

## Chapter 7

### Segmentation, Targeting, and Positioning: Building the Right Relationships with the Right Customers

#### Multiple Choice

1. Why does Proctor & Gamble offer products that compete with one another on the same supermarket shelves?
  - a. Different people want a greater selection/more choices.
  - b. Different people want different mixes of benefits from the products they buy.
  - c. P&G has little competition.
  - d. Retailers request it.

(b; Moderate; p. 237)

2. By \_\_\_\_\_ the market and having several detergent brands, Proctor & Gamble has an attractive offering for consumers in all important preference groups.
  - a. dividing
  - b. researching
  - c. segmenting
  - d. understanding

(c; Easy; P. 237)

3. When a company identifies the parts of the market it can serve best and most profitably, it is practicing \_\_\_\_\_.
  - a. concentrated marketing
  - b. mass marketing
  - c. targeted marketing
  - d. segmenting

(d; Moderate; p. 239)

4. Jolene Enterprises mass produces an all-purpose floor cleaner, mass distributes it, and mass promotes it. This firm uses \_\_\_\_\_ marketing.
  - a. segmented
  - b. mass
  - c. traditional
  - d. none of the above

(b; Easy; p. 238)

5. Research has shown that practicing mass marketing today is limited because the world's mass markets have slowly splintered into a profusion of \_\_\_\_\_.  
a. unidentifiable markets  
b. confused markets  
c. small segments  
d. international markets  
(c; Easy; p. 238)
6. Al Moline and his staff have decided to use target marketing to reach their sales goals. Identify their three steps (in order) to target marketing.  
a. market segmentation, market positioning, target marketing  
b. market positioning, market positioning, market segmentation  
c. market segmentation, target marketing, market positioning  
d. market alignment, market segmentation, market positioning  
(c; Challenging; p. 239)
7. Even though several options are available at any one time, there is \_\_\_\_\_ to segment a market.  
a. one single best way  
b. no single way  
c. the most effective way  
d. the least-cost way  
(b; Moderate; p. 239)
8. Your firm has decided to localize its products and services to meet local market demands. A good approach to use would be \_\_\_\_\_ segmentation.  
a. geographic  
b. benefit  
c. end use  
d. customer  
(a; Easy; p. 239)
9. Pendergraff Pet Supplies divides the pet market according to the owners' race, occupation, income, and family life-cycle. What type of segmentation does Pendergraff use?  
a. VALS  
b. Benefit  
c. end use  
d. demographics  
(d; Moderate; p. 240)

10. Through talking to numerous competitors at a regional trade show, you learn that most of them use the most popular base for segmenting markets. What is it?
- demographic
  - gender
  - psychographic
  - behavioral
- (a; Easy; p. 241)
11. When Burger King targets different groups—from children and teens to adults and seniors—with different ads and media, it is practicing \_\_\_\_\_ segmentation.
- demographic
  - age and life-cycle
  - psychographic
  - behavioral
- (b; Moderate; p. 241)
12. Marketers must be careful to guard against \_\_\_\_\_ when using age and life-cycle segmentation.
- underestimating
  - stereotyping
  - traditional marketing
  - cultural bias
- (b; Moderate; p. 241)
13. When Positive Image, Inc. caters to clothing, cosmetics, and toiletries markets, it is probably using this type of segmentation.
- age and life-cycle
  - gender
  - behavioral
  - psychographic
- (b; Easy; p. 242)
14. As a business consultant, what type of segmentation would you suggest to marketers of automobiles, boats, financial services, and travel?
- age and life-cycle
  - gender
  - income
  - behavioral
- (c; Challenging; p. 243)
15. Income segmentation is used to target the \_\_\_\_\_.
- affluent
  - middle class
  - lower income class
  - all of the above
- (d; Moderate; p. 243)

16. As a business consultant, what type of segmentation would you suggest to marketers who cater to people of certain social classes, lifestyles, and personality characteristics?
- behavioral
  - gender
  - psychographic
  - age and life-cycle
- (c; Moderate; p. 244)
17. Kathleen O'Toole divides buyers into groups based on their knowledge, attitudes, uses, or responses to a product. Kathleen is obviously using \_\_\_\_\_ segmentation.
- behavioral
  - psychographic
  - age and life-cycle
  - demographic
- (a; Easy; p. 244)
18. This type of segmentation centers on the use of the word "when," such as when consumers get the idea to buy; when they actually make their purchase; or when they use the purchased item. What do marketers call this?
- behavioral
  - psychographic
  - occasion
  - impulse
- (c; Moderate; p. 244)
19. Your current assignment at York Foods is to find the major benefits people look for in product classes; the kinds of people who look for each benefit; and the major brands that deliver each benefit. What is this segmentation method called?
- benefit
  - behavioral
  - age and life-cycle
  - psychographic
- (a; Easy; p. 245)
20. Shampoo marketers rate buyers as light, medium, or heavy products users. This is \_\_\_\_\_.
- user status
  - usage rate
  - benefit
  - behavioral
- (b; Easy; p. 246)

21. Markets can be segmented into groups of nonusers, ex-users, potential users, first-time users, and regular users of a product. This method of segmentation is called \_\_\_\_\_.
- a. user status
  - b. usage rate
  - c. benefit
  - d. behavioral
- (a; Easy; p. 246)

22. Consumers can show their allegiance to brands, stores, or companies. Marketers can use this information to segment consumers by \_\_\_\_\_.
- a. user status
  - b. loyalty
  - c. store type
  - d. brand preference
- (b; Moderate; p. 246)

23. By studying its less loyal buyers, a company can detect which brands are most \_\_\_\_\_ with its own.
- a. competitive
  - b. used
  - c. often overlooked
  - d. similar
- (a; Easy; p. 246)

24. Many firms are making an effort to identify smaller, better-defined target groups by using \_\_\_\_\_.
- a. user rates
  - b. loyalty segmentation
  - c. multiple segmentation bases
  - d. positioning
- (c; Moderate; p. 246)

25. Consumer and business marketers use many of the same variables to segment markets. In addition, business marketers use all of the following except one.
- a. operating characteristics
  - b. purchasing deadlines
  - c. situational factors
  - d. personal characteristics
- (b; Challenging; p. 248)

26. By going after segments instead of the whole market, companies have a much better chance to receive maximum rewards for close attention to consumer needs and to \_\_\_\_\_.  
a. deliver value to consumers  
b. increase market share  
c. develop greater customer loyalty  
d. offer lower prices  
(a; Moderate; p. 248)
27. Within its own industry, Hershey Chocolate Company can further segment by customer size or \_\_\_\_\_.  
a. usage rates  
b. loyalty  
c. geographic location  
d. benefits sought  
(c; Challenging; p. 248)
28. The owner of Riviera Apartments, a complex of 60 buildings with 3100 apartments in Arizona, believes that the best bases for segmenting business markets are benefits and \_\_\_\_\_.  
a. demographics  
b. psychographics  
c. VALS  
d. buying behavior  
(d; Challenging; p. 248)
29. When Pacific Fisheries groups its customers as countries by regions such as Asia, Australia, or New Zealand, it is using which segmenting base?  
a. economic factors  
b. political and legal factors  
c. geographic location  
d. benefits sought  
(c; Easy; p. 249)
30. International Drilling Company segments its foreign markets by their overall level of economic development. This firm segments on what basis?  
a. political factors  
b. legal factors  
c. benefits sought  
d. economic factors  
(d; Moderate; p. 249)

31. Doreal Machinery International forms segments of consumers who have similar needs and buying behavior even though they are located in different countries. What is this form of segmentation called?
- political and legal
  - cross cultural
  - effective
  - intermarket
- (d; Easy; p. 250)
32. When the size, purchasing power, and profiles of business market segments can be determined, they are said to possess the requirement of being \_\_\_\_\_.
- measurable
  - accessible
  - substantial
  - actionable
- (a; Moderate; p. 250)
33. When a business market segment is large or profitable enough to serve, it is termed \_\_\_\_\_.
- measurable
  - accessible
  - substantial
  - actionable
- (c; Easy; p. 251)
34. You have discovered that effective programs can be designed for attracting and serving your chosen segments. This segmenting requirement is called \_\_\_\_\_.
- accessible
  - measurable
  - reachable
  - actionable
- (d; Challenging; p. 251)
35. The markets you have chosen to serve in four Western states can be effectively reached and served. You would tell the marketing manger that these segments are \_\_\_\_\_.
- measurable
  - accessible
  - substantial
  - actionable
- (b; Easy; p. 250)

36. It is now time to evaluate the different market segments your company is serving. You would look at all of these factors except one.
- segment size
  - segment growth
  - structural attractiveness
  - company values and mission
- (d; Challenging; p. 251)
37. Barney Hopkins has compiled a list of things that make segments attractive. One of them is an error. Please locate it.
- relative power of buyers
  - lack of powerful suppliers to control the channel
  - few substitute products
  - competition with superior resources
- (d; Challenging; p. 251)
38. In general, a company should enter only segments in which it can \_\_\_\_\_ and \_\_\_\_\_.
- offer lower prices; ship faster
  - offer superior value; gain advantages over competitors
  - offer superior value; ship faster
  - gain advantages over competitors; get coop advertising
- (b; Moderate; p. 252)
39. The 50-year old baby boomers share common needs in music and performers. When a company can serve this group, it is reaching a \_\_\_\_\_.
- market segment
  - target market
  - well-defined market
  - lucrative market
- (b; Easy; p. 252)
40. Mass marketers, such as Target and Venture Stores ignore market segment differences and target the whole market with one offer. What is their approach to segmenting?
- undifferentiated marketing
  - differentiated marketing
  - target marketing
  - blanket marketing
- (a; Easy; p. 252)



41. When NewPort Shipping uses segmented marketing, it targets several segments and designs separate offers for each one. This approach is called \_\_\_\_\_ marketing.
- undifferentiated
  - differentiated
  - multi-segmented
  - mass
- (b; Moderate; p. 252)
42. Developing a stronger position within several segments creates more total sales than \_\_\_\_\_ marketing across all segments.
- undifferentiated
  - differentiated
  - mass
  - target
- (a; Challenging; p. 252)
43. ByWay Ventures uses a differentiated marketing strategy. The company must weigh \_\_\_\_\_ against \_\_\_\_\_ when selecting this strategy.
- extra research; costs
  - sales analysis; sales
  - increased sales; increased costs
  - benefits; costs
- (c; Moderate; p. 252)
44. Sanguine Services practices a marketing strategy where its limited resources are used to go after a large share of two small niches. Sanguine practices which one of these strategies?
- undifferentiated
  - differentiated
  - mass
  - concentrated
- (d; Challenging; p. 253)
45. Niching offers smaller companies an opportunity to compete by focusing their limited resources on serving niches that may be \_\_\_\_\_ or \_\_\_\_\_ larger companies.
- unimportant to; unwanted by
  - unimportant to; overlooked by
  - too small; undesirable to
  - none of the above
- (b; Moderate; p. 253)

46. Today, the low cost of setting up shop \_\_\_\_\_ makes it even more profitable to serve seemingly miniscule niches.
- in malls in major cities
  - in mail-order catalogs
  - on the Internet
  - near major competitors

(c; Easy; p. 253)

47. Which of the segmenting strategies carries higher-than-normal risks in consumer markets?
- concentrated
  - niche
  - differentiated
  - undifferentiated

(a; Moderate; p. 253)

48. As You Like It, Inc. customizes its offers to each individual customer. This practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations is referred to as \_\_\_\_\_ marketing.

- niche
- micro
- differentiated
- mass

(b; Moderate; p. 254)

49. A segmenting approach that has been around for a long time that can be very effective — \_\_\_\_\_ — tailors brands and promotions to the needs and wants of specific cities, neighborhoods, and even specific stores.

- micromarketing
- differentiated marketing
- niche marketing
- local marketing

(d; Easy; p. 254)

50. Jay Bee Promotions tailors its advertising and promotional services to the needs and preferences of individual customers. Which of the following does not apply to this type of marketing?

- one-to-one
- customized
- markets-of-one
- concentrated

(d; Moderate; p. 254)

51. When a company interacts one-to-one with large numbers of customers to create customer-unique value by designing products and services tailor-made to individual needs, it is following \_\_\_\_\_.  
a. individual marketing  
b. mass marketing  
c. mass customizing  
d. differentiated marketing  
(c; Challenging; p. 254)
52. One of the following is not a drawback of local marketing. Can you locate it?  
a. It can drive up manufacturing costs.  
b. It can drive up marketing costs by reducing economies of scale.  
c. It can create logistics problems.  
d. A brand's overall image might be diluted with too frequent use.  
(d; Challenging; p. 254)
53. Under what circumstances can local marketing be quite effective?  
a. when pronounced regional differences in demographics and lifestyles are present  
b. when pronounced local differences in demographics and lifestyles are present  
c. when pronounced regional and local differences in demographics and lifestyles are present  
d. when regional and local differences in demographics and lifestyles are similar  
(c; Challenging; p. 254)
54. The latest marketing report published by *Current Data* intrigues you. It states, "The move toward individual marketing mirrors the trend in consumer \_\_\_\_\_."  
a. self-imaging  
b. self-marketing  
c. customizing  
d. tastes  
(b; Easy; p. 254)
55. Which of the following is not a reason for marketers to reconsider influencing the buying process in new ways?  
a. More consumers are looking up consumer reports.  
b. More consumers are joining Internet product discussion forums.  
c. More consumers are turning to Home TV Network shopping.  
d. More consumers are placing orders via phone or online.  
(c; Moderate; p. 254)

56. When companies combine operationally driven mass customization with customized marketing to empower consumers to design products and services to their own preferences, they are practicing \_\_\_\_\_.  
a. niche marketing  
b. customerization  
c. customizing  
d. individual marketing  
(c; Challenging; p. 254)
57. When choosing a target marketing strategy, many factors need to be considered. Which of the following was not mentioned as important in your text?  
a. company resources  
b. degree of product variability  
c. product life-cycle  
d. market stability  
(d; Moderate; p. 257)
58. When competitors use differentiated or concentrated marketing, \_\_\_\_\_ marketing can be suicidal.  
a. differentiated  
b. undifferentiated  
c. concentrated  
d. customized  
(b; Easy; p. 257)
59. When competitors use undifferentiated marketing, a firm can gain an advantage by using differentiated or \_\_\_\_\_ marketing.  
a. undifferentiated  
b. customized  
c. concentrated  
d. individual  
(c; Moderate; p. 257)
60. Target marketing sometimes generates controversy and concern. Issues usually involve the targeting of \_\_\_\_\_ consumers with \_\_\_\_\_ products.  
a. elderly; expensive  
b. young; appealing  
c. vulnerable; potentially harmful  
d. vulnerable or disadvantages; controversial or potentially harmful  
(d; Challenging; p. 257)

61. It is considered socially irresponsible when the marketing of adult products spills over into the \_\_\_\_\_ segment.
- a. elderly
  - b. child
  - c. animal
  - d. minority
- (b; Easy; p.257)
62. Cigarette, beer, and fast-food marketers have generated much controversy in recent years by their attempts to target \_\_\_\_\_.
- a. teens
  - b. the poor
  - c. inner-city minorities
  - d. the poor in foreign markets
- (c; Moderate; p. 258)
63. In spite of problems with marketers targeting children and minorities, most attempts provide \_\_\_\_\_ to target customers.
- a. benefits
  - b. education
  - c. experience
  - d. major sales
- (a; Easy; p. 258)
64. In market targeting, the issue is not really *who* is targeted, but rather \_\_\_\_ and for \_\_\_\_\_.
- a. why; what
  - b. how; what
  - c. why; how long
  - d. none of the above
- (b; Moderate; p. 259)
65. This group determines a product's position relative to competing products.
- a. manufactures
  - b. wholesalers
  - c. retailers
  - d. consumers
- (d; Easy; p. 259)
66. In order to make positioning effective, the brand's \_\_\_\_\_ and \_\_\_\_\_ must be implanted in customers' minds.
- a. uniqueness; benefits
  - b. unique benefits; differentiation
  - c. differentiation; equity
  - d. price; competitiveness
- (b; Moderate; p. 259)

67. As marketing manager of Swiss Chalets, a mountain and lakeside resort, you discover that consumers position products and services \_\_\_\_\_.  
a. after marketers put marketing mixes in place  
b. generally after consulting friends who use them  
c. with or without the help of marketers  
d. rather reluctantly  
(c; Challenging; p. 259)
68. Choose the incorrect item below in the list of positioning tasks.  
a. Identify a set of possible competitive advantages upon which to build a position.  
b. Survey frequent uses of the product.  
c. Select an overall positioning strategy.  
d. Effectively communicate and deliver the chosen position to the market.  
(b; Moderate; p. 259)
69. A company or store gains a \_\_\_\_\_ by understanding customer needs better than competitors do and delivering more value.  
a. competitive advantage  
b. positioning advantage  
c. cost advantage  
d. efficiency advantage  
(a; Easy; p. 259)
70. A company or market offer can be differentiated along the lines of product, image, services, channels, or \_\_\_\_\_.  
a. prices  
b. nonprice factors  
c. people  
d. customer service  
(c; Moderate; p. 259)
71. In addition to differentiating a company or market, companies can differentiate their products on several attributes. One of the following is not a common attribute.  
a. consistency  
b. durability  
c. reliability  
d. compatibility  
(d; Challenging; p. 260)
72. Firms gain this type of advantage through the way they design their distribution coverage, expertise, and performance.  
a. services differentiation  
b. channel differentiation  
c. people differentiation  
d. product differentiation  
(b; Easy; p. 261)

73. Jaygo Food Stores hires better employees than the competition by conducting lengthy searches and interviews. Management also trains employees much better than competitors. Jaygo has gained a strong competitive advantage through this type of differentiation.
- a. image
  - b. people
  - c. services
  - d. product
- (b; Moderate; p. 261)
74. Ford Motor Company emphasizes “quality first—Ford tough” in its truck products. The company has developed a differentiation strategy based on \_\_\_\_\_.
- a. people
  - b. image
  - c. products
  - d. services
- (b; Moderate; p. 261)
75. When firms use symbols, colors, or characters to convey their personalities, they are using this type of differentiation.
- a. image
  - b. people
  - c. company
  - d. reputation
- (a; Easy; p. 261)
76. Find the group of the three major positioning errors.
- a. under, over, non
  - b. under, over, confusing
  - c. over, confusing, non
  - d. none of the above
- (b; Moderate; p. 261)
77. Ad man Rosser Reeves believes that firms should develop a USP for each brand and stick to it. For what does USP stand?
- a. unique selling product
  - b. unique services practice
  - c. unique sales pitch
  - d. unique selling proposition
- (d; Challenging; p. 261)

78. A difference to promote is worth establishing to the extent that it satisfies all of the criteria except one.
- a. important
  - b. distinctive
  - c. divisible
  - d. affordable

(c; Moderate; p. 262)

79. When competitors cannot easily copy this difference to promote, we say we have a \_\_\_\_\_ difference.
- a. distinctive
  - b. profitable
  - c. preemptive
  - d. superior

(c; Easy; p. 262)

80. You have just created the “perfect” ad. It communicates the full mix of benefits upon which the brand is positioned. This full positioning is called \_\_\_\_\_.
- a. value proposition
  - b. AIDA
  - c. capturing the consumers’ attention
  - d. value profiling

(a; Moderate; p. 263)

81. The answer to the customer’s question, “Why should I buy your brand?” is found in the \_\_\_\_\_.
- a. quality image
  - b. customer services
  - c. value proposition
  - d. pricing and promotion structure

(c; Challenging; p. 263)

82. Neiman Marcus claims superior quality, performance, and style. The owners provide the most upscale products and services and charge a higher price to cover the higher costs. What type of positioning does Neiman Marcus use?
- a. more-for-the-same
  - b. more-for-more
  - c. repositioning
  - d. the-same-for-less

(b; Challenging; p. 263)



83. This positioning strategy is very competitive. It can attack a more-for-more strategy by introducing a brand offering with comparable quality but at a lower price.
- a. more-for-the-same
  - b. more-for-less
  - c. same-for-less
  - d. less-for-much-less

(a; Moderate; p. 264)

84. This positioning strategy offers consumers a “good deal” by offering equivalent-quality products or services at a lower price. Choose it below.

- a. more-for-the-same
- b. more-for-less
- c. same-for-less
- d. less-for-much-less

(c; Easy; p. 264)

85. Few people can afford the best in everything they buy. At times everyone needs a product with less quality or performance with a correspondingly lower price. In this case a consumer would purchase a product positioned with a \_\_\_\_\_ strategy.

- a. more-for-the-same
- b. more-for-less
- c. same-for-less
- d. less-for-much-less

(d; Easy; p. 264)

86. Lowe’s Home Improvement Stores, the nation’s second largest home improvement chain, claims to offer better products at lower prices. This ultimate winning value proposition is called \_\_\_\_\_.

- a. more-for-the-same
- b. more-for-less
- c. same-for-less
- d. more-for-more

(b; Moderate; p. 265)

87. Which positioning strategy is very difficult to use when pursuing “best-of-both” positioning?

- a. more-for-the-same
- b. more-for-less
- c. same-for-less
- d. more-for-more

(b; Moderate; p. 265)

88. Superior Auto Sales, a chain of high-end used car dealerships, wants to sum up its company positioning and brand positioning in a formal way. Superior's management would use a \_\_\_\_\_.
- mission statement
  - vision statement
  - position statement
  - positioning statement
- (d; Challenging; p. 265)
89. This statement first states the product's membership in a category and then shows its point-of-difference from other members of the category.
- mission statement
  - vision statement
  - position statement
  - positioning statement
- (d; Moderate; p. 265)
90. Once it has chosen a position, a company must take strong steps to deliver and communicate the desired position to target consumers. Locate the step below that is not correct.
- The company's marketing mix efforts must support the positioning strategy.
  - Positioning the company calls for concrete action, not just talk.
  - Designing the marketing mix involves working out the strategic details of the positioning strategy.
  - Its service personnel, retailers, and advertising messages must match correctly.
- (d; Challenging; p. 267)

### **True – False**

91. Today, most companies have moved away from mass marketing and are being more choosy about the customers with whom they wish to build relationships.  
(True; Moderate; p. 238)
92. For most of the past century, major consumer products companies held fast to mass marketing.  
(True; Easy; p. 238)
93. At this point, your company wants to move away from mass marketing and engage in target marketing. The three steps to take, in order, are market segmentation, market positioning, and target marketing.  
(False; Moderate; p. 239)
94. Each firm should be able to find a single way to segment each market.  
(False; Easy; p. 239)

95. Bombay Gifts divides its markets into units of nations, regions, and cities. Bombay uses geographic segmentation.  
(True; Easy; p. 239)
96. This type of segmentation uses different marketing approaches for different time periods of peoples' lives and different family situations. This segmentation method is called demographic.  
(False; Moderate; p. 241)
97. Gender segmentation has long been used in clothing, cosmetics, toiletries, and magazines.  
(True; Easy; p. 242)
98. Shopping For The Rich and Famous is a buying service that helps wealthy clients find the best buys in exclusive clothing, high-end cars, travel, and financial services. This firm would use income segmentation.  
(True; Easy; p. 243)
99. Your assignment at work is to divide buyers into different groups based on social class, lifestyle, and personality characteristics. After a planning session with the marketing and sales staff, you issue a memo to upper management recommending psychographic segmentation. You are right on target.  
(True; Challenging; p. 244)
100. Many marketers believe that behavior variables are the best starting point for building market segments.  
(True; Moderate; p. 244)
101. Behavioral segmentation requires finding the major advantages or features people look for in the product class; the kinds of people who look for each advantage or feature; and the major brands that deliver each advantage or feature.  
(False; Challenging; p. 244)
102. LaGrange Florists segments markets into groups of nonusers, ex-users, potential users, first-time users, and regular users of its flowers and services. This firm uses usage rate as the segmentation approach.  
(False; Moderate; p. 246)
103. Research and planning for loyalty status as a segmentation approach is generally not useful or practical for most firms.  
(False; Easy; p. 246)
104. For simplicity's sake, most marketers generally limit their segmentation analysis to one or a few variables.  
(False; Moderate; p. 246)

105. Segmenting business markets goes beyond consumer market variables. Operating characteristics, purchasing approaches, situational factors, and company culture may also be considered.  
(False; Challenging; p. 246)
106. A growing number of U.S.-based companies have developed the resources and the will to operate in many foreign companies. International segmenting of markets has become quite popular.  
(False; Challenging; p. 248)
107. Because there is such variation among the economies of countries around the world, it is not practical to segment international markets on the basis of economic factors.  
(False; Moderate; p. 249)
108. Karyn Caudill, marketing director for a major hospital in Houston, Texas, sees the growing number of ethnic groups and subcultures in her area. She has discovered that for market segments to be useful they must be measurable, accessible, substantial, differentiable, and attainable.  
(False; Challenging; pp. 250-251)
109. In evaluating different market segments, a firm must look at three factors: segment size and growth, segment structural attractiveness, and company objectives and resources.  
(True; Moderate; p. 251)
110. At a recent marketing seminar, the featured speaker stated that a target market consists of a set of buyers who share common needs or characteristics that the company decides to serve. You believe this is a correct definition.  
(True; Easy; p. 251)
111. Developing a stronger position within several segments creates more total sales than undifferentiated marketing across all segments.  
(True; Moderate; p. 252)
112. Since Cruise Ships International currently has limited financial and personnel resources, it should avoid concentrated or niche marketing until resources are again substantial.  
(False; Moderate; p. 252)
113. Niche marketing offers smaller companies an opportunity to compete by focusing their limited resources on serving niches that may be unimportant to or overlooked by larger companies.  
(True, Easy; p. 252)

114. The widespread use of mass marketing has obscured the fact that for centuries consumers were served as individuals where businesses practiced individual marketing.  
(True; Easy; p. 253)
115. When a company faces choosing a target marketing strategy, its choices are limited by factors related to company resources, the degree of product variability, and the product's life-cycle.  
(False; Challenging; p. 252)
116. The latest Gallup Poll research shows that all attempts to target children, minorities, and other special segments are drawing criticism in the form of potential targeting abuses.  
(False; Moderate; p. 257)
117. A product's position is the way the product is defined by the retailers who sell it to target markets. It is how it is defined on important attributes—the place the product occupies in the retailer's minds relative to competing products.  
(False; Easy; p. 259)
118. Consumers position products with or without the help of marketers.  
(True; Easy; p. 259)
119. The key to Sun Mountain winning and keeping its target customer for skiing equipment and supplies is to understand their needs better than competitors do and to deliver more value.  
(True; Easy; p. 259)
120. The three major positioning errors that a company can make are underpositioning, overpositioning, and insufficient positioning.  
(False; Moderate; p. 261)
121. When KIA offers a new model of car with the same features as a comparable Toyota or Ford and provides a longer warranty, it is following a more-for-less strategy.  
(False; Moderate; p. 264)
122. Each company must develop its own winning positioning strategy, one that makes it special to its target consumers. The company's positioning and brand positioning should be summed up in a positioning summary.  
(False; Challenging; p.265)

## Essay

123. Outline the three major steps in target marketing.

The first step is market segmentation — dividing a market into smaller groups of buyers with distinct needs, characteristics, or behaviors who might require separate products or marketing mixes. The company identifies different ways to segment the market and develops profiles of the resulting market segment.

The second step is target marketing — evaluating each market segment's attractiveness and selecting one or more of the market segments to enter. The third step is market positioning — setting the competitive positioning for the product and creating a detailed marketing mix.

(Moderate; p. 239)

124. Explain the four major segmenting variables for consumer markets.

Geographic segmentation divides the market into different geographic units such as nations, regions, states, counties, cities, or neighborhoods. Many companies are localizing their products, advertising, promotion, and sales efforts or are seeking to cultivate as-yet untapped geographic territory. Demographic segmentation divides the market into groups based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality. They are the most popular factors because they are easy to measure and consumer needs, wants, and usage rates often vary closely with demographic variables.

Psychographic segmentation divides buyers into different groups based on social class, lifestyle, or personality characteristics. People in the same demographic group can have very different psychographic makeups. Behavioral segmentation divides buyers into groups based on their knowledge, attitudes, uses, or responses to a product. Many marketers believe that behavior variables are the best starting point for building market segments.

(Challenging; pp. 239-246)

125. Describe how marketers use multiple-segmenting bases to advantage.

Marketers rarely limit their segmenting analysis to only one or a few variables. They use multiple segmentation bases in an effort to identify smaller, better-defined target groups. Companies often begin by segmenting their markets using a single base, then expanding using other bases.

(Easy; p. 246)

126. Why do businesses segment their markets?

By going after segments instead of the whole market, companies have a much better chance to deliver value to customers and to receive maximum rewards for close attention to customer needs. Businesses segment using variables of operating characteristics, purchasing approaches, situational factors, and personal characteristics.

(Easy; p. 248)

127. Why do international markets need to be segmented?

Few companies have either the resources or the will to operate in all, or even most, of the countries that dot the globe. Different countries, even those that are close together, can vary greatly in their economic, cultural, technological, and political makeup. International firms need to group their world markets into segments with distinctive buying needs and behaviors.

(Easy; pp. 248-250)

128. You are presenting a workshop on the Requirements for Effective Segmentation. Briefly describe the five items that will help your audience understand your topic.

The size, purchasing power, and profiles of the segments must be *measurable*. The major problem may be that the segment will be hard to identify and measure. The market segments must be accessible, that is they can be effectively reached and served. The segments must be substantial or large/profitable enough to serve. It should be the largest possible homogeneous group worth pursuing with a tailored marketing program. By being differentiable the segments are conceptually distinguishable and respond differently to different marketing mix elements and programs. Effective programs can be designed for attracting and serving the segments by being actionable.

(Challenging; pp. 250-251)

129. Compare and contrast the five major segmenting strategies.

An undifferentiated marketing strategy ignores market segment differences and targets the whole market with one offer. This mass-marketing strategy focuses on what is common in the needs of consumers rather than on what is different. In contrast, a differentiated strategy targets several market segments and designs separate offers for each. Companies hope for higher sales and a stronger position within each market segment.

Concentrated or niche marketing goes after a large share of one or a few segments or niches instead of going after a small share of a large market. These niches may be overlooked, unimportant, or under worked. Niching offers smaller companies an opportunity to compete by focusing their limited resources more effectively. Using micromarketing, a company can tailor products and marketing programs to suit the tastes of specific individuals and locations. It includes local and individual marketing.

(Moderate; pp. 252-254)

130. Explain the concept of positioning for competitive advantage.

A product's position is the way the product is defined by consumers on important attributes — the place the product occupies in consumers' minds relative to competing products. Positioning involves implanting the brand's unique benefits and differentiation in customers' minds.

To carry out effective positioning, a company must identify a set of possible competitive advantages upon which to build a problem, choose the right competitive advantages, and select an overall positioning strategy. The company must then effectively communicate and deliver the chosen position to the market.

(Challenging; pp. 259-261)