organization is similar to a \_\_\_\_\_ organization.
- product management
  - services management
  - not-for-profit management
  - none of the above
- (a; Moderate; p. 61)
86. Which of the following types of management organization might be best for companies that sell one product line to many different types of markets and customers that have different needs and preferences?
- market
  - customer
  - product
  - market or customer
- (d; Challenging; p. 62)
87. Peter Cramer is involved in evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained. What do we call Peter's current work?
- marketing control
  - marketing planning
  - strategic planning
  - tactical planning
- (a; Moderate; p. 62)
88. A major tool for strategic control is a \_\_\_\_\_, which is a comprehensive, systematic, independent, and periodic examination of a company's environment, objectives, strategies, and activities to determine problem areas and opportunities.
- marketing analysis
  - marketing audit
  - marketing plan
  - business plan
- (b; Moderate; p. 62)
89. Juanita Castro is looking at whether her company's strategies are well matched to its opportunities. It seems that Juanita is into \_\_\_\_\_.
- marketing control
  - operating control
  - strategic control
  - loss of control
- (c; Moderate; p. 62)



90. A marketing audit covers which of the following areas of a business?
- a. marketing department
  - b. sales department
  - c. advertising department
  - d. all areas
- (d; Easy; p. 62)

**True – False**

91. Perhaps nowhere is the Disney magic more apparent than at the company's showings of its new movies.  
(False; Easy; p. 39)
92. Disney's theme parks are highly regarded for outstanding customer service, so much so that major corporations send managers to Disney University to learn.  
(True; Moderate; p. 40)
93. When your organization is involved in the task of selecting an overall company strategy for long-run survival and growth, it is conducting strategic planning.  
(True; Easy; p. 41)
94. A company starts the strategic planning process at the corporate level by defining its values statement and internal strengths.  
(False; Easy; p. 41)
95. ABC Fortunes has just developed a formal statement of its purpose. This firm has put together a mission statement.  
(True; Easy; p. 41)
96. Mission statements should be realistic and general in nature.  
(False; Moderate; p. 41)
97. Mission statements should both fit the market environment and be motivating.  
(True; Easy; p. 44)
98. After creating a mission statement and objectives, a firm should develop a business portfolio.  
(True; Challenging; p. 45)
99. The major activity in strategic planning is strategic business unit planning, whereby management evaluates the products and business making up the company.  
(False; Challenging; p. 45)

100. You told your employees that the purpose of strategic planning is to find ways in which your company can best use its strengths to take advantage of attractive opportunities in the environment. Is your statement true or false?  
(True; Moderate; p. 45)
101. One division of your company is a low-growth, high-share business. This unit is referred to as a “star.”  
(False; Easy; p. 47)
102. A disadvantage of the BCG matrix approach is that it is too future-oriented rather than current-oriented.  
(False; Moderate; p. 47)
103. The major party responsible for achieving profitable growth for a company is top management, especially the CEO.  
(False; Moderate; p. 48)
104. When an organization identifies and develops new markets for its current products and services, it is engaged in market development.  
(True; Easy; p. 50)
105. This strategy calls for offering modified or new products to current markets. We term it product development.  
(True; Easy; p. 50)
106. When a firm finds products or businesses that no longer fit its overall strategy, it must carefully prune, harvest, or merge them.  
(False; Moderate; p. 50)
107. Strategic planning is just as crucial to a small company’s future as it is to a major corporation’s future.  
(True; Easy; p. 51)
108. Your employer suggests that your company strategy should revolve around building profitable relationships with important consumer groups. He is teaching the marketing concept.  
(True; Moderate; p. 51)
109. Each company’s department can be thought of as a link in the company’s strategic plan.  
(False; Easy; p. 51)
110. Jack Welch, General Electric’s former CEO, taught his employees that “Companies can’t give job security. Only you yourself can.”  
(False; Challenging; p. 51)

111. When your employer looks beyond its own value chain and into the value chain of its suppliers, distributors, and ultimately customers, it is stressing the value-delivery network.  
(True; Challenging; p. 52)
112. In today's marketplace, competition takes place between individual competitors rather than between the entire value-delivery networks created by these competitors.  
(False; Moderate; p. 54)
113. We segment markets to find distinct groups of buyers with different needs, behavior, or characteristics who might require separate products or marketing programs.  
(True; Easy; p. 54)
114. Correct Fit Clothiers evaluates each market segment's attractiveness and selects one or more segments to enter when considering adding new lines of clothing. Correct Fit is engaged in selective marketing.  
(False; Moderate; p. 55)
115. Market positioning is a strong strategy to develop. The company first identifies possible competitive advantages upon which to build the position.  
(True; Moderate; p. 56)
116. Through research, you find that your company dominates the markets in which you work. You are most likely using a market leader strategy.  
(True; Easy; p. 56)
117. In the future, Blue Ridge Tours plans to seek out markets that major competitors have overlooked and ignored. Blue Ridge plans to use a market nicher strategy.  
(True; Moderate; p. 56)
118. The marketing mix consists of product, price, positioning, and promotion.  
(False; Easy; p. 58)
119. Service firms actually offer service products.  
(True; Easy; p. 58)
120. In customer terms, promotion equates to communication, product to customer solution, price to customer cost, and place to convenience.  
(True; Challenging; p. 59)
121. A marketing analysis includes evaluating the company's situation, markets, environment, strengths and weaknesses, and current and possible marketing actions to determine which opportunities it can best pursue.  
(True; Challenging; p. 61)

122. A firm that organizes by specialist departments is called a divisional organization.  
(False; Easy; p. 62)

123. A marketing audit is actually a thorough examination of a company's performance, problem areas, and opportunities.  
(True; Moderate; p. 62)

### **Essay**

124. What has created Disney's success as a world leader of entertainment?

Disney has created and fulfilled fantasies for people around the world for generations. The real "Disney Magic" lies in the company's obsessive dedication to its mission to "make people happy" and to "make a dream come true." The strategic plan calls for employees to deliver exceptional customer service. Disney now is much diversified and competes in numerous industries. Disney has developed long-term strategies to meet changing conditions and ensure long-term survival.  
(Moderate; pp. 39-40)

125. Briefly mention the components of a strategic plan.

A strategic plan consists of a market-oriented mission statement. This plan must also set company objectives and goals. It designates the business portfolio of businesses and products it will pursue. Strategies for growth and downsizing must be put in place. Last but not least, a plan for partnering to build customer relationships must be added.  
(Challenging; pp. 41)

126. Describe what goes into a market-oriented mission statement.

A market-oriented mission statement should describe the organization's purpose or what it wants to accomplish in the larger environment. It will be both realistic and specific in its scope. Missions should fit the market environment and be motivating.  
(Easy; pp. 41, 44)

127. Explain the purpose of the Boston Consulting Group approach to business planning, and briefly describe each of the four types of SBUs.

The purpose is to provide a measure of market attractiveness and a measure of company strength in the market. The four types of SBUs are start, cash cows, question marks, and dogs.

Stars are high-growth, high-share businesses or products. They often need heavy investment to finance their rapid growth. Cash cows are low-growth, high-share

businesses or products. They need less investment and produce a lot of cash to pay bills and support other SBUs.

Question marks are low-share business units in high-growth markets. They require a lot of cash to hold their share. Management must decide whether to build them into stars or phase them out. Dogs are low-growth, low-share businesses and products. They may generate enough cash to maintain themselves but do not promise to be large sources of cash.

(Challenging; p. 47)

128. Compare and contrast the following strategies for growth: market penetration, market development, product development, and diversification.

Market penetration consists of increasing sales of existing products in current markets. Market development, on the other hand, seeks to sell existing products in new markets. When neither of the above is effective, marketers seek to develop new or modified products for current markets by practicing product development. A final approach is to start up or buy businesses outside the firm's current products or markets.

(Moderate; pp. 48, 50)

129. How do marketers use partner relationship management to their advantage?

They work closely with partners in other company departments to form an effective value chain that serves the customer. They also partner effectively with other companies in the marketing system to form a competitively superior value-delivery network. Each department within a company carries out value-creating activities to design, produce, market, deliver, and support the firm's products and services. Success depends on coordination and quality. These same marketers must look into the value chains of their suppliers, distributors, and ultimately customers to coordinate an effective system.

(Challenging; pp. 51-53)

130. Summarize marketing's role in the entire marketing process.

Customers stand in the center of building strong and profitable relationships. A firm practices market segmentation by dividing a market into distinct groups of buyers with different needs, characteristics, or behavior who might require separate products or marketing programs. Next, the firm would evaluate each market segment's attractiveness and select one or more segments to enter by using target marketing. Last, the firm would use market positioning to arrange for a product to occupy a clear, distinctive, and desirable place relative to competing brands and give the firm the greatest strategic advantage in its target markets.

(Moderate; pp. 53-55)

131. Compare the traditional 4 Ps to the current 4 Cs.

Traditionally the 4 Ps were created from the marketer's viewpoint. Today the 4 Cs are created from the consumer's viewpoint. Product now is viewed as customer solution. Price is really customer cost. Place equates to convenience, and promotion is actually nothing more than communication. Customers buy value and solutions to their problems. Marketers should first think through the 4 Cs and then build the 4 Ps on that platform.

(Moderate; p. 58)