

***Principles of Marketing, 17e (Kotler)***

**Chapter 1 Marketing: Creating Customer Value and Engagement**

1) Which of the following is NOT an accurate description of modern marketing?

- A) Marketing is the creation of value for customers.
- B) Marketing involves managing profitable customer relationships.
- C) Marketing emphasizes selling and advertising exclusively.
- D) Marketing involves satisfying customers' needs.
- E) Marketing is building value-laden exchange relationships with customers.

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

2) According to management guru Peter Drucker, "The aim of marketing is to \_\_\_\_\_."

- A) maximize profits of the company
- B) emphasize customer wants and not customer needs
- C) make selling unnecessary
- D) fulfill unrealistic customer expectations
- E) sell products

Answer: C

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Easy

3) Marketing is defined as a social and managerial process by which individuals and organizations obtain what they need and want through \_\_\_\_\_.

- A) research and development
- B) innovation and creativity
- C) manufacturing efficiencies
- D) value creation and exchange
- E) sales and revenue creation

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

4) According to the five-step model of the marketing process, which of the following is the final step in creating value for customers?

- A) designing a customer-driven marketing strategy
- B) understanding the marketplace and customer needs
- C) constructing an integrated marketing program that delivers superior value
- D) building profitable relationships and creating customer delight
- E) capturing value from customers to create profit and customer equity

Answer: D

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

5) According to the five-step model of the marketing process, a company should \_\_\_\_\_ before designing a customer-driven marketing strategy.

- A) determine how to deliver superior value to customers
- B) build profitable relationships with customers
- C) use customer relationship management to create full partnerships with key customers
- D) understand the marketplace and customer needs and wants
- E) construct an integrated marketing program

Answer: D

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

6) Marketing is managing profitable customer relationships.

Answer: TRUE

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Easy

7) \_\_\_\_\_ are human needs that are shaped by culture and individual personality.

- A) Necessities
- B) Wants
- C) Demands
- D) Values
- E) Exchanges

Answer: B

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

8) When backed by buying power, wants become \_\_\_\_\_.

- A) social needs
- B) demands
- C) physical needs
- D) self-esteem needs
- E) exchanges

Answer: B

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

9) Greg Williams now has the buying power to purchase the desktop computer that he has wanted for the last six months. Greg's want now has become a(n) \_\_\_\_\_.

- A) need
- B) necessity
- C) demand
- D) exchange
- E) transaction

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

10) A \_\_\_\_\_ is some combination of products, services, information, or experiences provided to consumers to satisfy a need or want.

- A) market offering
- B) value proposition
- C) brand positioning
- D) market segment
- E) market mix

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

11) Which of the following terms refers to sellers being preoccupied with their own products and losing sight of underlying consumer needs?

- A) vendor lock-in
- B) social loafing
- C) value proposition
- D) marketing myopia
- E) conspicuous consumption

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

12) When marketers set low expectations for a market offering, they run the risk of \_\_\_\_\_.

- A) disappointing loyal customers
- B) having to use an outside-in rather than an inside-out perspective
- C) failing to attract enough customers
- D) failing to understand their customers' needs
- E) incorrectly identifying a target market

Answer: C

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

13) \_\_\_\_\_ is the act of obtaining a desired object from someone by offering something in return.

- A) Valuation
- B) Exchange
- C) Market offering
- D) Confiscation
- E) Donation

Answer: B

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

14) A(n) \_\_\_\_\_ is the set of actual and potential buyers of a product or service.

- A) market
- B) control group
- C) subsidiary
- D) focus group
- E) audience

Answer: A

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

15) Consumer research, product development, communication, distribution, pricing, and service are all core \_\_\_\_\_ activities.

- A) positioning
- B) marketing
- C) outsourcing
- D) production
- E) logistics

Answer: B

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

Refer to the scenario below to answer the following question(s).

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a cliff overlooking the Maine coast, Seagull Terrace had attracted thousands of visitors during summer, but then faced a tremendous downturn in business during winter. "But, given the established industries in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!"

So Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travelers year-round. Carol's plan also involved a seasonal promotional gimmick—to be implemented from early winter to late spring—that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travelers—both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals.

"We still have a long way to go," Carol admitted. "Our delicatessen offers entrees that are a part of the local cuisine, but we'd like to expand that. We provide health club privileges off-site, but we'd like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities. With an indoor pool area, I will eventually offer weekend getaways throughout winter."

16) Seagull Terrace offers its customers good accommodations, local delicacies, and amazing seaside views. The overall experience provided at the motel is a part of its \_\_\_\_\_.

- A) market offering
- B) target market
- C) market segment
- D) product positioning
- E) marketing mix

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Challenging

17) Human needs are shaped by culture and individual personality.

Answer: FALSE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

18) The difference between human needs and wants is that needs are not created by marketers.

Answer: TRUE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

19) When backed by buying power, needs become wants.

Answer: FALSE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

20) Market offerings are limited to physical products.

Answer: FALSE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

21) An experience such as a vacation can be defined as a market offering.

Answer: TRUE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

22) When sellers focus on existing needs and lose sight of underlying customer wants, they suffer from marketing myopia.

Answer: FALSE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

23) A market is the set of actual and potential buyers of a product or service.

Answer: TRUE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

24) What should sellers consider if they wish to avoid marketing myopia?

Answer: Sellers should consider the particular benefits and experiences desired by their customers, and not just pay attention to the specific products they offer.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

25) You are a manufacturer of tents, sleeping bags, and outdoor cooking equipment. How might you go about creating brand experiences for your customers?

Answer: Such manufacturers should focus on the benefits enjoyed through the use of their products, such as arrangements to visit great outdoor locations, chances for customers to enjoy with their families, and relive their memories of camping trips.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Challenging

26) How do suppliers help companies like Walmart maintain consistently low prices?

Answer: Walmart has been able to maintain its promise of providing low prices to its customers only because of its suppliers who provide merchandise at low costs. Walmart has developed and managed relationships with its suppliers.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

27) Briefly compare and contrast the concepts of needs, wants, and demands and provide examples to illustrate your answer. How do these three concepts relate to marketing practices?

Answer: Human needs are states of felt deprivation. Needs are a basic part of the human makeup; they are not created by marketers. Humans have a basic physical need for food, clothing, warmth, and safety; a basic social need for belonging and affection; and a basic individual need for knowledge and self-expression. Wants are needs shaped by culture, society, and individual personality. For example, an American needs food but wants a Big Mac and a soft drink. Wants become demands when they are backed by consumers' buying power. For example, an American with ten dollars needs food, wants a Big Mac and soft drink, and demands lunch at McDonald's. Marketers conduct extensive research to understand customers' wants and demands. They then attempt to fulfill customers' wants and demands through their market offerings.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate



28) Explain how and why marketers go beyond selling a product or service to create brand experiences.

Answer: Sellers are most effective when they focus more on the benefits and experiences produced by their products and services than on the specific products and services themselves. Smart marketers focus on creating a brand experience, incorporating several products and services for their customers. By doing so, marketers hope to increase customer satisfaction. Satisfied customers buy again and tell others about their good experiences.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

29) The art and science of choosing target markets and building profitable relationships with them is called \_\_\_\_\_.

- A) marketing management
- B) positioning
- C) marketing mix
- D) market offering
- E) differentiation

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

30) Selecting which segments of a population to serve is called \_\_\_\_\_.

- A) market segmentation
- B) positioning
- C) customization
- D) target marketing
- E) differentiation

Answer: D

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

31) Cathy's Clothes is a small yet successful retail chain that sells women's clothing and accessories with a focus on buyers who have relatively modest means. For this specific purpose, the firm has rolled out several marketing initiatives aimed at women of a specific demographic. This is an example of \_\_\_\_\_.

- A) ambush marketing
- B) social marketing
- C) societal marketing
- D) target marketing
- E) cause marketing

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

32) An organic farmer has identified three distinct groups that might be interested in his products: vegetarians, health-conscious individuals, and people identified as trendsetters who try out new products in the market before others. These three groups are examples of \_\_\_\_\_.

- A) marketing mixes
- B) market segments
- C) value propositions
- D) market offerings
- E) marketing intermediaries

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

33) Which of the following refers to a set of benefits that a company promises to deliver to customers to satisfy their needs?

- A) customer lock-in
- B) a cartel
- C) marketing mix
- D) value proposition
- E) market segmentation

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

- 34) Which of the following customer questions is answered by a company's value proposition?
- A) "Why should I buy your brand rather than a competitor's?"
  - B) "What is your company's estimated customer equity?"
  - C) "What are the costs involved in the production of your brand?"
  - D) "What is the budget allocated by your company for research and development?"
  - E) "What is the financial stability of your company?"

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

- 35) Which of the following marketing management orientations focuses primarily on improving efficiencies along the supply chain?

- A) production concept
- B) product concept
- C) selling concept
- D) marketing concept
- E) societal marketing concept

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

- 36) Which of the following marketing management concepts is most likely to lead to marketing myopia?

- A) customer-driven marketing concept
- B) customer-driving marketing concept
- C) societal marketing concept
- D) marketing concept
- E) product concept

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

- 37) Which of the following statements is true of the production concept?
- A) It considers customer focus and value to be the paths to sales and profits.
  - B) It follows the customer-centered sense-and-respond philosophy.
  - C) It takes an outside-in perspective.
  - D) It calls for sustainable marketing.
  - E) It leads to companies focusing too narrowly on their own operations.

Answer: E

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

38) The \_\_\_\_\_ concept is aligned with the philosophy of continuous product improvement and the belief that customers will choose products that offer the most in quality, performance, and innovative features.

- A) product
- B) production
- C) societal marketing
- D) marketing
- E) selling

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

39) Which of the following is the aim of the product concept?

- A) improve the marketing of a firm's best products
- B) market only those products with high customer appeal
- C) focus on the target market and make products that meet those customers' demands
- D) focus on making continuous product improvements
- E) ensure that product promotion has the highest priority

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

40) Henry Ford's philosophy was to perfect the Model T so that its cost could be reduced further for increased consumer affordability. This reflects the \_\_\_\_\_ concept.

- A) product
- B) production
- C) selling
- D) marketing
- E) societal marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

41) Railroads were once operated based on the thinking that users wanted trains that would offer the most in quality, performance, and innovative features. The railroad managing companies overlooked the fact that there could be other modes of transportation. This reflects the \_\_\_\_\_ concept.

- A) product
- B) production
- C) selling
- D) marketing
- E) societal marketing

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

42) Which of the following statements is true of the selling concept?

- A) It requires minimum promotion efforts.
- B) It creates long-term, profitable customer relationships.
- C) It takes an outside-in perspective.
- D) It is typically practiced with unsought goods.
- E) It follows the customer-centered sense-and-respond philosophy.

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

43) Which of the following marketing orientations calls for aggressive promotional efforts and focuses on creating transactions rather than long-term customer relationships?

- A) the marketing concept
- B) the production concept
- C) the product concept
- D) the selling concept
- E) the societal marketing concept

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

44) Jolene's firm markets preplanning services for a mortician. She finds that most of her target market avoids discussing future funeral needs. She convinces people to invest in the firm's services through her large-scale promotional efforts. Jolene's firm most likely practices the \_\_\_\_\_.

- A) production concept
- B) marketing concept
- C) selling concept
- D) product concept
- E) societal marketing concept

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

45) The selling concept is typically practiced \_\_\_\_\_.

- A) to balance consumers' wants, company's requirements, and the society's long-run interests
- B) with products that offer the most in terms of quality, performance, and innovative features
- C) when the company focuses on building long-term customer relationships
- D) with goods that buyers normally do not think of buying
- E) by customer-driven companies

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

46) Which of the following marketing orientations holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do?

- A) the product concept
- B) the production concept
- C) the selling concept
- D) the marketing concept
- E) the societal marketing concept

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

47) Which of the following uses a customer-centered "sense-and-respond" philosophy rather than a product-centered "make-and-sell" philosophy?

- A) market segmentation
- B) the production concept
- C) the marketing concept
- D) the inside-out perspective
- E) marketing myopia

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

48) A firm that uses the selling concept takes a(n) \_\_\_\_\_ approach.

- A) outside-in
- B) niche marketing
- C) inside-out
- D) societal marketing
- E) customer-driven

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

49) The marketing concept takes a(n) \_\_\_\_\_. It starts with a well-defined market, focuses on customer needs, and integrates all the marketing activities that affect customers.

- A) outside-in perspective
- B) product-centered make-and-sell philosophy
- C) inside-out perspective
- D) consumer-generated marketing approach
- E) telling-and-selling approach

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

50) Which of the following is a characteristic of customer-driven marketing?

- A) Companies understand customer needs even better than customers themselves do.
- B) Customers are unaware of their needs.
- C) Products are created that meet both existing and latent needs, now and in the future.
- D) Customers know what they want.
- E) Customers don't know what is possible.

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

51) \_\_\_\_\_ marketing is practiced by an organization that understands and anticipates customer needs even better than customers themselves do and creates products and services to meet current and future needs.

- A) Customer-driven
- B) Customer-driving
- C) Affinity
- D) Societal
- E) Ambush

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy



52) When customers don't know what they want or don't even know what's possible, the most effective marketing strategy is \_\_\_\_\_ marketing.

- A) customer-driven
- B) customer-driving
- C) societal
- D) ambush
- E) affinity

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

53) The societal marketing concept seeks to establish a balance between \_\_\_\_\_.

- A) customer lifetime value and customer equity
- B) an inside-out perspective and an outside-in perspective
- C) consumer short-run wants and consumer long-run welfare
- D) marketing mixes and market offerings
- E) customer-driven marketing and customer-driving marketing

Answer: C

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

54) \_\_\_\_\_ refers to socially and environmentally responsible marketing that meets the needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs.

- A) Ambush marketing
- B) Evangelism marketing
- C) Sustainable marketing
- D) Database marketing
- E) Affinity marketing

Answer: C

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

55) Some fast-food restaurants offer tasty and convenient food at affordable prices, but in doing so they contribute to a national obesity epidemic and environmental problems. These fast-food restaurants overlook the \_\_\_\_\_ philosophy.

- A) marketing concept
- B) product concept
- C) production concept
- D) societal marketing concept
- E) selling concept

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

56) The set of marketing tools a firm uses to implement its marketing strategy is called the \_\_\_\_\_.

- A) promotion mix
- B) product mix
- C) marketing mix
- D) market offering
- E) marketing effort

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

57) Which of the following is the most likely result of a marketing strategy that attempts to serve all potential customers?

- A) All customers will be delighted.
- B) Customer-perceived value will increase.
- C) All customers will directly turn into customer evangelists.
- D) Not all customers will be satisfied.
- E) Customers will not show interest in any other company's products.

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

58) Which of the following statements reflects the marketing concept?

- A) Focus on making continuous product improvements.
- B) Undertake a large-scale selling and promotion effort.
- C) Emphasize an inside-out perspective.
- D) Consider customer focus and value as the paths to sales and profits.
- E) Focus on a product-centered make-and-sell philosophy.

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

59) Market segmentation is the process of seeking fewer customers and reduced demand for profit maximization only.

Answer: FALSE

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

60) The selling concept holds that consumers will not buy enough of the firm's products unless the firm undertakes a large-scale selling and promotion effort.

Answer: TRUE

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

61) An organization's department follows a customer-centered sense-and-respond philosophy. The department is most likely practicing the product concept.

Answer: FALSE

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

62) The production concept and the product concept are marketing management orientations that are more likely to lead to marketing myopia.

Answer: TRUE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

63) The societal marketing concept calls on marketers to balance consumer wants and desires, company profits, and society's interests.

Answer: TRUE

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

64) Fast Food, Inc. views marketing as the process of finding and retaining profitable customers by providing them with the food they want. Fast Food, Inc. practices societal marketing.

Answer: FALSE

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

65) The marketing mix refers to the set of marketing tools the firm uses to implement its marketing strategy.

Answer: TRUE

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

66) The marketing team at Bead Beautiful, a jewelry brand targeted at preteen girls, is meeting to formulate the product's value proposition. What should team members consider as they define a value proposition for Bead Beautiful?

Answer: In considering Bead Beautiful's value proposition, the marketing team should identify the benefits and values the company promises to deliver to customers to satisfy their needs. The value proposition should differentiate Bead Beautiful from other similar brands and thus help customers choose their brand over others.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

67) When demand for toys produced by Bean Toyz was at its highest, manufacturers purposefully maintained strong demand by limiting supply, which drove the price of Beanie Babies up. Compare the actions of these manufacturers to the production concept.

Answer: The production concept holds that consumers favor products that are available and affordable. According to this concept, manufacturers work to improve production and distribution efficiency. Bean Toyz manufacturers purposely limited production, making their products less available and less affordable, a technique that contradicts the philosophy of the production concept.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

68) Company X, a manufacturer of office supplies, follows the selling concept. Explain how the firm may lose sight of customer relationships with this marketing orientation.

Answer: The selling concept of Company X focuses on selling its office supplies rather than making what the market wants; such a strategy creates sales transactions but not long-term customer relationships. The company would most likely have a faulty assumption that customers who are persuaded to buy the product will like it or that they will buy the product again later even if they weren't really initially satisfied. Company X will not foster customer loyalty with this approach.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

69) In nineteenth-century Dublin, Molly Malone sold mussels at a market while shouting to passersby, "alive-alive-oh." Was Molly taking an outside-in or inside-out perspective? Explain.

Answer: Molly's approach was inside-out. Molly's approach called for heavy selling and promotion to obtain profitable sales. It focused primarily on customer conquest—getting short-term sales with little concern about who bought the mussels or why.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

70) Explain why electronics and pharmaceuticals manufacturers use customer-driving marketing.  
Answer: In such industries, consumers do not know exactly what new products are available; therefore, consumers rely on such firms to tell them what they need. Customer-driving marketing focuses on understanding customer needs even better than customers themselves do and creating products and services that meet both existing and latent needs, now and in the future.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

71) Compare the selling and marketing concepts, listing the key components of each philosophy.  
Answer: The selling concept reflects an inside-out perspective, while the marketing concept takes an outside-in perspective. The selling concept is typically practiced when an organization is marketing products or services that buyers do not normally think of purchasing, such as insurance or blood donation. Aggressive selling focuses on creating sales transactions rather than building long-term relationships with customers, with the aim of selling what the company makes rather than making what the customer wants. The marketing concept, on the other hand, is based upon identifying the needs and wants of target markets and then satisfying those needs and wants better than competitors do. In contrast to the selling concept, marketing focuses on the customer, not the product, as the path to profits.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

72) Briefly explain the societal marketing concept. Give an example of an organization that has effectively used the societal marketing concept.

Answer: According to this concept, firms will succeed if they take underlying consumer needs and society's well-being into account over the long term. A pure marketing concept can damage consumers' long-run welfare by focusing exclusively on satisfying consumers' short-run wants. Over a long period of time, this too-narrow focus can be damaging to the company. In setting their marketing strategies, marketers today need to balance company profits, consumer wants, and society's interests. The societal marketing concept holds that marketing strategy should deliver value to customers in a way that maintains or improves both the consumer's and society's well-being. It calls for sustainable marketing, socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs. UPS has a mission that stresses economic prosperity, social responsibility, and environmental stewardship. The company proactively seeks opportunities to act responsibly and efficiently. For example, UPS works to make its operations "green" and supports employees volunteering in their communities.

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

- 73) In which of the following situations has a company most actively embraced customer-managed relationships?
- A) American Airlines awards frequent flyer points to returning customers.
  - B) Paige Premium Denim jeans provide superior quality and perfect fit.
  - C) iRobot invites enthusiastic Roomba owners to develop and share their own uses for the company's robotic vacuum cleaner.
  - D) Best Buy distinguishes between its best customers and its less profitable customers, stocking merchandise to appeal to each group.
  - E) Toyota develops a marketing presence on social networks and other online communities.

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

- 74) Which of the following statements is true about creating customer loyalty and retention?
- A) Losing a customer means losing the entire stream of purchases that the customer would make over a lifetime of patronage.
  - B) Customer delight creates a rational preference and not an emotional relationship with the brand.
  - C) The aim of customer relationship management is to focus solely on customer delight.
  - D) Losing a customer hardly makes a difference to a company's sales.
  - E) The aim of customer relationship management is to focus solely on customer satisfaction.

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

75) FedEx offers its customers fast and reliable package delivery. When FedEx customers weigh these benefits against the monetary cost of using FedEx along with other costs of using the service, they are acting upon \_\_\_\_\_.

- A) brand loyalty
- B) customer equity
- C) customer-perceived value
- D) customer lifetime value
- E) a societal marketing campaign

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

76) Building and maintaining profitable customer relationships by delivering superior customer value and satisfaction is called \_\_\_\_\_.

- A) customer lifetime value
- B) customer-perceived value
- C) customer relationship management
- D) partner relationship management
- E) customer equity

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

77) Which of the following marketing strategies should marketing managers focus on to manage detailed information about individual customers and carefully manage customer touchpoints to maximize customer loyalty?

- A) customer divestment
- B) customer-managed relationships
- C) the societal marketing concept
- D) partner relationship management
- E) customer relationship management

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

78) \_\_\_\_\_ is determined by a customer's evaluation of the benefits and costs of a market offering relative to those of competing offers.

- A) Customer-perceived value
- B) Customer lifetime value
- C) Share of customer
- D) Customer-managed relationship
- E) Brand value proposition

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy



79) It is most accurate to say that when customers purchase products they act on \_\_\_\_\_ as they judge values and costs.

- A) objective value
- B) perceived value
- C) customer lifetime value
- D) company image
- E) society's interests

Answer: B

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

80) The primary key to delivering customer satisfaction is to match product performance with \_\_\_\_\_.

- A) the performance of competitive products
- B) competitive prices
- C) aggressive advertising
- D) limited customer services
- E) customer expectations

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

81) Which of the following terms refers to customers who make repeat purchases and tell others about their positive experiences with a product or service?

- A) barnacles
- B) customer evangelists
- C) butterflies
- D) surrogate customers
- E) market mavens

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

82) Sally recently purchased Brand X lotion. In comparing her perception of how the lotion made her skin feel and look to her expectations about Brand X lotion, Sally was measuring her level of \_\_\_\_\_.

- A) share of customer
- B) customer satisfaction
- C) customer equity
- D) customer-perceived value
- E) customer lifetime value

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

83) Which of the following strategies would a company most likely use to increase customer satisfaction?

- A) decreasing the variety of offered services
- B) divesting
- C) lowering prices
- D) "firing" unprofitable customers
- E) limiting customer experiences with a brand

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

84) Hank is an assistant marketing director for a firm in a market with many low-margin customers. What type of relationship with these customers would be the most profitable for him?

- A) full partnerships
- B) basic relationships
- C) causal relationships
- D) club marketing programs
- E) inverse relationships

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

85) A room upgrade offered by a hotel to a guest who often stays in the hotel is an example of \_\_\_\_\_.

- A) a frequency marketing program
- B) a basic relationship
- C) a club marketing program
- D) partner relationship management
- E) sustainable marketing

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

86) A gym equipment manufacturer encourages customers to become members of the firm's Web site. Membership provides customers with exercise tips as well as discounts on gym equipment and workout apparel. This is an example of \_\_\_\_\_.

- A) a frequency marketing program
- B) a basic customer relationship
- C) a club marketing program
- D) the selling concept
- E) consumer-generated marketing

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

87) The marketing world is most likely embracing \_\_\_\_\_ because consumers wield greater power now with many platforms for airing and sharing their brand views with other consumers.

- A) partner relationship management
- B) supply chain management
- C) customer-managed relationships
- D) market segmentation
- E) consumer ethnocentrism

Answer: C

AACSB: Information technology

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

88) Greater consumer control means that companies can no longer rely on \_\_\_\_\_.

- A) promoting brand-consumer interaction
- B) marketing by intrusion
- C) creating market offerings and messages that involve consumers
- D) developing marketing concepts with an outside-in perspective
- E) marketing by attraction

Answer: B

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

89) Kao Corp., a deodorant manufacturer, invited teenage girls to make an ad that would encourage other girls to buy the product. This program is an example of \_\_\_\_\_.

- A) societal marketing
- B) the production concept
- C) the selling concept
- D) partner relationship management
- E) consumer-generated marketing

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

90) Elisandra, a marketing manager at a regional chain restaurant, has decided to organize a contest calling for customers to create commercials for the restaurant. Winning entries will be posted on the organization's home page. Elisandra's plan is an example of \_\_\_\_\_.

- A) consumer-generated marketing
- B) partner relationship management
- C) customer lifetime value
- D) community development around a brand
- E) customer divestment

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

91) Through \_\_\_\_\_, companies today are strengthening their connections with all partners, from providers of raw materials and components to those involved in the delivery of final goods and services.

- A) supply chain management
- B) direct marketing
- C) customer relationship marketing
- D) customized marketing
- E) inventory management

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

92) The final step in the marketing process is \_\_\_\_\_.

- A) capturing value from customers
- B) creating customer delight
- C) creating customer lifetime value
- D) understanding the marketplace
- E) designing a customer-driven marketing strategy

Answer: A

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

93) "Losing a customer once means losing the entire stream of possible purchases that the customer would make over an extended period of patronage." This statement specifically indicates loss in terms of \_\_\_\_\_.

- A) customer-perceived value
- B) marketing offerings
- C) partner relationship management
- D) customer lifetime value
- E) value proposition

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

94) At Gina's retail stores, the posted policy reads, "Without our customers, we don't exist." Gina and her staff aim to delight each customer, and they are quick to offer discounts or extra services whenever a customer is anything less than satisfied. Gina and her staff strive to make every customer a repeat customer. It is most accurate to say that instead of focusing on each individual transaction, Gina and her staff put a priority on \_\_\_\_\_.

- A) managing partner relationships
- B) selling new products
- C) attracting "butterflies"
- D) converting "barnacles" to "strangers"
- E) capturing customer lifetime value

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

95) The portion of the customer's purchasing that a company gets in its product categories is known as \_\_\_\_\_.

- A) customer-perceived value
- B) share of customer
- C) customer insight
- D) consumption function
- E) induced consumption

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

96) Apart from retaining good customers, most marketers want to constantly increase their "share of customer." What does this mean in marketing terms?

- A) Marketers want to increase their market share.
- B) Marketers want to increase the share they get of the customer's purchasing in their product categories.
- C) Marketers want to diversify their operations and customize their products to cater to the entire market.
- D) Marketers want to continuously increase their customers' levels of satisfaction.
- E) Marketers want to turn satisfied customers into delighted customers.

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

97) \_\_\_\_\_ is one of the best ways to increase share of customer.

- A) Targeting new customers
- B) Using bait and switch
- C) Cross-selling
- D) Divesting
- E) Partnership marketing

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

98) Keith, a clothing store owner, offers product suggestions to customers based on their current purchases. Which of the following is Keith trying to increase?

- A) shared value
- B) share of customer
- C) social responsibility
- D) customer-generated marketing
- E) customer loyalty

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

99) Which of the following refers to the total combined customer lifetime value of all of the company's current and potential customers?

- A) share of customer
- B) marketing mix
- C) customer equity
- D) target market
- E) customer-perceived value

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

100) In the context of customer relationship groups, a potentially profitable and short-term customer is referred to as a \_\_\_\_\_.

- A) true friend
- B) butterfly
- C) stranger
- D) barnacle
- E) market maven

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

101) Customers can be classified into four relationship groups based on their profitability and projected loyalty. Which customer type is associated with high profitability and long-term loyalty?

- A) barnacles
- B) strangers
- C) butterflies
- D) true friends
- E) cash cows

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

102) A financial services firm has several loyal customers who conduct business with them exclusively. However, the company has noticed that this customer group is the least profitable for the company, and in some cases, it increases their losses when engaging in business with this group. Which of the following customer groups is being referred to in this scenario?

- A) butterflies
- B) true friends
- C) strangers
- D) barnacles
- E) cash cows

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate



103) Digital technology allows companies to reach out to customers in numerous ways. Which of the following is NOT the purpose of a company reaching out using digital and social media?

- A) solving consumer problems
- B) building customer relationships
- C) helping customers shop
- D) providing product information
- E) working with suppliers

Answer: E

AACSB: Information technology

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

Refer to the scenario below to answer the following question(s).

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a cliff overlooking the Maine coast, Seagull Terrace had attracted thousands of visitors during summer, but then faced a tremendous downturn in business during winter. "But, given the established industries in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!"

So Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travelers year-round. Carol's plan also involved a seasonal promotional gimmick—to be implemented from early winter to late spring—that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travelers—both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals.

"We still have a long way to go," Carol admitted. "Our delicatessen offers entrees that are a part of the local cuisine, but we'd like to expand that. We provide health club privileges off-site, but we'd like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities. With an indoor pool area, I will eventually offer weekend getaways throughout winter."

104) Carol Veldt's plan also involves a seasonal promotional gimmick that she wants to promote aggressively. This is an example of the \_\_\_\_\_ concept.

- A) selling
- B) marketing
- C) product
- D) production
- E) societal marketing

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

105) Renovations of the guest rooms at the Seagull Terrace and plans to add an indoor pool area are examples of the \_\_\_\_\_ concept.

- A) selling
- B) marketing
- C) product
- D) production
- E) societal marketing

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

106) Carol Veldt has decided to ask selected guests to participate in an extensive survey about their experience at Seagull Terrace and about their requirements in terms of amenities and cuisines. By implementing the suggestions she receives from guests, Carol would be following the \_\_\_\_\_ concept.

- A) production
- B) product
- C) selling
- D) marketing
- E) societal marketing

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

107) For most marketers, customer relationship management is exclusively a matter of customer data management.

Answer: FALSE

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

108) Customer-perceived value is defined as the customer's evaluation of the difference between all the benefits and all the costs of a market offering relative to those of competing offers.

Answer: TRUE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

109) The meaning of value is perceived identically by all consumers.

Answer: FALSE

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

110) Customer-managed relationships are marketing relationships that are controlled by customers, therefore, they are of no significance to marketers.

Answer: FALSE

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

111) Large-scale marketing approaches that foster two-way customer relationships are made possible by new communication technologies.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

112) In consumer-generated marketing, marketers play a bigger role in shaping consumers' brand experiences and those of others.

Answer: FALSE

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

113) To increase its "share of customer," a firm concentrates on retaining as many customers as possible over its lifetime.

Answer: FALSE

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

114) Many companies now use customer profitability analysis to identify and weed out unprofitable customers.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

115) Explain how storing customer information in a database might better prepare carmaker Kia in customer relationship management.

Answer: Managing detailed information about customers may allow Kia to design new models based on customer demographics and desires for specific features. These "touch points" can be the key to long-term customer loyalty.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

116) What determines whether sellers pursue basic relationships or full partnerships with customers?

Answer: The type of relationship a seller seeks to create with its customers is dependent on the number of customers and their profitability. A company with many low-margin customers develops basic relationships; a company with just a few high-margin customers invests resources to create full partnerships.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

117) Alex works in the marketing department of an international company. How can Alex use modern technologies to conduct market research and better serve his company's customers?

Answer: Alex could use the company's Web site and social media sites to monitor online discussions of the company's products and services. He could track customer-generated review systems or online data services to learn more about the needs and wants of his customers. Alex could create a customer database for the company to target individual customers with tailored offers.

AACSB: Information technology

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

118) How can a marketer increase its "share of customer"?

Answer: The marketer can offer greater variety to customers; in addition, the marketer can train employees to cross-sell and up-sell in order to market more products and services to existing customers.

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

119) Explain what marketers can expect from individuals in the customer relationship group classified as "butterflies."

Answer: "Butterflies" are profitable but not loyal. Marketers should enjoy this type of customer "for the moment" because they soon flutter off. Marketers should create profitable and satisfying transactions with "butterflies," then cease investing in them until the next time around. Marketers can expect transactions with butterflies when conditions are optimal, but they should not expect butterflies to become loyal customers.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

120) Define customer relationship management and explain its associated tools and levels of relationships.

Answer: Customer relationship management is the process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. A company with mostly low-margin customers is likely to seek basic relationships, using brand-building advertising, public relations, and so on. An organization with few customers and high margins, on the other hand, will work to create full partnerships with key customers. To create stronger bonds with customers, some companies offer frequency marketing programs that reward customers who buy frequently or in large amounts. Other companies sponsor club marketing programs that offer members special benefits and create member communities.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

121) Explain why the aim of customer relationship management is to create not just customer satisfaction, but also customer delight.

Answer: Customer satisfaction cannot be taken for granted. Because brand loyalty is dependent upon strong customer satisfaction, companies strive to retain, satisfy, and even delight current customers. Outstanding marketing companies go out of their way to keep important customers satisfied. Most studies show that higher levels of customer satisfaction lead to greater customer loyalty, which in turn results in better company performance. Firms create customer delight by promising only what they can deliver and then delivering more than what they promised. They also create emotional relationships with key customers. Delighted customers make repeated purchases and become willing marketing partners and "customer evangelists" who tell other potential customers about their positive experiences with the product.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

122) Define customer equity and explain how a company can increase it.

Answer: Customer equity is the sum of the lifetime values of all of the company's current and potential customers. It's a measure of the future value of the company's customer base. Clearly, the more loyal the firm's profitable customers, the higher its customer equity. Customer equity may be a better measure of a firm's performance than current sales or market share. To increase customer equity, companies should work to delight their customers and establish full relationships with their most profitable customers.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

123) Describe and compare the four types of customers classified by their potential profitability to an organization. Explain how an organization should manage each type of customer.

Answer: The four types of customers are strangers, butterflies, true friends, and barnacles.

"Strangers" have low potential profitability and loyalty. A company's offerings do not fit well with a stranger's wants and demands. Companies should not invest in building a relationship with this type of customer. Another type of customer in which a company should not invest is the "barnacle." Barnacles are highly loyal but not very profitable because there is a limited fit between their needs and the company's offerings. The company might be able to improve barnacles' profitability by selling them more, raising their fees, or reducing service to them. However, if they cannot be made profitable, they should be "fired." Like strangers, "butterflies" are not loyal. However, they are potentially profitable because there is a good fit between the company's offerings and their needs. Like real butterflies, this type of customer will come and go without becoming a permanent, loyal consumer of a company's products. Companies should use promotional blitzes to attract these customers, create satisfying and profitable transactions with them, and then cease investing in them until the next time around. The final type of customers is "true friends"; they are both profitable and loyal. There is a strong fit between their needs and the company's offerings, so the company should make continuous relationship investments in an effort to go beyond satisfying and to delight these customers. A company should try to convert true friends into customer evangelists who tell others about their good experiences with the company.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

124) Marketers use mobile channels for several purposes. Which of the following is LEAST likely to be one of those purposes?

- A) Enrich the brand experience.
- B) Send billing statement.
- C) Stimulate immediate buying.
- D) Make shopping easier.
- E) Boost sampling.

Answer: B

AACSB: Information technology

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy



125) Following the change in consumer values and consumption patterns after the Great Recession, marketers have changed their marketing strategies to emphasize the \_\_\_\_\_ of their products.

- A) image
- B) value
- C) durability
- D) safety
- E) uniqueness

Answer: B

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

126) Which of the following actions should a marketer take in response to the new economy?

- A) Offer selected discounts.
- B) Cut marketing budgets.
- C) Hold the line on prices.
- D) Cut costs.
- E) Discontinue products.

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

127) Government agencies design \_\_\_\_\_ to encourage energy conservation and discourage smoking, excessive drinking, and drug use.

- A) club marketing programs
- B) social marketing campaigns
- C) consumer-generated marketing campaigns
- D) ambush marketing campaigns
- E) frequency marketing programs

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

128) As part of the rapid globalization of today's economy, companies are selling more domestically-produced goods in international markets and \_\_\_\_\_.

- A) taking a local view of their industry
- B) purchasing more supplies abroad
- C) reducing competition within their industry
- D) downplaying concerns for social responsibility
- E) competing solely in traditional marketplaces

Answer: B

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

129) Iceco Inc., an ice cream manufacturing company, encourages all stakeholders, including the top management and all employees, to consider individual and community welfare in their day-to-day decisions. This action undertaken by Iceco reflects \_\_\_\_\_.

- A) environmentalism
- B) social responsibility
- C) the selling concept
- D) partner relationship management
- E) marketing myopia

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Challenging

130) A church targeting different demographic groups to increase attendance is an example of \_\_\_\_\_.

- A) affinity marketing
- B) not-for-profit marketing
- C) societal marketing
- D) evangelism marketing
- E) affiliate marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

131) Your state's department of education has budgeted a significant amount of money for a radio, print, television, and online advertising campaign emphasizing the long-term benefits, both educationally and professionally, of reading every day. This is an example of a(n) \_\_\_\_\_ campaign.

- A) ambush marketing
- B) social marketing
- C) inbound marketing
- D) consumer-generated marketing
- E) affiliate marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

132) Many company and brand Web sites also serve as online brand communities, where customers can congregate and exchange brand-related interests and information.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

133) How is marketing applied in the not-for-profit sector?

Answer: Firms in the not-for-profit sector use marketing to enhance their images, to encourage donor marketing to attract memberships and donors, and to design social marketing campaigns to encourage specific causes.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

134) How are local retailers affected by global competition?

Answer: A local retailer might have global suppliers and customers. The retailer's goods may come from abroad, or components of those goods may be produced or assembled abroad. In addition, a local retailer may also sell goods over the Internet to international customers.

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

135) Discuss the challenges and advantages of new communication technologies for marketers as they work to build relationships with their customers.

Answer: Through the Internet and related technologies, people can now interact in direct and surprisingly personal ways with large groups of others, from neighbors within a local community to people across the world. With communication technologies such as e-mail, blogs, Web sites, online communities, and online social networks, today's marketers incorporate interactive approaches that help build targeted, two-way customer relationships. Marketers can create deeper consumer involvement and a sense of community surrounding a brand, making a brand a meaningful part of consumers' conversations and lives. However, while new communication tools create relationship-building opportunities for marketers, they also create challenges. They give consumers a greater voice, and therefore greater power and control in the marketplace. In fact, the marketing world is beginning to embrace customer-managed relationships. Today's consumers have more information about brands than ever before, and they have a wealth of platforms for airing and sharing their brand views with other consumers. This benefits companies when views of its products are positive, but can be damaging when customers share stories of negative experiences with a company's products.

AACSB: Information technology

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

136) Explain how the growth of digital technology has transformed the way in which companies conduct business today.

Answer: At the most basic level, marketers set up company and brand Web sites that provide information and promote the company's products. Many of these sites also serve as online brand communities, where customers can congregate and exchange brand-related interests and information. Beyond brand Web sites, most companies are also integrating social and mobile media into their marketing mixes.

AACSB: Information technology

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

***Principles of Marketing, 17e (Kotler)***

**Chapter 2 Company and Marketing Strategy: Partnering to Build Customer Relationships**

1) \_\_\_\_\_ is the process of developing and maintaining a crucial fit between the organization's goals and capabilities and its changing marketing opportunities.

- A) Benchmarking
- B) SWOT analysis
- C) Market segmentation
- D) Strategic planning
- E) Diversification

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

2) Which of the following is true with regard to strategic planning?

- A) At the corporate level, the company starts the strategic planning process by determining what portfolio of businesses and products is best for the company.
- B) A strategic plan deals with a company's short-term goals.
- C) The focus of strategic planning is to define a game plan for long-run survival and growth.
- D) The strategic plan is a statement of an organization's purpose.
- E) Strategic planning involves identifying segments of consumers with identical preferences.

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

3) Which of the following is the first step in strategic planning?

- A) setting short-term goals
- B) developing the business portfolio
- C) defining the organizational mission
- D) formulating the key marketing strategies
- E) identifying the organization's weaknesses and the threats it faces

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

4) Which of the following is NOT a step in the strategic planning process?

- A) defining the company mission
- B) setting company objectives and goals
- C) designing the business portfolio
- D) planning marketing and other functional strategies
- E) evaluating members of the company's value chain

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

5) A \_\_\_\_\_ documents an organization's purpose—what it wants to accomplish in the larger environment.

- A) vision statement
- B) mission statement
- C) business portfolio
- D) value proposition
- E) product strategy

Answer: B

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

6) Mission statements should \_\_\_\_\_ and be defined in terms of \_\_\_\_\_.

- A) be technology oriented; meeting the self-actualization needs of customers
- B) be product oriented; satisfying the esteem needs of customers
- C) embody the company's short-term plans; current opportunities
- D) be market oriented; satisfying basic customer needs
- E) address sales and profits; the net return on investments

Answer: D

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

7) A mission statement serves as a \_\_\_\_\_.

- A) statement of the organization's net profits
- B) plan for short-term sustainability
- C) statement of the organization's purpose
- D) statement of the organization's current liabilities
- E) reward plan for the organization's highly-skilled employees

Answer: C

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

8) Which of the following is NOT a market-oriented business definition?

- A) "We empower customers to realize their dreams."
- B) "We make high-quality consumer food products."
- C) "We sell success and status."
- D) "We create the Hilton experience."
- E) "We bring innovation to every home."

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

9) Companies that define their missions in terms of products or technologies are considered myopic primarily because \_\_\_\_\_.

- A) products and technologies result in low returns on investment
- B) consumer preferences with regard to products and technology are difficult to predict
- C) consumer preferences for different product categories vary from time to time
- D) products and technologies eventually become outdated
- E) most consumers are not comfortable using sophisticated technology during the buying process

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

10) Orion Inc. operates in many industries, including pharmaceuticals and food products. The company's goal is to create "abundant and affordable food for all and a healthy environment."

This represents Orion's \_\_\_\_\_.

- A) marketing plan
- B) product mix
- C) business portfolio
- D) marketing mix
- E) mission statement

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

- 11) Which of the following companies has a product-oriented business definition?
- A) A luxury hotel, whose business definition is: "We sell out-of-the-world experiences to our guests."
  - B) A real estate company, whose business definition is: "We sell dreams."
  - C) A cosmetic company, whose business definition is: "We offer hopes and self-expression."
  - D) A shoe manufacturer, whose business definition is: "We manufacture affordable and long-lasting shoes for all."
  - E) A high-technology company, whose business definition is: "We sell inspirations."

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

- 12) Which of the following companies has a market-oriented business definition?
- A) An electronics company, whose business definition is: "We produce microchips."
  - B) A hotel, whose business definition is: "We rent rooms."
  - C) An apparel company, whose business definition is: "We make and sell women's clothing."
  - D) A cosmetic company, whose business definition is: "We sell hope and self-esteem."
  - E) A pizzeria, whose business definition is: "We sell the world's most delicious thin-crust pizzas."

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

- 13) Which of the following is NOT an example of product-oriented mission statements?
- A) "We are an online library."
  - B) "We run theme parks."
  - C) "We sell athletic shoes."
  - D) "We sell memorable experiences."
  - E) "We rent hotel rooms."

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate



14) Which of the following is a market-oriented mission statement?

- A) "We empower customers to achieve their dreams."
- B) "We sell jumbo burgers."
- C) "We are an online library."
- D) "We are a low-cost airline."
- E) "We make porcelain figurines."

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

15) Mission statements should be \_\_\_\_\_.

- A) meaningful and specific yet motivating
- B) technology oriented
- C) written solely for public relations purposes
- D) focused on increasing sales or profits
- E) strictly product oriented

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

16) The collection of businesses and products that make up a company is called its \_\_\_\_\_.

- A) strategic business unit
- B) supply chain
- C) strategic plan
- D) business portfolio
- E) internal value chain

Answer: D

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

17) Which of the following is the first step of business portfolio planning?

- A) shaping the future portfolio by developing strategies for growth and downsizing
- B) determining which businesses should receive more, less, or no investment
- C) identifying internal strengths and weaknesses
- D) identifying future opportunities
- E) determining short-term goals

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

18) The major activity in strategic planning is \_\_\_\_\_, whereby management evaluates the products and businesses that make up the company.

- A) SWOT analysis
- B) benchmarking
- C) business portfolio analysis
- D) breakeven analysis
- E) prospecting

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

19) Which of the following best describes a strategic business unit?

- A) the internal value chain of a company
- B) the supply chain of a company
- C) the key businesses that make up a company
- D) the key channel intermediaries of a service company
- E) the key competitors of a company

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

20) During portfolio analysis, a company \_\_\_\_\_ after identifying the key businesses that make up the company.

- A) formulates a short-term marketing plan
- B) assesses the attractiveness of its various SBUs
- C) assesses its strengths and weaknesses
- D) performs a SWOT analysis
- E) assesses the effectiveness of its various channel intermediaries

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

21) Most standard portfolio analysis methods evaluate SBUs on the \_\_\_\_\_.

- A) potential for niche or global marketing
- B) degree of product differentiation
- C) strength of the market or industry position
- D) accessibility to rural markets
- E) number of successful business acquisitions

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

22) According to the Boston Consulting Group approach, \_\_\_\_\_ provides a measure of market attractiveness.

- A) product attribute
- B) product design
- C) market penetration
- D) market growth rate
- E) market segmentation

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

23) According to the Boston Consulting Group approach, \_\_\_\_\_ serves as a measure of company strength in the market.

- A) relative market share
- B) product development
- C) market diversification
- D) product attribute
- E) market segmentation

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

24) Which of the following is true of the BCG matrix approach?

- A) It is inexpensive to implement.
- B) It does not have any limitations.
- C) It considers market growth rate to be a measure of market attractiveness.
- D) It describes consumer motivations and needs.
- E) It does not consider relative market share to be a measure of company strength in the market.

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

25) The key businesses of Kimberley and Price consist of a division that produces and sells breakfast cereals and another that manufactures gardening tools. Each of these businesses is called a \_\_\_\_\_.

- A) market segment
- B) strategic business unit
- C) question mark
- D) prospect
- E) product portfolio

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

26) \_\_\_\_\_ are a type of SBU that often require heavy investments to finance their rapid growth.

- A) Cash cows
- B) Question marks
- C) Stars
- D) Dogs
- E) Bears

Answer: C

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

27) \_\_\_\_\_ are low-growth, high-share businesses/products that need less investment to hold their market share.

- A) Stars
- B) Cash cows
- C) Question marks
- D) Dogs
- E) Bears

Answer: B

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

28) Which of the following is true with regard to cash cows?

- A) They are high-growth, high-share businesses or products.
- B) They can be used to help finance the company's question marks and stars.
- C) They require significant cash to maintain market share.
- D) They are low-share businesses and products.
- E) They do not promise to be large sources of cash.

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

29) \_\_\_\_\_ are low-share business units in high-growth markets that require a lot of cash to hold their share.

- A) Stars
- B) Dogs
- C) Question marks
- D) Cash cows
- E) Bears

Answer: C

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

30) The pharmaceuticals division of Omni Healthcare holds low market share in a high-growth market. According to the BCG matrix, the pharmaceuticals division of Omni can be classified as a \_\_\_\_\_.

- A) star
- B) bear
- C) question mark
- D) cash cow
- E) dog

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Challenging

31) By harvesting its SBU, a company would most likely be \_\_\_\_\_.

- A) milking the SBU's short-term cash flow regardless of the long-term effect
- B) selling the SBU or phasing it out and using the resources elsewhere
- C) investing just enough to hold the SBU's current market share
- D) investing more in the business unit to build its share
- E) diversifying the company's product line

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

32) A company can \_\_\_\_\_ an SBU by selling it or phasing it out and using the resources elsewhere.

- A) divest
- B) promote
- C) expand
- D) harvest
- E) hold

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

33) Modern strategic planning \_\_\_\_\_.

- A) exclusively consists of a company's short-term goals
- B) is decentralized
- C) does not involve cross-functional teams
- D) does not take the overall mission of the company into consideration
- E) is highly centralized

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

34) The BCG matrix approach is problematic in that it \_\_\_\_\_.

- A) focuses on planning for the future at the cost of ignoring the present
- B) focuses solely on current businesses and provides little scope for future planning
- C) tends to undermine the importance of market growth rate as a measure of market attractiveness
- D) tends to undermine the importance of relative market share as a measure of company strength in the market
- E) fails to classify SBUs

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

35) Which of the following is a portfolio-planning tool for identifying company growth opportunities through market penetration, market development, product development, or diversification?

- A) BCG matrix
- B) analysis of variance
- C) product/market expansion grid
- D) Harris matrix
- E) SWOT analysis

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

36) Phoenix, a popular coffee shop chain in North America, recently opened 400 stores to cater to its rapidly increasing number of patrons. This exemplifies \_\_\_\_\_.

- A) product differentiation
- B) product development
- C) diversification
- D) market penetration
- E) market segmentation

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

37) Which of the following is true with regard to the product/expansion grid?

- A) It classifies SBUs into four distinct categories.
- B) It is a useful device for identifying growth opportunities.
- C) It helps companies analyze their internal strengths and weaknesses.
- D) It functions on the premise that firms should downsize to regain market share.
- E) It is a useful device for segregating customers into distinct categories.

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

38) Making more sales to current customers without changing a firm's products is known as \_\_\_\_\_.

- A) market segmentation
- B) market penetration
- C) product diversification
- D) product development
- E) prospecting

Answer: B

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy



39) Lark Inc., an American electronics company, is currently reviewing new geographical markets to sell its highly popular televisions. By 2020, it plans to open new stores across all the major South Asian cities. Lark is most likely following a \_\_\_\_\_ strategy.

- A) local marketing
- B) market development
- C) diversification
- D) product adaptation
- E) product development

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

40) The managers of Arrow, an American retail chain, are currently reviewing new demographic markets to sell the firm's current products. This is an example of \_\_\_\_\_.

- A) market penetration
- B) product development
- C) mass marketing
- D) market development
- E) product adaptation

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

41) The managers of Alfredo's Pizza, a popular pizzeria in New York City, have been increasingly encouraging senior citizens to visit the pizzeria's numerous outlets spread across the city. Anticipating a rise in the population of senior citizens in the area, the management of Alfredo's Pizza is seeking to tap into this promising segment that consists of retired, affluent consumers. In this instance, the managers of Alfredo's Pizza are anticipating company growth through \_\_\_\_\_.

- A) market development
- B) product development
- C) mass customization
- D) niche marketing
- E) product differentiation

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

42) FencePro, a local company, has developed an entirely new mounting system for chain link fences. After acquiring a distributor, FencePro now has the ability to market its products nationwide. FencePro is most likely following a \_\_\_\_\_ strategy.

- A) market penetration
- B) market development
- C) downsizing
- D) product adaptation
- E) product development

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

43) Amor, a successful brand of women's clothing, recently introduced a line of fitness equipment. This is an example of \_\_\_\_\_.

- A) mass customization
- B) niche marketing
- C) diversification
- D) prospecting
- E) product adaptation

Answer: C

AACSB: Application of knowledge; Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

44) Sunny Brews is a coffeehouse chain based in Boston. It recently introduced Eva, a mild roast, which became immensely popular. This exemplifies \_\_\_\_\_.

- A) benchmarking
- B) diversification
- C) mass customization
- D) product development
- E) downsizing

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

45) A women's apparel manufacturer in California recently acquired a Houston-based company that manufactures office furniture. This is an example of \_\_\_\_\_.

- A) product development
- B) market development
- C) market penetration
- D) diversification
- E) product differentiation

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

46) Elmo Corp., a manufacturer of personal computers and printers, recently established an office furniture exporting business. This is an example of \_\_\_\_\_.

- A) niche marketing
- B) local marketing
- C) diversification
- D) product adaptation
- E) downsizing

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

Refer to the scenario below to answer the following question(s).

Fun-Spot Fun Park began as a small amusement park in 1985. With nothing more than a merry-go-round, a slide, pony rides, and an ice cream stand, Fun-Spot grew into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theater.

"My wife, Gail, and I didn't know what we were getting into," commented Ron Hart, the owner. "We just knew that weekenders coming to the lakes in our rural area represented an untapped market."

Today, thousands of visitors flock to Fun-Spot: families, children of all ages, and even senior citizens who enjoy strolling through the gardens and the arbors. "There's something here for everyone," Gail Hart said with a smile. "Dozens of companies hold annual company picnics here. We have welcomed class field trips. And we even had one wedding here at the park!"

"Here's the funny thing," Ron chimed in. "We really don't know why we've been so successful. There is nothing else like Fun-Spot Fun Park in the area. We were just lucky." "I think it's the ambience of the park that has brought so many visitors," Gail added. "We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time for variety."

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "Like the park's motto at the entrance reads, 'We're here to make you happy!' And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

47) Fun-Spot's mission is \_\_\_\_\_.

- A) product oriented
- B) technology oriented
- C) market oriented
- D) design oriented
- E) narrowly focused on profits

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

48) Fun-Spot Fun Park represents a high-growth, high-share business. According to the BCG matrix, it can be classified as a \_\_\_\_\_.

- A) star
- B) question mark
- C) bear
- D) cat
- E) dog

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

49) Ron and Gail plan to lower Fun-Spot's prices in an effort to encourage customers to stay longer, visit more often, and spend more money during each visit. What type of strategy are Ron and Gail planning?

- A) market penetration
- B) market development
- C) product development
- D) product adaptation
- E) diversification

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

50) Ron and Gail, owners of Fun-Spot, strive to provide new offerings and entertainment options for their visitors. This type of strategy can be best described as \_\_\_\_\_.

- A) market penetration
- B) market development
- C) product development
- D) niche marketing
- E) diversification

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

51) 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.

Answer: TRUE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

52) A mission statement is a document embodying an organization's short-term goals.

Answer: FALSE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

53) A clear mission statement acts as an "invisible hand" that guides people in the organization.

Answer: TRUE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

54) Mission statements should be market oriented and defined in terms of satisfying basic customer needs.

Answer: TRUE

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

55) "At Joe's Diner, we serve great burgers" is a product-oriented business definition.

Answer: TRUE

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

56) "At Trader Joe's, our mission is to provide all our customers the best food and beverage values to be found anywhere, and the information to make informed buying decisions." This is a product-oriented business definition.

Answer: FALSE

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

57) A company's mission could appropriately be stated as "making more sales or profits."

Answer: FALSE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

58) The major activity in strategic planning is business portfolio analysis, whereby management evaluates the products and businesses that make up the company.

Answer: TRUE

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

59) The major activity in strategic planning is product innovation.

Answer: FALSE

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

60) On the BCG matrix, "question marks" are high-growth, high-share businesses or products.

Answer: FALSE

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

61) How does strategic planning benefit companies?

Answer: Strategic planning sets the stage for all other planning in the firm. The strategic plan involves adapting the firm to take advantage of opportunities in its constantly changing environment.

AACSB: Analytical thinking; Reflective thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

62) Why should mission statements be market oriented instead of product or technology oriented?

Answer: Mission statements should be market oriented and defined in terms of satisfying basic customer needs. Products and technologies eventually become outdated, but basic market needs may last forever.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

63) What is a strategic business unit (SBU)?

Answer: An SBU can be a company division, a product line within a division, or sometimes a single product or brand.

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

64) What are stars according to the BCG growth-share matrix?

Answer: Stars are high-growth, high-share businesses or products. They often need heavy investments to finance their rapid growth.

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

65) What type of strategy should a company use to manage its cash cows?

Answer: Since cash cows are low-growth, high-share businesses or products, and require less investment, a company should finance other SBUs with the help of cash cows.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

66) Define market penetration.

Answer: Market penetration refers to company growth by increasing sales of current products to current market segments without changing the product.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

67) Define strategic planning. Discuss the steps involved.

Answer: The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its marketing opportunities is called strategic planning. At the corporate level, the company starts the strategic planning process by defining its overall purpose and mission. This mission is then turned into detailed supporting objectives that guide the entire company. Next, headquarters decides what portfolio of businesses and products is best for the company and how much support to give each one. In turn, each business and product develops detailed marketing and other departmental plans that support the company-wide plan. Thus, marketing planning occurs at the business-unit, product, and market levels. It supports company strategic planning with more detailed plans for specific marketing opportunities.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate



68) What is a business portfolio? What are the steps involved in business portfolio planning?  
Answer: A business portfolio is the collection of businesses and products that make up a company.

Business portfolio planning involves two steps. First, the company must analyze its current business portfolio and determine which businesses should receive more, less, or no investment. Second, it must shape the future portfolio by developing strategies for growth and downsizing.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

69) What is a growth-share matrix? Discuss the BCG growth-share matrix.

Answer: The growth-share matrix is a portfolio-planning method that evaluates a company's SBUs in terms of market growth rate and relative market share. Using the now-classic Boston Consulting Group (BCG) approach, a company classifies all its SBUs according to the growth-share matrix. On the vertical axis, market growth rate provides a measure of market attractiveness. On the horizontal axis, relative market share serves as a measure of company strength in the market. The growth-share matrix defines four types of SBUs:

1. Stars are high-growth, high-share businesses or products. They often need heavy investments to finance their rapid growth. Eventually their growth will slow down, and they will turn into cash cows.

2. Cash cows are low-growth, high-share businesses or products. These established and successful SBUs need less investment to hold their market share. Thus, they produce a lot of the cash that the company uses to pay its bills and support other SBUs that need investment.

3. Question marks are low-share business units in high-growth markets. They require a lot of cash to hold their share, let alone increase it. Management has to think hard about which question marks it should try to build into stars and which should be phased out.

4. 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.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Easy

70) What are some of the problems associated with matrix approaches?

Answer: The BCG and other formal methods revolutionized strategic planning. However, such centralized approaches have limitations: They can be difficult, time-consuming, and costly to implement. Management may find it difficult to define SBUs and measure market share and growth. In addition, these approaches focus on classifying current businesses but provide little advice for future planning.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.1: Explain company-wide strategic planning and its four steps.

Difficulty: Moderate

71) Each department in a company that carries out value-creating activities can be thought of as a link in the company's \_\_\_\_\_.

- A) channel of intermediaries
- B) external value stream
- C) demand chain
- D) internal value chain
- E) supplier chain

Answer: D

Skill: Concept

Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.

Difficulty: Easy

72) RedFin manufactures diving equipment that is highly regarded by customers worldwide. Each department in RedFin contributes to its success and can be thought of as a(n) \_\_\_\_\_.

- A) link in the company's internal value chain
- B) separate organization
- C) independent subsidiary of the company
- D) separate market segment
- E) SBU

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

73) The network made up of the company, its suppliers, its distributors, and, ultimately, its customers who partner with each other to improve the performance of the entire system is known as the \_\_\_\_\_.

- A) business portfolio
- B) supply chain
- C) marketing mix
- D) value delivery network
- E) internal value chain

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.

Difficulty: Easy

74) The marketing logic by which a company hopes to create customer value and achieve profitable customer relationships is referred to as the \_\_\_\_\_.

- A) price
- B) marketing implementation
- C) value chain
- D) marketing strategy
- E) downsizing

Answer: D

Skill: Concept

Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.

Difficulty: Easy

75) Market development involves company growth by identifying and developing new market segments for current company products.

Answer: TRUE

Skill: Concept

Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.

Difficulty: Easy

76) An American airline company started a grocery chain in Australia. This is an example of product development.

Answer: FALSE

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

77) Company growth through diversification involves offering modified or new products to the company's current markets.

Answer: FALSE

Skill: Concept

Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.

Difficulty: Easy

78) Each department in a company can be thought of as a link in the company's internal value chain.

Answer: TRUE

Skill: Concept

Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.

Difficulty: Easy

79) What factors determine the success of a company's value chain?

Answer: A company's value chain is only as strong as its weakest link. Success depends on how well each department performs its work of adding customer value and on how the company coordinates the activities of various departments.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.

Difficulty: Moderate

80) What are the various components of the value delivery network of a company?

Answer: The value delivery network is made up of the company, its suppliers, its distributors, and, ultimately, its customers who partner with each other to improve the performance of the entire system.

Skill: Concept

Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.

Difficulty: Easy

81) What is a value delivery network?

Answer: A value delivery network refers to the network of a company, its suppliers, its distributors, and, ultimately, its customers who partner with each other to improve the performance of the entire system.

More companies today are partnering with other members of the supply chain—suppliers, distributors, and, ultimately, customers—to improve the performance of the customer value delivery network. Competition no longer takes place only between individual competitors. Rather, it takes place between the entire value delivery networks created by these competitors.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.2: Discuss how to design business portfolios and develop growth strategies.

Difficulty: Easy

82) Which of the following is an element of the marketing mix?

A) place

B) education

C) needs

D) wants

E) esteem

Answer: A

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

83) Which of the following is NOT an element of the marketing mix?

- A) place
- B) purchase
- C) product
- D) price
- E) promotion

Answer: B

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

84) Market segmentation can be best described as the process of \_\_\_\_\_.

- A) assigning specific human attributes to a given brand
- B) dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate products or marketing programs
- C) evaluating each market segment's attractiveness and selecting one or more segments to enter
- D) turning marketing plans into marketing actions to accomplish strategic marketing objectives
- E) maintaining a strategic fit between organizational goals and changing marketing opportunities

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

85) Teenagers are expected to respond in a similar way to a set of marketing efforts. In other words, this group represents a \_\_\_\_\_.

- A) channel intermediary
- B) line extension
- C) market segment
- D) product attribute
- E) brand personality

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

86) Each company must divide up the total market, choose the best segments, and design strategies for profitably serving chosen segments. This process involves market segmentation, \_\_\_\_\_, differentiation, and positioning.

- A) market targeting
- B) marketing implementation
- C) supply-chain analysis
- D) price discrimination
- E) market diversification

Answer: A

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

87) Which of the following refers to the process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviors?

- A) market diversification
- B) market segmentation
- C) downsizing
- D) customer relationship management
- E) prospecting

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

88) Rob has been asked by his manager to identify a group of potential customers who would respond in a similar way to a given set of marketing efforts. In this instance, Rob has been asked to identify a \_\_\_\_\_.

- A) new product
- B) market segment
- C) marketing intermediary
- D) brand
- E) product line

Answer: B

AACSB: Application of knowledge

Skill: Application

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

89) The process of evaluating each market segment's attractiveness and selecting one or more segments to enter is known as \_\_\_\_\_.

- A) market segmentation
- B) diversification
- C) market targeting
- D) prospecting
- E) downsizing

Answer: C

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

90) Paul Robinson has identified a group of potential customers who seem to respond in a similar way to a series of magazine and radio advertisements for his company's product. Paul has identified a(n) \_\_\_\_\_.

- A) target market
- B) market segment
- C) niche market
- D) product attribute
- E) product design

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

91) Which of the following is true with regard to a market segment?

- A) A market segment consists of consumers with dissimilar needs and preferences.
- B) A market segment consists of consumers who respond in a similar way to a given set of marketing efforts.
- C) Very few markets have segments.
- D) Dividing the market into segments decreases the efficiency of the selling process.
- E) Dividing the market into segments reduces composite demand.

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

92) Crocus, a gift store, specializes in serving customer segments that major competitors overlook and ignore. Which of the following best describes Crocus?

- A) market follower
- B) market challenger
- C) early adopter
- D) market nicher
- E) laggard

Answer: D

AACSB: Application of knowledge

Skill: Application

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

93) Arrow is "a different kind of company, manufacturing a different kind of a car"; the RoadPro is "like nothing else." Statements such as these reflect a firm's \_\_\_\_\_.

- A) portfolio
- B) marketing segment
- C) positioning
- D) marketing mix
- E) mission statement

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

94) Alpha Motors offers "Green automobiles for a greener world." This refers to the \_\_\_\_\_ of Alpha automobiles.

- A) brand resonance
- B) position
- C) brand equity
- D) pleasure value
- E) added value

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate



95) Arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers is known as \_\_\_\_\_.

- A) positioning
- B) segmenting
- C) diversifying
- D) prospecting
- E) satisficing

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

96) Effective positioning begins with \_\_\_\_\_.

- A) pricing
- B) diversification
- C) differentiation
- D) promotion
- E) segmentation

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

97) Which of the following Ps in the marketing mix describes the goods-and-services combination the company offers to the target market?

- A) price
- B) promotion
- C) product
- D) place
- E) package

Answer: C

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

98) In the marketing mix, design, packaging, services, and variety can be categorized under \_\_\_\_\_.

- A) product
- B) price
- C) promotion
- D) place
- E) position

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

99) In the context of a company's marketing mix, \_\_\_\_\_ includes company activities that make the product available to target consumers.

- A) position
- B) place
- C) price
- D) promotion
- E) branding

Answer: B

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

100) In the marketing mix, place includes \_\_\_\_\_.

- A) logistics
- B) discounts
- C) sales promotion
- D) advertising
- E) packaging

Answer: A

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

101) \_\_\_\_\_ refers to activities that communicate the merits of the product and persuade target customers to buy it.

- A) Position
- B) Promotion
- C) Pricing
- D) Segmentation
- E) Prospecting

Answer: B

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

102) Dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate products or marketing programs is known as market diversification.

Answer: FALSE

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

103) A market segment consists of consumers who respond in different ways to a given set of marketing efforts.

Answer: FALSE

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

104) A product's position is the place it occupies relative to competitors' products in consumers' minds.

Answer: TRUE

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

105) The marketing mix consists of people, property, planning, and position.

Answer: FALSE

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

106) Product refers to the goods-and-services combination that a company offers to its target market.

Answer: TRUE

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

107) One valid criticism of the four Ps concept of the marketing mix is that services are not considered.

Answer: FALSE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

108) The four Cs concept adopts the buyer's view of the market.

Answer: TRUE

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

109) What are the components of a company's marketing mix?

Answer: A company designs an integrated marketing mix made up of factors under its control—product, price, place, and promotion (the four Ps).

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Easy

110) What does a market segment consist of?

Answer: A market segment consists of consumers who respond in a similar way to a given set of marketing efforts.

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

111) What does market targeting involve?

Answer: Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter.

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

112) What is a marketing strategy? How do marketing strategies help firms?

Answer: Marketing strategy refers to the marketing logic by which the company hopes to create this customer value and achieve these profitable relationships. A company decides which customers it will serve (segmentation and targeting) and how (differentiation and positioning). It identifies the total market and then divides it into smaller segments, selects the most promising segments, and focuses on serving and satisfying the customers in these segments. Guided by marketing strategy, a company designs an integrated marketing mix made up of factors under its control—product, price, place, and promotion (the four Ps). To find the best marketing strategy and mix, the company engages in marketing analysis, planning, implementation, and control. Through these activities, the company watches and adapts to the actors and forces in the marketing environment.

AACSB: Application of knowledge; Analytical thinking

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

113) Distinguish between market segmentation and market targeting.

Answer: The process of dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors, and who might require separate products or marketing programs, is called market segmentation. On the other hand, market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain it over time.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.3: Explain marketing's role in strategic planning and how marketing works with its partners to create and deliver customer value.

Difficulty: Moderate

Refer to the scenario below to answer the following question(s).

Fun-Spot Fun Park began as a small amusement park in 1985. With nothing more than a merry-go-round, a slide, pony rides, and an ice cream stand, Fun-Spot grew into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theater.

"My wife, Gail, and I didn't know what we were getting into," commented Ron Hart, the owner. "We just knew that weekenders coming to the lakes in our rural area represented an untapped market."

Today, thousands of visitors flock to Fun-Spot: families, children of all ages, and even senior citizens who enjoy strolling through the gardens and the arbors. "There's something here for everyone," Gail Hart said with a smile. "Dozens of companies hold annual company picnics here. We have welcomed class field trips. And we even had one wedding here at the park!"

"Here's the funny thing," Ron chimed in. "We really don't know why we've been so successful. There is nothing else like Fun-Spot Fun Park in the area. We were just lucky." "I think it's the ambience of the park that has brought so many visitors," Gail added. "We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time for variety."

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "Like the park's motto at the entrance reads, 'We're here to make you happy!' And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

114) Which of the following would be classified as an opportunity in a SWOT analysis of Fun-Spot?

- A) A rival amusement park announces plans to open three new rides next season.
- B) A new luxury hotel is being constructed in the area, with the aim of attracting more high-spending families on vacation.
- C) Ron and Gail have paid off the mortgage on Fun-Spot, significantly reducing their monthly expenses.
- D) Fun-Spot employees tend to be enthusiastic and young, projecting an image of fun and vitality.
- E) Fun-Spot plans to further diversify its offerings by beginning a two-week summer camp for elementary school students.

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Moderate

115) Which of the following is true with regard to a SWOT analysis?

- A) It classifies SBUs into four distinct categories.
- B) It measures customer response to a new product.
- C) It evaluates the company's overall strengths.
- D) It evaluates the growth potential of a market segment.
- E) It ignores the threats faced by a company while assessing its situation in the market.

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

116) \_\_\_\_\_ analysis is an overall evaluation of the company's strengths, weaknesses, opportunities, and threats.

- A) Porter's five forces
- B) A breakeven
- C) A regression
- D) A SWOT
- E) A cluster

Answer: D

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

117) In a SWOT analysis, which of the following would be considered a strength?

- A) industry trends
- B) technological shifts
- C) environmental demands
- D) performance challenges
- E) internal capabilities

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

118) In a SWOT analysis, \_\_\_\_\_ include favorable trends in the external environment.

- A) strengths
- B) challenges
- C) weaknesses
- D) opportunities
- E) threats

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

119) Harris Brown, the marketing manager at a small retail chain, wants to assess his firm's strengths, opportunities, weaknesses, and threats. Which of the following would be best suited for his purpose?

- A) SWOT analysis
- B) cluster analysis
- C) portfolio analysis
- D) regression analysis
- E) Porter's five forces analysis

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Moderate

120) Omega Inc. makes lightweight sunglasses with 100-percent UV protection for people who love to hunt, hike, and ride bikes. The company's long-term plans include the development of lenses that, in addition to protecting users from UV rays, would help reduce lens spotting through effective water-sheeting methods. This new feature would be valuable to people who fish. Given the rising popularity of recreational fishing in the United States, Omega products clearly have a huge market potential. In terms of a SWOT analysis, Omega has recognized a market \_\_\_\_\_.

- A) weakness
- B) strength
- C) threat
- D) opportunity
- E) challenge

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Moderate



121) The main section of the marketing plan most likely presents a detailed \_\_\_\_\_ analysis of the current marketing situation.

- A) breakeven
- B) SBU
- C) SWOT
- D) regression
- E) cluster

Answer: C

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

122) A marketing plan begins with a(n) \_\_\_\_\_, which presents a brief summary of the main goals and recommendations of the plan for management review.

- A) budget
- B) opportunity analysis
- C) threat analysis
- D) executive summary
- E) action program

Answer: D

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

123) Many managers think that "doing things right," or \_\_\_\_\_, is as important as, or even more important than, "doing the right things."

- A) strategy
- B) planning
- C) positioning
- D) implementation
- E) targeting

Answer: D

AACSB: Analytical thinking; Ethical understanding and reasoning

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Moderate

124) The most common form of marketing organization is the \_\_\_\_\_ organization. Under this organization, an operational specialist heads different marketing activities.

- A) geographic
- B) product management
- C) functional
- D) customer management
- E) market

Answer: C

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

125) Berman Electronics, a chain of appliance stores in North America, caters to a wide range of customers. It has a marketing organization in which different operational specialists head different marketing activities. Berman Electronics is a(n) \_\_\_\_\_.

- A) customer management organization
- B) niche marketer
- C) early adopter
- D) functional organization
- E) laggard

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Challenging

126) Emerson Studios has designed its marketing organization along the lines of a \_\_\_\_\_ organization in which operational specialists head different marketing activities.

- A) geographic
- B) product
- C) functional
- D) customer
- E) market

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Moderate

127) Ravenshaw Corp. assigns its sales and marketing people to specific countries, regions, and districts. Ravenshaw Corp. is most likely an example of a \_\_\_\_\_.

- A) geographic organization
- B) product organization
- C) functional organization
- D) niche marketer
- E) mass marketer

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

128) Which of the following is true with regard to geographic organization?

- A) It is the most common form of marketing organization.
- B) Different marketing activities are headed by a functional specialist.
- C) It requires salespeople to have international experience.
- D) It reduces the overall efficiency of salespeople.
- E) It allows salespeople to work with a minimum of travel time and cost.

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

129) Which of the following is a major advantage of the market organization?

- A) The company is organized around the needs of specific customer segments.
- B) The company exploits bleeding-edge technologies to keep ahead in the market.
- C) The company has a flat organizational structure.
- D) The company allows its salespeople to settle into a specific territory.
- E) The company caters to a single, small market segment.

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

130) More and more, companies are shifting their brand management focus from brand profitability toward \_\_\_\_\_.

- A) technology management
- B) product management
- C) customer management
- D) functional management
- E) geographic management

Answer: C

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Moderate

131) \_\_\_\_\_ refers to measuring and evaluating the results of marketing strategies and plans and taking corrective action to ensure that the objectives are achieved.

- A) Marketing control
- B) Marketing implementation
- C) Satisficing
- D) Prospecting
- E) Benchmarking

Answer: A

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

132) Marketing control involves four steps including all the following EXCEPT \_\_\_\_\_.

- A) setting specific marketing goals
- B) measuring the marketing plan's performance in the marketplace
- C) evaluating the causes of any differences between expected and actual performance
- D) increasing the staffing in the planning department
- E) taking corrective action to close the gaps between goals and performance

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

133) All of the following steps pertain to the marketing control process EXCEPT \_\_\_\_\_.

- A) setting goals
- B) measuring performance
- C) taking corrective action
- D) defining the company's mission
- E) evaluating the causes of gaps between expected and actual performance

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

134) The purpose of \_\_\_\_\_ is to ensure that the company achieves the sales, profits, and other goals set out in its annual marketing plan.

- A) benchmarking
- B) operating control
- C) strategic control
- D) SWOT analysis
- E) a marketing audit

Answer: B

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

135) \_\_\_\_\_ involves looking at whether a company's key action plans are well-matched to its opportunities.

- A) Operating control
- B) Benchmarking
- C) Strategic control
- D) Regression analysis
- E) Portfolio analysis

Answer: C

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

136) The four marketing management functions are analysis, planning, implementation, and control.

Answer: TRUE

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

137) Benchmarking refers to the process that turns marketing plans into marketing actions to accomplish strategic marketing objectives.

Answer: FALSE

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Moderate

138) Operating control involves checking ongoing performance against the annual plan and taking corrective action when necessary.

Answer: TRUE

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

139) Return on marketing investment refers to the net return from a marketing investment divided by the costs of the marketing investment.

Answer: TRUE

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Moderate

140) What is SWOT analysis?

Answer: SWOT analysis is an overall evaluation of the company's strengths (S), weaknesses (W), opportunities (O), and threats (T).

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Easy

141) What is the main purpose of the executive summary in a marketing plan?

Answer: The executive summary presents a brief summary of the main goals and recommendations of the plan for management review, helping top management find the plan's major points quickly.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Moderate

142) What is the difference between marketing planning and marketing implementation?

Answer: Whereas marketing planning addresses the what and why of marketing activities, implementation addresses the who, where, when, and how.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Moderate

143) Define marketing planning. What are the contents of a marketing plan?

Answer: Marketing planning involves choosing marketing strategies that will help the company attain its overall strategic objectives. A detailed marketing plan is needed for each business, product, or brand.

The major contents of a marketing plan are:

1. Executive summary
2. Current marketing situation
3. Threats and opportunities analysis
4. Objectives and issues
5. Marketing strategy
6. Action programs
7. Budgets
8. Controls

AACSB: Written and oral communication

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Moderate

144) Describe the most common forms of marketing organizations.

Answer: Modern marketing departments can be arranged in several ways.

1. The most common form of marketing organization is the functional organization. Under this organization, different marketing activities are headed by a functional specialist—a sales manager, an advertising manager, a marketing research manager, a customer service manager, or a new product manager.
2. A company that sells across the country or internationally often uses a geographic organization. Its sales and marketing people are assigned to specific countries, regions, and districts. Geographic organization allows salespeople to settle into a territory, get to know their customers, and work with a minimum of travel time and cost.
3. Companies with many very different products or brands often create a product management organization. Using this approach, a product manager develops and implements a complete strategy and marketing program for a specific product or brand.
4. For companies that sell one product line to many different types of markets and customers who have different needs and preferences, a market or customer management organization might be best. A market management organization is similar to the product management organization. Large companies that produce many different products flowing into many different geographic and customer markets usually employ some combination of the functional, geographic, product, and market organization forms.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 2.4: Describe the elements of a customer value-driven marketing strategy and mix and the forces that influence it.

Difficulty: Moderate

145) \_\_\_\_\_ measures the profits generated by investments in marketing activities.

- A) A SWOT analysis
- B) A marketing audit
- C) Regression analysis
- D) Return on marketing investment
- E) Marketing budget evaluation

Answer: D

Skill: Concept

Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.

Difficulty: Easy



146) \_\_\_\_\_ refer(s) to meaningful sets of marketing performance measures in a single display used to monitor strategic marketing performance.

- A) Field automation systems
- B) Market segments
- C) Market share
- D) Marketing dashboards
- E) Line extensions

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.

Difficulty: Easy

147) What does marketing ROI measure?

Answer: Marketing ROI measures the profits generated by investments in marketing activities.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.

Difficulty: Easy

148) How do marketers measure return on marketing investment? Why is this figure difficult to assess?

Answer: Marketing ROI (return on investment) is the net return from a marketing investment divided by the costs of the marketing investment. It measures the profits generated by investments in marketing activities. Marketing ROI can be difficult to measure. In measuring financial ROI, both the "R" and the "I" are uniformly measured in dollars. As of yet, however, there is no consistent definition of marketing ROI. For instance, returns like advertising and brand-building impact aren't easily put into dollar returns.

Increasingly, however, beyond standard performance measures, marketers are using customer-centered measures of marketing impact, such as customer acquisition, customer retention, customer lifetime value, and customer equity. These measures capture not only current marketing performance but also future performance resulting from stronger customer relationships.

AACSB: Application of knowledge; Analytical thinking

Skill: Concept

Objective: LO 2.5: List the marketing management functions, including the elements of a marketing plan, and discuss the importance of measuring and managing marketing return on investment.

Difficulty: Moderate

## Principles of Marketing, 16e (Kotler)

### Chapter 3 Analyzing the Marketing Environment

1) Dan has been directed to study the forces close to a company that affect its ability to serve its customers, such as the company, suppliers, marketing intermediaries, customer markets, competitors, and publics. In this instance, Dan has been directed to study the \_\_\_\_\_ of the company.

1. A) macroenvironment
2. B) microenvironment
3. C) technological environment
4. D) demographic environment
5. E) political environment

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

2) Which of the following terms is used to describe the actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with target customers?

1. A) marketing environment
2. B) marketing orientation
3. C) strategic planning
4. D) target markets
5. E) marketing mix

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

3) Which of the following is a component of a firm's microenvironment?

1. A) customer demographics
2. B) economic recessions
3. C) population shifts
4. D) marketing intermediaries
5. E) technological changes

Answer: D

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

4) Sam has been directed to study the demographic, economic, political, and cultural forces that affect an organization. In this instance, Sam has been directed to study the \_\_\_\_\_ of the organization.

1. A) macroenvironment
2. B) microenvironment
3. C) internal environment
4. D) marketing mix
5. E) marketing intermediaries

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

5) The interrelated departments within a company that influence marketing decisions form the \_\_\_\_\_ environment.

1. A) cultural
2. B) economic
3. C) internal
4. D) political
5. E) technological

Answer: C

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

6) \_\_\_\_\_ provide the resources needed by a company to produce its goods and services.

1. A) Retailers
2. B) Marketing services agencies
3. C) Resellers
4. D) Suppliers
5. E) Financial intermediaries

Answer: D

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

7) Sparex Inc. is a manufacturer of metal bolts that are used by Boilex Inc. to manufacture heavy machineries. In this instance, Sparex acts as a \_\_\_\_\_.

1. A) financial intermediary
2. B) supplier
3. C) retailer
4. D) customer
5. E) local public

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

8) Jonathan works for a firm that assists companies in promoting, distributing, and selling their products to end consumers. The firm Jonathan works for is a \_\_\_\_\_.

1. A) licensor
2. B) supplier
3. C) marketing intermediary
4. D) local public
5. E) general public

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

9) \_\_\_\_\_ help companies stock and move goods from their points of origin to their destinations.

1. A) Retailers
2. B) Physical distribution firms
3. C) Marketing services agencies
4. D) Resellers
5. E) Suppliers

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

10) \_\_\_\_\_ include banks, credit companies, insurance companies, and other businesses that help insure against the risks associated with the buying and selling of goods.

1. A) Financial intermediaries
2. B) Physical distribution firms
3. C) Resellers
4. D) Marketing services agencies
5. E) Wholesalers

Answer: A

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

11) Maria works for Sigma Inc., a firm that helps companies target and promote their products to the right markets. Sigma is most likely a \_\_\_\_\_.

1. A) financial intermediary
2. B) physical distribution firm
3. C) marketing services agency
4. D) reseller
5. E) wholesaler

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

12) LandPort Transportation and Omega Warehousing help companies move and stock goods from their manufacturing plants to their destinations. These two businesses are examples of \_\_\_\_\_.

1. A) resellers
2. B) marketing services agencies

3. C) financial intermediaries
4. D) physical distribution firms
5. E) wholesalers

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

13) Which of the following groups influences the company's ability to obtain funds?

1. A) financial publics
2. B) local publics
3. C) general publics
4. D) citizen-action publics
5. E) internal publics

Answer: A

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

14) Which of the following is true with regard to media publics?

1. A) The primary function of this group is to protect the interests of minority groups.
2. B) This group carries news, features, and editorial opinion.
3. C) The primary function of this group is to critique the marketing decisions of companies.
4. D) This group includes neighborhood residents and community organizations.
5. E) This group directly influences the company's ability to obtain funds.

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

15) A company's marketing decisions may be questioned by consumer organizations, environmental groups, minority groups, and others. These organizations and groups are also known as \_\_\_\_\_.

1. A) media publics
2. B) marketing intermediaries
3. C) customers
4. D) citizen-action publics
5. E) internal publics

Answer: D

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

16) A consumer organization in Ohio has challenged the marketing decision of a local firm alleging it to be against the larger social interest. In this instance, the firm is challenged by a(n) \_\_\_\_\_ public.

1. A) internal
2. B) general
3. C) government
4. D) citizen-action
5. E) media

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy



17) Which group includes neighborhood residents and community organizations?

1. A) local publics
2. B) government publics
3. C) internal publics
4. D) citizen-action publics
5. E) media publics

Answer: A

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

18) Cape Sky Inc., an international insurance and financial services company, is the primary sponsor of the annual New York City Marathon, which is attended by over one million fans and watched by approximately 300 million viewers worldwide. The Cape Sky logo and name are displayed throughout the race course. Cape Sky most likely sponsors this event in order to appeal to which of the following types of publics?

1. A) financial publics
2. B) citizen-action publics
3. C) government publics
4. D) general publics
5. E) internal publics

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Challenging

19) Workers, managers, and members of the board are examples of \_\_\_\_\_ publics.

1. A) general

2. B) internal
3. C) local
4. D) citizen-action
5. E) media

Answer: B

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

20) Price & Malone Corp., a company based in Houston, caters to a market of individuals and households that buy goods and services for personal consumption. Price & Malone caters to a \_\_\_\_\_ market.

1. A) business
2. B) reseller
3. C) government
4. D) consumer
5. E) wholesale

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

21) \_\_\_\_\_ markets buy goods and services for further processing.

1. A) Business
2. B) Reseller
3. C) Wholesale
4. D) Consumer
5. E) Retail

Answer: A

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

22) Government markets consist of government agencies that buy goods and services \_\_\_\_\_.

1. A) to produce public services
2. B) to resell at a profit
3. C) for further processing
4. D) for personal consumption
5. E) that are generally of poor quality

Answer: A

AACSB: Application of knowledge; Analytical thinking

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

23) Rachel works for a furniture company in Ireland. She is responsible for buying and selling goods at a profit to small retailers. Rachel most likely operates in a \_\_\_\_\_ market.

1. A) business
2. B) reseller
3. C) wholesale
4. D) consumer
5. E) retail

Answer: B

AACSB: Application of knowledge; Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

24) Sparks Inc. has a growing \_\_\_\_\_ market in the U.S. consisting of individuals and households that buy Sparks' products for personal use.

1. A) consumer
2. B) government
3. C) business
4. D) international
5. E) financial

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

Refer to the scenario below to answer the following question(s).

Casey Brickly opened The Landing, a convenience store on the north shore of Witmer Lake, in 1962. With a sandwich counter on one side and a bait shop and grocery on the other, The Landing was an immediate hit with weekend lake visitors and local residents alike. In the summer, boaters parked at the piers and bought all their fishing needs, such as rods and reels, bait, snacks, and soft drinks at The Landing. Even during the winter months, snowmobilers and ice fishermen were lured to The Landing for snacks and hot coffee or hot chocolate.

As time passed, the business changed and grew tremendously. What was formerly a weekend tourist area gradually became a full-fledged residential area. Many of the houses, which were built as cottages in the 1950s and 1960s, were remodeled into residential homes. By the end of the 1970s, the days of small motorboats and 10 mile-per-hour speed limits were gone; skiing and fast speedboats became the rage. Through it all, The Landing continued to attract flocks of patrons.

In the 1980s, however, Casey started to realize that the grocery area in The Landing could not compete with larger local retailers. He eventually enlarged the sandwich counter, transforming the bait shop and grocery into a restaurant with a full menu typical of any diner. "Getting rid of the bait

shop was hard to do," Casey admitted. "I still had a summer crowd that relied on us for their fishing needs, but we couldn't survive a whole year on four months of profit."

In the early 2000s, the atmosphere of Witmer Lake and the neighboring lakes became upscale. "I could see that people were spending more on their speed boats than what they had originally paid for their cottages!" Casey exclaimed. Many of the cottages were inherited by children and grandchildren of the original owners. Once again, the scene started to change as many of the lake houses were used only as weekend lake homes. Unlike the previous generation, a vast number of the current owners could afford to live closer to their jobs while maintaining lake homes. "At this point, business wasn't growing," Casey said.

As local competition continued to increase, Casey converted the diner of The Landing into a bar with a lounge area. "The change might have been too drastic," Casey said, "but it was the only way we could maintain a strong, year-round business in spite of the population shifts and competitive forces."

25) Which of the following microenvironment actors has had the most influence on The Landing?

1. A) competitors
2. B) suppliers
3. C) marketing intermediaries
4. D) resellers
5. E) citizen-action publics

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

26) The microenvironment consists of larger societal forces that affect a company, such as demographic, economic, political, and cultural forces.

Answer: FALSE

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

27) The macroenvironment consists of the factors close to the company that affect its ability to serve its customers, such as suppliers, customer markets, competitors, and publics.

Answer: FALSE

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

28) Marketing success requires building relationships with other company departments, suppliers, marketing intermediaries, competitors, various publics, and customers, which combine to make up the company's value delivery network.

Answer: TRUE

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

29) A company's marketing environment excludes the forces outside the marketing department that affect marketing management's ability to build and maintain successful relationships with target customers.

Answer: FALSE

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

30) Marketing services agencies are the marketing research firms, advertising agencies, media firms, and marketing consulting firms that help the company target and promote its products to the right markets.

Answer: TRUE

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

31) Local publics include consumer organizations, environmental groups, minority groups, and others.

Answer: FALSE

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

32) The aim of the entire value delivery network is to serve target customers and create strong relationships with them.

Answer: TRUE

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

33) Business markets buy goods and services for further processing or for use in their production processes.

Answer: TRUE

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

34) Trudie Jones works for a distribution channel firm that helps several electronics companies find customers or make sales to them. Trudie works for a reseller.

Answer: TRUE

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

35) How have large retailers such as Walmart changed the dynamics of partnering with resellers?

Answer: Selecting and partnering with resellers is not easy. No longer do manufacturers have many small, independent resellers from which to choose. They now face large and growing reseller organizations, such as Walmart, Target, Home Depot, Costco, and Best Buy. These organizations frequently have enough power to dictate terms or even shut smaller manufacturers out of large markets.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Easy

36) Who are the major players in a company's microenvironment? Explain the role that each actor plays.



Answer: Marketing success requires building relationships with other company departments, suppliers, marketing intermediaries, competitors, various publics, and customers, which combine to make up the company's value delivery network.

The company: In designing marketing plans, marketing management takes other company groups into account—groups such as top management, finance, research and development (R&D), purchasing, operations, and accounting. All of these interrelated groups form the internal environment. Top management sets the company's mission, objectives, broad strategies, and policies. Marketing managers make decisions within the broader strategies and plans made by top management.

Suppliers: Suppliers form an important link in the company's overall customer value delivery network. They provide the resources needed by the company to produce its goods and services.

Marketing intermediaries: Marketing intermediaries help the company promote, sell, and distribute its products to final buyers. They include resellers, physical distribution firms, marketing services agencies, and financial intermediaries.

Competitors: The marketing concept states that, to be successful, a company must provide greater customer value and satisfaction than its competitors do. Thus, marketers must do more than simply adapt to the needs of target consumers.

Publics: The company's marketing environment also includes various publics. A public is any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives.

Customers: Customers are the most important actors in the company's microenvironment. The aim of the entire value delivery network is to serve target customers and create strong relationships with them.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

37) What are marketing intermediaries and what are the various types?

Answer: Marketing intermediaries help the company promote, sell, and distribute its products to final buyers. They include resellers, physical distribution firms, marketing services agencies, and financial intermediaries.

Resellers are distribution channel firms that help the company find customers or make sales to them. These include wholesalers and retailers who buy and resell merchandise.

Physical distribution firms help the company to stock and move goods from their points of origin to their destinations. Marketing services agencies are the marketing research firms, advertising agencies, media firms, and marketing consulting firms that help the company target and promote its products to the right markets.

Financial intermediaries include banks, credit companies, insurance companies, and other businesses that help finance transactions or insure against the risks associated with the buying and selling of goods.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

38) What is a "public" in terms of the marketing environment? In a short essay, briefly describe the different types of publics that marketers must consider and explain how marketing might communicate with these publics.

Answer: A public is any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives. There are seven types of publics.

Financial publics: This group influences the company's ability to obtain funds.

Media publics: This group carries news, features, and editorial opinions.

Government publics: Management must take government developments into account. Marketers must often consult the company's lawyers on issues of product safety, truth in advertising, and other matters.

Citizen-action publics: A company's marketing decisions may be questioned by consumer organizations, environmental groups, minority groups, and others. Its public relations department can help it stay in touch with consumer and citizen groups.

Local publics: This group includes neighborhood residents and community organizations. Large companies usually create departments and programs that deal with local community issues and provide community support.

General public: A company needs to be concerned about the general public's attitude toward its products and activities. The public's image of the company affects its buying.

Internal publics: This group includes workers, managers, volunteers, and the board of directors. Large companies use newsletters and other means to inform and motivate their internal publics.

A company can prepare marketing plans for these major publics as well as for its customer markets.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 3.1: Describe the environmental forces that affect the company's ability to serve its customers.

Difficulty: Moderate

39) The marketing team of 7 Star Inc., a company manufacturing smartphones, is currently studying the size, density, location, age, and occupation of its target market. Which of the following environments is being studied in this scenario?

1. A) demographic environment
2. B) political environment
3. C) economic environment
4. D) technological environment
5. E) cultural environment

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

40) The single most important demographic trend in the United States is the \_\_\_\_\_.

1. A) changing age structure of the population
2. B) mobility of families
3. C) changing family structure of the population
4. D) increasing number of professional jobs
5. E) increasing birth rate

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

41) Among the generational groups in U.S population, the \_\_\_\_\_ are still the wealthiest generation in U.S. history.

1. A) baby boomers
2. B) Generation Xers
3. C) Millennials
4. D) echo boomers
5. E) Silent Generation

Answer: A

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

42) Which of the following is true of the baby boomers?

1. A) They tend to see themselves as far older than they actually are.
2. B) They represent a rapidly shrinking market for new housing and home remodeling.
3. C) They are long past their peak earning and spending years.
4. D) They control an estimated 70 percent of the United States' disposable income.
5. E) They have utter fluency and comfort with digital technology.

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

43) Which of the following is true of Gen Xers?

1. A) They are considerably larger than the boomer generation.
2. B) They were the first to grow up in the Internet era.
3. C) They are less educated than the baby boomers.
4. D) They are more materialistic than the Millennials.
5. E) They rarely research a product before purchasing it.

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

44) Which of the following generations is the most educated to date?

1. A) Lost Generation
2. B) Baby boomers
3. C) Millennials
4. D) Generation X
5. E) Silent Generation

Answer: D

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

45) Mary Adams is helping her company develop a marketing program for a new product line. The program is designed to appeal most to less materialistic consumer groups who are likely to prize experience, not acquisition. The marketing program is most likely designed to appeal to which of the following demographic groups?

1. A) Generation X
2. B) Millennials
3. C) Echo Boomers
4. D) Silent Generation
5. E) Lost Generation

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Challenging

46) Which of the following is true of the Millennials?

- |       |   |
|-------|---|
| 2000. | A) They are the children of baby boomers and were born between 1977 and 2000. |
| 2001. | B) They control an estimated 70 percent of the disposable income in the U.S.  |
| 2002. | C) They have reached their peak earning and spending years.                   |
| 2003. | D) They were the first to grow up in the Internet era.                        |
| 2004. | E) They are less immersed in technology than Gen Xers.                        |

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

47) Which of the following generational groups is most comfortable with digital technology and embraces that technology?

1. A) Generation X
2. B) Millennials
3. C) Baby Boomers
4. D) Silent Generation
5. E) Lost Generation

Answer: B

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

48) Wholesome Soups, a maker of organic soups, is starting a new marketing campaign emphasizing the ease of preparing and eating Wholesome Soups. Print, television, and Internet ads feature college students enjoying Wholesome Soups in between classes and during study breaks. Wholesome Soups' new marketing campaign is most likely aimed at which of the following?

1. A) Baby Boomers
2. B) Gen Zers
3. C) Gen Xers
4. D) Millennials
5. E) the SOHO market

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Challenging

49) Marketers target Generation Z because they \_\_\_\_\_.

1. A) listen to their parents and follow their examples
2. B) dislike technology
3. C) spent an estimated \$43 billion annually of their own money
4. D) prefer shopping in brick-and-mortar stores with actual products
5. E) have long attention spans and are easily targeted

Answer: C

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Challenging

50) Which of the following is a trend that depicts the increasingly nontraditional nature of today's American families?

1. A) the low percentage of working women in the workforce
2. B) the low percentage of married couples with children
3. C) the sharply declining number of dual-income families
4. D) the sharply declining number of stay-at-home dads
5. E) the decreasing reliance on convenience foods and services

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

51) In the context of geographical shifts in population, the migration toward \_\_\_\_\_ areas has resulted in a rapid increase in the number of people who telecommute.

1. A) urban
2. B) remote
3. C) rural
4. D) metropolitan
5. E) micropolitan

Answer: E

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate



52) Over the past two decades, the U.S. population has shifted toward the \_\_\_\_\_ states.

1. A) Northern
2. B) Northeast
3. C) Sunbelt
4. D) Midwest
5. E) Corn belt

Answer: No Correct Answer Was Provided.

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

53) Which of the following has lost population in the past two decades?

1. A) California
2. B) Florida
3. C) the Western states
4. D) the Northeast states
5. E) the Southern states

Answer: D

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

54) In the 1950s, Americans made a massive exit \_\_\_\_\_.

1. A) from the South to the Northeast
2. B) from the West to the Midwest
3. C) to foreign countries
4. D) from the cities to the suburbs
5. E) from the coastal towns to the cities

Answer: D

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

55) An increasing number of American workers currently work from their homes or remote offices and conduct their business by phone or the Internet. This trend has created a \_\_\_\_\_.

1. A) booming real estate market in the big cities
2. B) booming SOHO market
3. C) decline in the demand for convenience foods
4. D) decline in the demand for financial services
5. E) steady increase in global enterprises

Answer: B

AACSB: Information technology

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

56) Which of the following demographic trends is the most likely cause for a rapid increase in telecommuting?

1. A) the migration toward micropolitan and suburban areas
2. B) the migration from rural to metropolitan areas
3. C) the increasing number of traditional households
4. D) the growing percentage of married couples who do not have children
5. E) the declining number of manufacturing workers in today's workforce

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Challenging

57) Micropolitan areas are \_\_\_\_\_.

1. A) likely to have a higher crime rate than metropolitan areas
2. B) less likely to attract telecommuters
3. C) likely to offer the same advantages as metropolitan areas
4. D) less likely to offer market expansion opportunities
5. E) generally unattractive to niche marketers

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Challenging

58) In the United States, job growth currently is the weakest for \_\_\_\_\_.

1. A) white collar workers
2. B) manufacturing workers
3. C) salespeople
4. D) telecommuters
5. E) professional workers

Answer: B

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

59) Currently, in the United States, job growth is the strongest for \_\_\_\_\_.

1. A) blue collar workers
2. B) manufacturing workers
3. C) professional workers

4. D) construction workers
5. E) sanitation workers

Answer: C

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

60) Which of the following is an accurate statement about the diversity of the American population?

1. A) African Americans represent the largest non-white segment of the population.
2. B) More than 20 percent of the people living in the United States were born in another country.
3. C) By 2050, the Asian population is estimated remain at 4.7 percent.
4. D) By 2050, Hispanics are estimated to be 30 percent of the population.
5. E) The United States has become more of a “melting pot” than a “salad bowl.”

Answer: D

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

61) By 2050, \_\_\_\_\_ will be an estimated 15 percent of the U.S. population.

1. A) African Americans
2. B) Asians
3. C) Hispanics
4. D) Native Americans
5. E) Native Hawaiians

Answer: A

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

62) Which of the following situations is expected to enhance the use of targeted advertising messages by marketers?

1. A) increase in derived demand in the market
2. B) increase in ethnic populations
3. C) rising global inflation rates
4. D) inadequate quality control
5. E) low advertising budgets

Answer: B

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Challenging

63) With an expected increase in ethnic diversity within the American population, marketers are most likely to place a greater emphasis on \_\_\_\_\_.

1. A) geographic segmentation
2. B) targeted advertising messages
3. C) mass marketing
4. D) "do well by doing good" missions
5. E) corporate giving

Answer: B

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

64) Soon-Yi Park's chain of travel agencies has identified the lesbian, gay, bisexual, and transgender community as a growing market that spends an increasing percentage of its income on travel. Which of the following would be the LEAST effective component of a marketing plan for Soon-Yi to take advantage of this opportunity?

1. A) develop a presence on LGBT-oriented social networking sites
2. B) position his agency as focused on specialized experiences
3. C) implement a mass marketing campaign
4. D) place specially-targeted ads in gay-themed publications
5. E) advertise on LOGO, the cable television network aimed at gays and lesbians and their friends and family

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Challenging

65) Which of the following is true with regard to the diversity segment of U.S. adults with disabilities?

1. A) Most individuals with disabilities are active consumers.
2. B) The market represented by U.S. adults with disabilities is smaller than that represented by African Americans or Hispanics.
3. C) The diversity segment, U.S. adults with disabilities, is a rather unattractive segment for the tourism industry.
4. D) The annual spending power of U.S. adults with disabilities is less than \$100 billion.
5. E) Most companies are reluctant to reach out to consumers with disabilities.

Answer: A

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

66) The economic environment consists of economic factors that affect \_\_\_\_\_.

1. A) cultural patterns of communities
2. B) entrepreneurial orientation of a population
3. C) the quality of technological innovation
4. D) consumer purchasing power
5. E) the natural environment

Answer: D

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

67) A country with a(n) \_\_\_\_\_ economy consumes most of its own agricultural and industrial outputs and offers few market opportunities.

1. A) industrial
2. B) service
3. C) technological
4. D) subsistence
5. E) developing

Answer: D

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

68) A country with a(n) \_\_\_\_\_ has rich markets for many different kinds of goods.

1. A) industrial economy
2. B) gift economy
3. C) barter economy
4. D) subsistence economy
5. E) natural economy

Answer: A

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

69) A value marketer is most likely to \_\_\_\_\_.

1. A) offer consumers superior quality of goods and services at a very high price
2. B) offer consumers only those products that are associated with status and prestige
3. C) offer consumers low quality goods and services at very low prices
4. D) offer consumers a balanced combination of product quality at a fair price
5. E) deny discounts to consumers to increase profits

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

70) Which of the following statements about income distribution in the United States is NOT true?

1. A) Over the past several decades, the rich have grown richer.
2. B) Over the past several decades, the middle class has grown faster than other classes.
3. C) Over the past several decades, the poor have remained poor.
4. D) The top 20 percent of earners capture over 50 percent of all income.
5. E) The top five percent of American earners get nearly 22 percent of the country's adjusted gross income.

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.



Difficulty: Challenging

Refer to the scenario below to answer the following question(s).

Casey Brickly opened The Landing, a convenience store on the north shore of Witmer Lake, in 1962. With a sandwich counter on one side and a bait shop and grocery on the other, The Landing was an immediate hit with weekend lake visitors and local residents alike. In the summer, boaters parked at the piers and bought all their fishing needs, such as rods and reels, bait, snacks, and soft drinks at The Landing. Even during the winter months, snowmobilers and ice fishermen were lured to The Landing for snacks and hot coffee or hot chocolate.

As time passed, the business changed and grew tremendously. What was formerly a weekend tourist area gradually became a full-fledged residential area. Many of the houses, which were built as cottages in the 1950s and 1960s, were remodeled into residential homes. By the end of the 1970s, the days of small motorboats and 10 mile-per-hour speed limits were gone; skiing and fast speedboats became the rage. Through it all, The Landing continued to attract flocks of patrons.

In the 1980s, however, Casey started to realize that the grocery area in The Landing could not compete with larger local retailers. He eventually enlarged the sandwich counter, transforming the bait shop and grocery into a restaurant with a full menu typical of any diner. "Getting rid of the bait shop was hard to do," Casey admitted. "I still had a summer crowd that relied on us for their fishing needs, but we couldn't survive a whole year on four months of profit."

In the early 2000s, the atmosphere of Witmer Lake and the neighboring lakes became upscale. "I could see that people were spending more on their speed boats than what they had originally paid for their cottages!" Casey exclaimed. Many of the cottages were inherited by children and grandchildren of the original owners. Once again, the scene started to change as many of the lake houses were used only as weekend lake homes. Unlike the previous generation, a vast number of the current owners could afford to live closer to their jobs while maintaining lake homes. "At this point, business wasn't growing," Casey said.

As local competition continued to increase, Casey converted the diner of The Landing into a bar with a lounge area. "The change might have been too drastic," Casey said, "but it was the only way we could maintain a strong, year-round business in spite of the population shifts and competitive forces."

71) Which of the following is the macroenvironmental force that has had the greatest effect on The Landing?

1. A) the demographic environment
2. B) the technological environment
3. C) marketing intermediaries
4. D) the political environment
5. E) citizen-action publics

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

72) Which of the following generational groups is most likely to represent the present owners of cottages surrounding Witmer Lake?

1. A) Baby Boomers
2. B) Echo Boomers
3. C) Gen Xers
4. D) Lost Generation
5. E) Millennials

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

73) The demographic environment is of major interest to marketers because it involves people, and people make up markets.

Answer: TRUE

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

74) The single most important demographic trend in the United States that marketers should understand is the changing family structure of the population.

Answer: FALSE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

75) As baby boomers reach their peak earning and spending years, they become lucrative markets for financial services, travel, and entertainment.

Answer: TRUE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

76) Millennials comprise the most financially affluent group in America today.

Answer: FALSE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

77) The Gen Xers are increasingly displacing the lifestyles, culture, and values of the baby boomers.

Answer: TRUE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

78) Millennials represent a larger demographic segment than the baby boomers or Gen Xers.

Answer: TRUE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

79) Marketers must increasingly consider the special needs of traditional households because this segment of the population is growing more rapidly than nontraditional households.

Answer: FALSE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

80) The American workforce today is less white-collar than in the late 20th century.

Answer: FALSE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Moderate

81) Companies in several industries have recognized the buying power of the LGBT segment of the U.S. population and have begun explicitly targeting these consumers with gay-specific ads and marketing efforts.

Answer: TRUE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 3.2: Explain how changes in the demographic and economic environments affect marketing decisions.

Difficulty: Easy

***Principles of Marketing, 17e (Kotler)***

**Chapter 4 Managing Marketing Information to Gain Customer Insights**

- 1) With the recent explosion of information technologies, \_\_\_\_\_.
- A) most marketing managers are overloaded with data and often overwhelmed by it
  - B) most marketing managers are concerned solely about the duplication of content
  - C) companies have ceased to feel the need for marketing information systems
  - D) companies have ceased to maintain internal databases
  - E) it has become more difficult and expensive to obtain primary data

Answer: A

AACSB: Information technology

Skill: Concept

Objective: LO 4.1: Explain the importance of information in gaining insights about the marketplace and customers.

Difficulty: Easy

- 2) Brad works with a reputed retailer and leads a team that collects market information from a wide variety of sources ranging from marketing research studies to monitoring online conversations where consumers discuss Brad's firm or its products. Brad's team uses this information to arrive at a better understanding of consumer behavior and their buying motives. This, in turn, allows Brad's firm to successfully generate more value for consumers. Brad leads the \_\_\_\_\_ team.

- A) product development
- B) strategy implementation
- C) human resource
- D) customer relationship management
- E) customer insights

Answer: E

AACSB: Information technology

Skill: Application

Objective: LO 4.1: Explain the importance of information in gaining insights about the marketplace and customers.

Difficulty: Moderate

- 3) A(n) \_\_\_\_\_ consists of people and procedures dedicated to assessing information needs, developing the needed information, and helping decision makers use the information to generate and validate actionable customer and market insights.

- A) enterprise planning system
- B) enterprise information system
- C) marketing information system
- D) corporate performance management
- E) geographic information system

Answer: C

Skill: Concept

Objective: LO 4.1: Explain the importance of information in gaining insights about the marketplace and customers.

Difficulty: Easy

- 4) An MIS is used to \_\_\_\_\_.
- A) generate product interest
  - B) develop marketing plans
  - C) identify demographic trends
  - D) assess information needs
  - E) test hypotheses about cause-and-effect relationships

Answer: D

Skill: Concept

Objective: LO 4.1: Explain the importance of information in gaining insights about the marketplace and customers.

Difficulty: Easy

- 5) An MIS user should most likely be able to \_\_\_\_\_.

- A) implement new technology
- B) increase order requests
- C) develop customer insights
- D) analyze employee turnover
- E) establish short-term objectives

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.1: Explain the importance of information in gaining insights about the marketplace and customers.

Difficulty: Easy

- 6) The market researchers at HoneyCamp Foods gather daily sales data and sort it by product line and region. With the help of sophisticated tools and techniques, they develop the data needed by marketing managers to evaluate the market share of the company's different products and also to gain valuable market insights. This mix of people and procedures at HoneyCamp Foods that generate actionable marketing insights represents a(n) \_\_\_\_\_.

- A) enterprise planning system
- B) product mix
- C) strategic planning system
- D) marketing information system
- E) business portfolio

Answer: D

AACSB: Information technology

Skill: Application

Objective: LO 4.1: Explain the importance of information in gaining insights about the marketplace and customers.

Difficulty: Moderate

7) With the recent explosion of information technologies, companies are finding it difficult to generate marketing information in great quantities.

Answer: FALSE

AACSB: Information technology

Skill: Concept

Objective: LO 4.1: Explain the importance of information in gaining insights about the marketplace and customers.

Difficulty: Easy

8) The real value of marketing research lies in the customer insights that it provides.

Answer: TRUE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.1: Explain the importance of information in gaining insights about the marketplace and customers.

Difficulty: Easy

9) A management information system assesses information needs, develops needed information, and helps decision makers use the information.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 4.1: Explain the importance of information in gaining insights about the marketplace and customers.

Difficulty: Easy

10) What do marketers gain from gathering and analyzing information about customers and the needs and motivations of those customers?

Answer: To create value for customers and build meaningful relationships with them, marketers must first gain fresh, deep insights into what customers need and want. Such customer insights come from good marketing information. Companies use these customer insights to develop a competitive advantage.

Customer insights groups collect customer and market information from a wide variety of sources, ranging from traditional marketing research studies to mingling with and observing consumers to monitoring social media conversations about the company and its products. They mine big data from sources far and wide. Then they *use* this information to develop important customer insights from which the company can create more value for its customers.

AACSB: Reflective thinking

Skill: Concept

Objective: LO 4.1: Explain the importance of information in gaining insights about the marketplace and customers.

Difficulty: Moderate



11) What is the function of a marketing information system (MIS)?

Answer: A marketing information system (MIS) consists of people and procedures dedicated to assessing information needs, developing the needed information, and helping decision makers use the information to generate and validate actionable customer and market insights.

The MIS begins and ends with information users—marketing managers, internal and external partners, and others who need marketing information. First, it interacts with these information users to assess information needs. Next, it interacts with the marketing environment to develop needed information through internal company databases, marketing intelligence activities, and marketing research. Finally, the MIS helps users to analyze and use the information to develop customer insights, make marketing decisions, and manage customer relationships.

AACSB: Information technology

Skill: Concept

Objective: LO 4.1: Explain the importance of information in gaining insights about the marketplace and customers.

Difficulty: Moderate

12) Briefly explain the functions of a customer insights team.

Answer: Customer insights groups collect customer and market information from a wide variety of sources, ranging from traditional marketing research studies to mingling with and observing consumers to monitoring consumer online conversations about the company and its products.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 4.1: Explain the importance of information in gaining insights about the marketplace and customers.

Difficulty: Easy

13) Kei, a senior marketing manager of a pizzeria in North Florida, is currently researching electronic collections of consumer information within the company network to arrive at crucial marketing decisions. In this instance, Kei is using \_\_\_\_\_.

A) ethnographic research

B) internal databases

C) descriptive research

D) data warehouses

E) causal research

Answer: B

AACSB: Information technology

Skill: Application

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Moderate

14) Information in a company's database can come from many sources. An advantage of harnessing such information is to \_\_\_\_\_.

- A) eliminate employee turnover
- B) achieve a high degree of employee empowerment
- C) gain competitive advantage
- D) gain access to mass markets
- E) eliminate resource dependency

Answer: C

AACSB: Information technology

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Easy

15) Which of the following is an advantage of using an internal database?

- A) Data always remains current in internal databases.
- B) Highly sophisticated equipment and techniques are not required for maintaining internal databases.
- C) Internal databases can be accessed more quickly and cheaply than other information sources.
- D) Internal databases require less maintenance efforts.
- E) Information obtained from internal databases is almost always sufficient for making marketing decisions.

Answer: C

AACSB: Information technology

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Easy

16) Which of the following is a disadvantage of using information from internal databases?

- A) Obtaining information from internal databases is both time-consuming as well as expensive.
- B) It is not possible to verify information obtained from internal databases.
- C) Using information from internal databases leads to biased research findings.
- D) Internal information may be incomplete or in the wrong form for making marketing decisions.
- E) Internal databases do not support highly sophisticated technologies that make it difficult to store large volumes of data.

Answer: D

AACSB: Information technology

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Moderate

17) \_\_\_\_\_ is the systematic collection and analysis of publicly available information about consumers, competitors, and developments in the marketing environment.

- A) Data warehousing
- B) Competitive marketing intelligence
- C) SWOT analysis
- D) Ethnographic research
- E) Customer relationship management

Answer: B

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Easy

18) The marketing department of a reputed firm wants to improve strategic decision making, track the actions of other players in the market, and provide early warning of opportunities and threats. Which of the following would help the firm achieve its objectives?

- A) ethnographic research
- B) strategic planning
- C) data warehousing
- D) competitive marketing intelligence
- E) customer relationship management

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Moderate

19) Which of the following statements is true regarding competitive marketing intelligence?

- A) The advantage of using competitive marketing intelligence is negligible.
- B) The goal of competitive marketing intelligence is to improve recruiting efforts.
- C) Competitive marketing intelligence relies upon costly internal databases.
- D) Competitive marketing intelligence relies upon publicly available information.
- E) Companies using competitive marketing intelligence routinely ignore consumers' online chatter.

Answer: D

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Moderate

20) Which of the following refers to a marketing intelligence technique?

- A) interviewing customers randomly
- B) increasing the annual budget for R&D
- C) investing heavily in primary research
- D) implementing product diversification
- E) benchmarking competitors' products

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Moderate

21) Firms use competitive marketing intelligence to \_\_\_\_\_.

- A) create and sustain market monopolies
- B) counter the adverse effects of organizational anarchy
- C) perpetuate organizational learning
- D) gain early warnings of competitor moves and strategies
- E) strengthen weak ties with industry competitors

Answer: D

AACSB: Information technology

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Moderate

Refer to the scenario below to answer the following question(s).

Jason West, owner of A1 Cleaning, started his enterprise in 2001. Jason's primary focus had been on office cleaning for large corporations. But in recent months, Jason has seen a decline in demand for his office cleaning services. Surprisingly, the competitive environment appeared relatively stable with no new competitors. However, Jason knew that office cleaning was a high-frequency service that is usually performed daily; therefore, competitors must have been doing something to attract his customers. Building a competitive advantage seemed to be the only option to offset competition. But as Jason pondered over his dilemma, he realized that prior to building his competitive advantage he needed to better understand how customers assessed service quality and what they look for in a superior cleaning service.

Jason developed a research plan. First, he gathered information about his competitors, primarily through pamphlets and Web sites, as well as through a few phone calls in order to find out exactly what the competitors offered in their cleaning packages. In addition, Jason obtained from the Chamber of Commerce an updated list of local corporations. He planned on sending written questionnaires to them.

Though the list of corporations contained 141 local company names, Jason chose to survey 75 of them. To better understand customer service expectations between both small and large corporations, Jason divided his surveys into two categories. The survey questions were designed to extract specific data from respondents with regard to service quality expectations in correlation to service frequency and price.

Jason awaited the results. Though his primary focus had been on large corporations, he was flexible and would aim his efforts differently if needed.

22) In this scenario, which of the following is representative of competitive marketing intelligence?

- A) formulating a research plan
- B) collecting data about competitors
- C) sending mail questionnaires to focus groups
- D) creating competitive advantage
- E) consolidating core competencies

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Moderate

23) External databases are electronic collections of consumer and market information obtained from data sources within a company's network.

Answer: FALSE

AACSB: Information technology

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Easy

24) Internal databases usually can be accessed more quickly and cheaply than other information sources.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Easy

25) Data ages quickly.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Easy

26) Internal information is almost always sufficient for making marketing decisions.

Answer: FALSE

AACSB: Information technology

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Moderate

27) Competitive marketing intelligence is the systematic collection and analysis of publicly available information about consumers, competitors, and developments in the marketplace.

Answer: TRUE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Easy

28) The goal of competitive marketing intelligence is to evaluate and prevent high employee turnover.

Answer: FALSE

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Easy

29) Marketers can obtain information from internal data and from competitive marketing intelligence. Compare and contrast the two sources of information.

Answer: Internal databases refer to electronic collections of consumer and market information obtained from data sources within the company network. For example, the accounting department provides records of sales, costs, and cash flows; operations reports on production-related issues; sales and marketing provide data on resellers, competitors, buyer behavior, and the industry; and marketing provides information on customer transactions, demographics, and buying behavior. Internal data are cheaper sources that are easy to access.

On the other hand, competitive marketing intelligence refers to the systematic collection and analysis of publicly available information about consumers, competitors, and developments in the marketplace. The goal of competitive marketing intelligence is to improve strategic decision making by understanding the consumer environment, assessing and tracking competitors' actions, and providing early warnings of opportunities and threats. Marketing intelligence techniques range from observing consumers firsthand to quizzing the company's own employees, benchmarking competitors' products, researching the Internet, and monitoring Internet buzz.

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Moderate

30) What is the most important characteristic of a good MIS?

Answer: A good MIS balances the information users would like to have against what they really need and what is feasible to offer.

Skill: Concept

Objective: LO 4.2: Define the marketing information system and discuss its parts.

Difficulty: Easy

31) \_\_\_\_\_ is the systematic design, collection, analysis, and reporting of data relevant to a specific marketing situation facing an organization.

A) Product marketing

B) Strategic planning

C) Marketing research

D) Market segmentation

E) Causal research

Answer: C

AACSB: Information technology

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

- 32) Which of the following is true with regard to marketing research?
- A) The marketing research process depends primarily on sophisticated internal databases.
  - B) The marketing research process requires assessing macroeconomic forces.
  - C) Marketing research gives marketers insights into customer motivations.
  - D) Marketing research eliminates the need for a SWOT analysis.
  - E) Marketing research is a simple two-step process.

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

- 33) Which of the following is the first step in the marketing research process?

- A) developing a marketing information system
- B) defining the problem and objectives of the study
- C) developing the research plan
- D) implementing the research plan
- E) interpreting and reporting the findings

Answer: B

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

- 34) Which of the following is the final step of the marketing research process?

- A) developing the research plan
- B) implementing the research plan
- C) interpreting and reporting the findings
- D) selecting a research agency
- E) defining the research objectives

Answer: C

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

- 35) The objective of causal research is to \_\_\_\_\_.

- A) test hypotheses about cause-and-effect relationships
- B) gather preliminary information that will help suggest hypotheses
- C) describe things, such as the market potential for a product
- D) assign a cause to a seemingly random event
- E) predict the effect of a random event on unrelated entities

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy



36) In \_\_\_\_\_ research, the objective is to gather preliminary information that will help define the problem and suggest hypotheses.

- A) exploratory
- B) statistical
- C) causal
- D) analytic
- E) descriptive

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

37) Akira Takano, a marketing manager, is about to test the hypothesis that the sale of a particular product will increase exponentially if there is a \$5 drop in the selling price of the product. Akira is involved in \_\_\_\_\_ research.

- A) exploratory
- B) descriptive
- C) causal
- D) constructive
- E) ethnographic

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

38) Which of the following types of research would be best suited for understanding the attitudes of consumers who buy a particular brand of soft drink?

- A) internal research
- B) descriptive research
- C) causal research
- D) exploratory research
- E) demographic research

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

39) Beth Williams works for a marketing research company in Chicago. Her current research involves finding the market potential for a client's new line of sports apparel. Given her objective, which of the following types of research is the most suitable for Beth?

- A) causal research
- B) constructive research
- C) statistical research
- D) descriptive research
- E) exploratory research

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

40) The research plan \_\_\_\_\_.

- A) provides comprehensive marketing intelligence about competitors
- B) outlines sources of existing data and spells out the specific research approaches
- C) does not include sampling plans
- D) does not include contact methods
- E) precedes the definition of research objectives

Answer: B

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

41) Secondary data consist of \_\_\_\_\_.

- A) information collected for the specific purpose at hand
- B) data that does not age
- C) information that already exists somewhere, having been collected for another purpose
- D) information collected from conducting personal, in-depth interviews
- E) data that is unreliable and unsuitable for the purpose of making marketing decisions

Answer: C

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

42) Primary data consist of \_\_\_\_\_.

- A) data that does not age
- B) data obtained from the public domain
- C) information collected for the specific purpose at hand
- D) information that already exists somewhere, having been collected for another purpose
- E) information that is the least expensive and the easiest to obtain

Answer: C

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

43) Information collected from Internet search engines is an example of \_\_\_\_\_ data.

- A) primary
- B) secondary
- C) binary
- D) low-level
- E) disposable

Answer: B

AACSB: Information technology

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

44) Commercial online databases are rich sources for obtaining \_\_\_\_\_.

- A) primary data
- B) secondary data
- C) customer insights
- D) low-level data
- E) binary data

Answer: B

AACSB: Information technology

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

45) Which of the following is a valid source of secondary data?

- A) personal letters and correspondence
- B) Internet search engines
- C) ethnographic research
- D) direct surveys
- E) interviews

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

46) Which of the following is true with regard to gathering secondary data?

- A) Gathering secondary data involves costly fees to government agencies.
- B) Commercial online databases contain primary rather than secondary data.
- C) Internet search engines can be useful sources of relevant secondary data.
- D) It is illegal for firms to purchase secondary data from outside suppliers.
- E) Secondary data eliminates the need for primary data in most cases.

Answer: C

AACSB: Information technology

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

47) Which of the following is true about secondary data?

- A) It is always current and, unlike primary data, it does not have to be updated.
- B) Unlike primary data, it can be obtained by using direct surveys and questionnaires by the company.
- C) It cannot provide extra information a company is looking for.
- D) It can be obtained more quickly and at a lower cost than primary data.
- E) It requires more effort compared to gathering primary data.

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

48) Which of the following is a disadvantage of using secondary data?

- A) Secondary data is generally not appropriate for consumer products.
- B) Collecting secondary data is time consuming.
- C) Few sources exist for secondary data.
- D) Gathering secondary data is costly.
- E) Relevant secondary data can be difficult to locate.

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

49) A company sent a trained observer to watch and interact with consumers in their natural environments in order to gain deeper insights on consumer needs. This is an example of \_\_\_\_\_.

- A) viral marketing
- B) survey research
- C) ethnographic research
- D) experimental research
- E) niche marketing

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

50) \_\_\_\_\_ involves gathering primary data by closely examining relevant people, actions, and situations.

- A) Observational research
- B) Survey research
- C) Telephone interviewing
- D) Causal research
- E) Group interviewing

Answer: A

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

51) \_\_\_\_\_, a form of observational research, involves sending observers to watch and interact with consumers in their natural environments.

- A) Group interviewing
- B) Ethnographic research
- C) Survey research
- D) Experimental research
- E) Causal research

Answer: B

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

52) Which of the following is true of ethnographic research?

- A) It is a type of experimental research that involves evaluating group responses.
- B) It involves sending observers to watch and interact with consumers in their natural environments.
- C) It is a traditional quantitative research approach.
- D) Information used in this mode of research is mainly derived from secondary data sources.
- E) It is a form of survey research.

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

53) Observation is best suited for \_\_\_\_\_ research.

- A) exploratory
- B) constructive
- C) experimental
- D) descriptive
- E) survey

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

54) While looking for ideas on how to craft a user-friendly dishwasher, the designers of a dishwasher-manufacturing company spent 10 days observing people as they used their dishwashers in their homes. In this instance, the designers were conducting a(n) \_\_\_\_\_.

- A) survey research
- B) experimental research
- C) quantitative marketing research
- D) ethnographic research
- E) causal research

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

55) \_\_\_\_\_ research involves observing customers in a natural context on the Internet.

- A) Causal
- B) Netnography
- C) Survey
- D) Ethnographic
- E) Geomarketing

Answer: B

AACSB: Information technology

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

56) \_\_\_\_\_ involves gathering primary data by asking people questions about their knowledge, attitudes, preferences, or buying behavior. It is the most widely used method for primary data collection.

- A) Experimental research
- B) Causal research
- C) Ethnographic research
- D) Survey research
- E) Exploratory research

Answer: D

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

57) Which of the following is true about survey research?

- A) It involves sending observers to watch and interact with consumers in their natural environments.
- B) It is best suited for gathering causal information.
- C) It involves selecting matched groups of subjects, giving them different treatments, controlling related factors, and checking for differences in group responses.
- D) The level of flexibility in survey research is lower than most other research methodologies.
- E) Survey research is the most widely used method for primary data collection.

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

58) Juanita Petino, a nutritionist, decided to test the effects of two breakfast cereals, Kinglo and Loopy, on different consumer groups. For the purpose of her study, she divided 20 volunteers into two groups and asked the members of one group to have Kinglo cereal and the members of the other group to have Loopy cereal for breakfast. She decided to compare the responses of the volunteers after a week to gain deeper insights into consumer attitude. In this instance, Juanita is using \_\_\_\_\_.

- A) niche marketing
- B) experimental research
- C) product differentiation
- D) ethnographic research
- E) viral marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

59) Which of the following is most likely an advantage of survey research?

- A) The flexibility of survey research is high; it can be used to obtain many different kinds of information in many different situations.
- B) Survey research allows researchers to observe respondents closely in their natural environments.
- C) The chances of getting dishonest feedback are almost negligible with survey research.
- D) The attitudes and motives of the customers can be easily determined through survey research.
- E) The data gathered in survey research is impartial and free from bias as the surveys are done in-person to evaluate consumer behavior.

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

60) \_\_\_\_\_ refers to gathering primary data by selecting matched groups of subjects, giving them different treatments, controlling related factors, and checking for differences in group responses.

- A) Experimental research
- B) Constructive research
- C) Observational research
- D) Survey research
- E) Descriptive research

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

61) Experimental research is best suited for gathering \_\_\_\_\_ information.

- A) exploratory
- B) causal
- C) random
- D) unstructured
- E) descriptive

Answer: B

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy



62) Kinger Burgers came out with a new hamburger and, before including it into its main menu, released it in two different cities with two different prices. The marketers at Kinger Burgers then analyzed the different levels of purchase made at these two different places, planning to use the information to help them set a nationwide price for the new offering. This is an example of

- A) ethnographic research
- B) descriptive research
- C) DIY research
- D) experimental research
- E) survey research

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

63) Which of the following is true with regard to mail questionnaires?

- A) The response rate of mail questionnaires is often very low.
- B) Mail questionnaires are highly flexible.
- C) The researcher has maximum control over the mail questionnaire sample.
- D) Mail questionnaires are unsuitable for collecting large amounts of information about respondents.
- E) Respondents always provide honest answers to personal questions on mail questionnaires.

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

64) Maria Ramirez is conducting research to determine consumers' personal grooming habits. Because of the personal nature of many of the survey questions, Maria wants to select the contact method that is most likely to encourage respondents to answer honestly and that will allow her to easily collect large amounts of data. Which of the following is best suited to meet Maria's requirements?

- A) mail questionnaires
- B) telephone interviews
- C) individual interviews
- D) focus group interviews
- E) immersion group discussions

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

65) Which of the following contact methods is the most cost-effective?

- A) telephone interviews
- B) individual interviews
- C) in-depth interviews
- D) online surveys
- E) group interviews

Answer: D

AACSB: Information technology

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

66) Loft Industries sells roof trusses to contractors and builders and is currently looking for honest feedback on its services. However, in the past, most of its efforts to procure feedback from customers did not yield any meaningful data. According to the marketing managers of Loft Industries, feedback was more polite than honest. Which of the following contact methods should Loft Industries most likely use to maximize its chances of receiving honest and impersonal feedback?

- A) online focus groups
- B) telephone interviews
- C) mail questionnaires
- D) group interviews
- E) personal interviews

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

67) Which of the following is an advantage of telephone interviews?

- A) They are more cost-effective than mail questionnaires.
- B) Interviewer bias is absent.
- C) The quantity of data collected is greater compared to personal interviewing.
- D) The speed with which data is collected is high.
- E) Response rates tend to be higher than those of mail questionnaires.

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

68) Which form of marketing research involves talking with people in their homes or offices, on the street, or in shopping malls?

- A) individual interviewing
- B) focus-group interviewing
- C) telephone interviewing
- D) mail questionnaires
- E) observational research

Answer: A

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

69) \_\_\_\_\_ consists of inviting 6 to 10 people to meet with a trained moderator to talk about a product, service, or organization.

- A) Telephone interviewing
- B) Individual interviewing
- C) A mail questionnaire
- D) An online survey
- E) Focus group interviewing

Answer: E

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

70) Redrunners Inc., a manufacturer of sports merchandise, is gathering customer opinions about the firm's new sports shoe line. A team of researchers in the company invited eight regular customers to talk about the new line of shoes, asking why they chose to buy the shoe and what they disliked most about its design. A moderator was present to monitor the discussion. Which of the following types of contact methods is Redrunners using?

- A) individual interviewing
- B) mail questionnaire
- C) group interviewing
- D) mass survey
- E) mall intercept

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

71) Happy Pets, a company manufacturing pet foods and accessories, created a membership club for its regular customers called "I Love My Pet." This group consists of animal lovers selected by the company to complete product-related polls, chat with product developers, and provide feedback about specific products. Which of the following best describes "I Love My Pet"?

- A) primary group
- B) immersion group
- C) mob
- D) dyad
- E) triad

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

72) Which of the following is most likely a disadvantage of focus group interviewing?

- A) Focus group interviewing does not connect secondary data with primary data.
- B) Focus group interviewing is less flexible compared to mail questionnaires.
- C) Consumers in focus groups are always open and honest about their real feelings, behaviors, and intentions in front of other people.
- D) Focus group interviewing involves small samples to keep time and costs down, which makes it hard to generalize from the results.
- E) The moderator in a focus group interview has poor control over the group of respondents.

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

73) To overcome problems in focus group interviewing, some companies employ small groups of consumers who interact directly and informally with product designers without a focus group moderator present. Such groups are known as \_\_\_\_\_.

- A) classes
- B) consumer guilds
- C) virtual communities
- D) immersion groups
- E) primary groups

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

74) Jaime Gonzalez owns a small publishing company in Utah and has a very restrictive budget for the market research he currently needs to conduct. He requires a large sample size for his research in order to arrive at insightful conclusions. Additionally, he wants to have excellent control over his sample. Keeping in mind his restrictive budget and other specifications, which of the following methods of contact would you advise Jaime to use?

- A) telephone interviews
- B) individual interviews
- C) online surveys
- D) mail questionnaires
- E) focus group interviews

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

75) Melissa Thomas leads the marketing research division at Tronics Inc., a manufacturing company based in Alabama. To improve future sales of the company's products, she has decided to collect customer opinions and feedback on the current products offered by her company. For this purpose, Melissa is looking for a highly flexible contact method that can be used to gather large amounts of data within the least possible time. In this instance, which of the following contact methods is most likely to hold the highest appeal for Melissa?

- A) online surveys
- B) in-depth interviews
- C) telephone interviews
- D) individual interviews
- E) mail questionnaires

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Challenging

76) Jake Adams works for a marketing research firm and is currently conducting research for a company that wants to investigate multiple international markets for the possibility of expansion. Internet-based survey research would be the most attractive research option for Jake if his client

- A) places a high emphasis on speed
- B) requires a small sample size
- C) places a high emphasis on following intrusive research methods
- D) wants to exercise full control over the online sample
- E) places a high emphasis on ethnographic research

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

77) Which of the following is true about Internet-based survey research?

- A) The effectiveness of Internet-based survey research is invariably affected by the interviewer's bias.
- B) Internet-based survey research is less flexible compared to mail questionnaires.
- C) Internet-based survey research is characterized by high speed and low costs.
- D) Typically, the quantity of data gathered in Internet-based survey research is low.
- E) The response rate of Internet-based survey research is lower than that of mail questionnaires.

Answer: C

AACSB: Information technology

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

78) Which of the following is a disadvantage of online focus groups?

- A) Responses are not instantaneous.
- B) Controlling the online sample is difficult.
- C) Results take a long time to tabulate and analyze.
- D) Facility, technology, and travel costs are very high.
- E) Researchers are unable to view the sessions in real-time.

Answer: B

AACSB: Information technology

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

79) A(n) \_\_\_\_\_ is a segment of the population selected for marketing research to represent the population as a whole.

- A) focus group
- B) immersion group
- C) primary group
- D) sample
- E) secondary group

Answer: D

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

80) For her current research project, Margaret Rogers wants to select a sample in which every member has a known and equal chance of selection. In other words, Margaret is looking for a \_\_\_\_\_.

- A) simple random sample
- B) convenience sample
- C) stratified random sample
- D) judgment sample
- E) quota sample

Answer: A

AACSB: Application of knowledge

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

81) In a simple random sample, \_\_\_\_\_.

- A) every member of the population has a known and equal chance of selection
- B) the population is divided into mutually exclusive groups (such as blocks), and the researcher draws a sample of the groups to interview
- C) the researcher selects the easiest population members from which to obtain information
- D) the population is divided into mutually exclusive groups and random samples are drawn from each group
- E) the researcher finds and interviews a prescribed number of people in each of several categories

Answer: A

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

82) Which of the following refers to a probability sample in which the population is divided into mutually exclusive groups (such as blocks), and the researcher draws a sample of the groups to interview?

- A) quota sample
- B) judgment sample
- C) cluster sample
- D) stratified random sample
- E) simple random sample

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

83) Which of the following refers to a nonprobability sample in which the researcher selects the easiest population members from which to obtain information?

- A) quota sample
- B) judgment sample
- C) convenience sample
- D) stratified random sample
- E) simple random sample

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

84) Which of the following refers to a nonprobability sample in which the researcher uses his or her evaluation techniques to select population members who are good prospects for accurate information?

- A) quota sample
- B) judgment sample
- C) convenience sample
- D) stratified random sample
- E) simple random sample

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

85) Which of the following refers to a nonprobability sample in which the researcher finds and interviews a prescribed number of people in each of several categories?

- A) quota sample
- B) judgment sample
- C) convenience sample
- D) stratified random sample
- E) simple random sample

Answer: A

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy



86) In collecting primary data, marketing researchers have a choice of two main research instruments, \_\_\_\_\_.

- A) reference books and journals
- B) questionnaires and mechanical devices
- C) social networks and internal databases
- D) commercial online databases and search engines
- E) open-source directories and blogs

Answer: B

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

87) Which of the following is an example of an open-ended question?

- A) How is voting going to help the nation?
- B) Do you like driving on the highway?
- C) How many children do you have?
- D) Would you like to try a sample?
- E) Are your friends in town?

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

88) Which of the following questions is an example of a closed-end question?

- A) Why do you think some people are more comfortable taking risks than others?
- B) How can I improve my presentation skills?
- C) Why do you think a single vote makes a difference?
- D) Would you like to try our new ice cream flavor?
- E) What is the best way to prevent weeds in a garden?

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

89) While creating research questionnaires, researchers must particularly AVOID the use of \_\_\_\_\_.

- A) biased phrasing
- B) simple language
- C) closed-end questions
- D) logical question arrangement
- E) open-ended questions

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

90) \_\_\_\_\_ refers to the measurement of brain activity to learn how consumers feel and respond.

- A) Biometrics
- B) Demographics
- C) Sampling
- D) Neuromarketing
- E) Psychographics

Answer: D

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

91) After a research instrument is selected, the next step in the marketing research process is to \_\_\_\_\_.

- A) select a sampling method
- B) interpret the research findings
- C) implement the research plan
- D) evaluate alternatives
- E) select a research approach

Answer: C

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

Refer to the scenario below to answer the following question(s).

Jason West, owner of A1 Cleaning, started his enterprise in 2001. Jason's primary focus had been on office cleaning for large corporations. But in recent months, Jason has seen a decline in demand for his office cleaning services. Surprisingly, the competitive environment appeared relatively stable with no new competitors. However, Jason knew that office cleaning was a high-frequency service that is usually performed daily; therefore, competitors must have been doing something to attract his customers. Building a competitive advantage seemed to be the only option to offset competition. But as Jason pondered over his dilemma, he realized that prior to building his competitive advantage he needed to better understand how customers assessed service quality and what they look for in a superior cleaning service.

Jason developed a research plan. First, he gathered information about his competitors, primarily through pamphlets and Web sites, as well as through a few phone calls in order to find out exactly what the competitors offered in their cleaning packages. In addition, Jason obtained from the Chamber of Commerce an updated list of local corporations. He planned on sending written questionnaires to them.

Though the list of corporations contained 141 local company names, Jason chose to survey 75 of them. To better understand customer service expectations between both small and large corporations, Jason divided his surveys into two categories. The survey questions were designed to extract specific data from respondents with regard to service quality expectations in correlation to service frequency and price.

Jason awaited the results. Though his primary focus had been on large corporations, he was flexible and would aim his efforts differently if needed.

92) In this scenario, which of the following is an example of primary data?

- A) list of corporations obtained from the Chamber of Commerce
- B) information obtained from competitors' pamphlets
- C) data obtained from the surveys conducted in the 75 companies
- D) information obtained from the Internet about current market trends
- E) data obtained from competitors' Web sites

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

93) Of the 141 companies on the list, Jason chose to survey only 75 of them. He sent surveys to both small as well as large companies. If Jason selected survey recipients randomly from two mutually exclusive groups comprising of small and large companies respectively, he most likely used a \_\_\_\_\_.

- A) simple random sample
- B) judgment sample
- C) convenience sample
- D) stratified random sample
- E) quota sample

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

94) If Jason used mostly open-ended questions in the survey to encourage people to answer in their own words, he is performing \_\_\_\_\_ research.

- A) focus group
- B) qualitative
- C) experiential
- D) causal
- E) exploratory

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

95) Marketing researchers can conduct their own searches of secondary data sources by using mail questionnaires and interviewing individuals.

Answer: FALSE

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

96) Since secondary data provide a good starting point for research and often help define problems and research objectives, companies do not need to collect primary data.

Answer: FALSE

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

97) Causal research involves sending observers to watch and interact with consumers in their natural environments.

Answer: FALSE

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

98) Netnography research involves observing consumers in a natural context on the Internet.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

99) Experimental research is best suited for gathering descriptive information.

Answer: FALSE

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

100) Personal interviews can be used to collect large amounts of information at a low cost per respondent.

Answer: FALSE

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

101) The most obvious advantages that Internet-based survey research offers over mail and personal interviewing approaches are high speed and low costs.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

102) A sample is a segment of the population selected for marketing research to represent the population as a whole.

Answer: TRUE

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

103) Open-ended questions are especially useful in exploratory research.

Answer: TRUE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

104) The first question in a questionnaire should be intentionally difficult and complicated in order to weed out uninterested respondents.

Answer: FALSE

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

105) Neuromarketing involves measuring brain activity to learn how consumers feel and respond.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

106) What are the steps of the marketing research process? How do companies conduct research?

Answer: The marketing research process involves four steps: defining the problem and research objectives, developing the plan, implementing the research plan, and interpreting and reporting the findings.

Some large companies have their own research departments that work with marketing managers on marketing research projects. In addition, these companies—like their smaller counterparts—frequently hire outside research specialists to consult with management on specific marketing problems and to conduct marketing research studies. Sometimes firms simply purchase data collected by outside firms to aid in their decision making.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

107) Briefly compare the different types of research approaches for gathering primary data.

Answer: Research approaches for gathering primary data include observations, surveys, and experiments.

Observational research involves gathering primary data by observing relevant people, actions, and situations. Observations can reveal information that people are unwilling or unable to provide in surveys or experiments.

Survey research, the most widely used method for primary data collection, is the approach best suited for gathering descriptive information. A company that wants to know about people's knowledge, attitudes, preferences, or buying behavior can often find out by asking them directly. The major advantage of survey research is its flexibility; it can be used to obtain many different kinds of information in many different situations. Surveys addressing almost any marketing question or decision can be conducted by phone or mail, in person, or online.

Experimental research is best suited for gathering causal information. It involves selecting matched groups of subjects, giving them different treatments, controlling unrelated factors, and checking for differences in group responses. Experimental research tries to explain cause-and-effect relationships.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

108) Describe the major contact methods used to collect information from respondents in market research.

Answer: Information can be collected by mail, telephone, personal interview, or online. Mail questionnaires can be used to collect large amounts of information at a low cost per respondent. Respondents may give more honest answers to more questions by mail than to an unknown interviewer in person or on the phone. Also, no interviewer is involved to bias respondents' answers.

Telephone interviewing is one of the best methods for gathering information quickly, and it provides greater flexibility than mail questionnaires. Interviewers can explain difficult questions and, depending on the answers they receive, skip some questions or probe on others. Response rates tend to be higher than with mail questionnaires, and interviewers can ask to speak to respondents with the desired characteristics or even by name.

Personal interviewing takes two forms: individual interviewing and group interviewing. Individual interviewing involves talking with people in their homes or offices, on the street, or in shopping malls. Such interviewing is flexible. Group interviewing consists of inviting 6 to 10 people to meet with a trained moderator to talk about a product, service, or organization. Participants normally are paid a small sum for attending. A moderator encourages free and easy discussion, hoping that group interactions will bring out actual feelings and thoughts.

Online research can take many forms. A company can use the Internet or mobile technology as a survey medium: It can include a questionnaire on its Web or social media sites or use e-mail or mobile devices to invite people to answer questions. It can create online panels that provide regular feedback or conduct live discussions or online focus groups. Researchers can also conduct online experiments.

AACSB: Information technology

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

109) Describe the three decisions involved in designing a sample.

Answer: Designing the sample requires three decisions. First, who is to be studied (what sampling unit)? The answer to this question is not always obvious.

Second, how many people should be included (what sample size)? Large samples give more reliable results than small samples. However, larger samples usually cost more, and it is not necessary to sample the entire target market or even a large portion to get reliable results.

Finally, how should the people in the sample be chosen (what sampling procedure)?

AACSB: Written and oral communication

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate



110) Compare and contrast closed-ended questions and open-ended questions for gathering data.  
Answer: Closed-ended questions include all the possible answers, and subjects make choices among them. Examples include multiple-choice questions and scale questions. Open-ended questions allow respondents to answer in their own words. Open-ended questions are especially useful in exploratory research, when the researcher is trying to find out what people think but is not measuring how many people think in a certain way. Closed-ended questions, on the other hand, provide answers that are easier to interpret and tabulate.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

111) Briefly explain why marketers need marketing research in addition to competitive marketing intelligence.

Answer: In addition to marketing intelligence information about general consumer, competitor, and marketplace happenings, marketers often need formal studies that provide customer and market insights for specific marketing situations and decisions. Marketing research gives marketers insights into customer motivations, purchase behavior, and satisfaction.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

112) What type of research would be the most useful to determine if a 20-percent decrease in price for a high-end sedan would result in an increase in purchases sufficient to offset the reduced price? Why?

Answer: Causal research would be the most useful in this instance because the objective of causal research is to test hypotheses about cause-and-effect relationships.

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

113) Why is it important for managers to define the problem and establish research objectives?

Answer: The statement of the problem and research objectives guides the entire research process. The manager and the researcher should put the statement in writing to be certain that they agree on the purpose and expected results of the research.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

114) How do primary data differ from secondary data?

Answer: Primary data consist of information collected for the specific purpose at hand. Secondary data, on the other hand, consist of information that already exists somewhere, having been collected for another purpose.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

115) Identify three ways that companies can collect secondary data.

Answer: Companies can buy secondary data from outside suppliers such as Nielsen and U.S. Yankelovich MONITOR. Also, companies can use commercial online databases such as Dialog and ProQuest for a fee. Companies can use Internet search engines to locate relevant secondary information sources.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

116) List two benefits of using secondary data.

Answer: Secondary data can usually be obtained more quickly and at a lower cost than primary data. Also, secondary sources can sometimes provide data an individual company cannot collect on its own—information that either is not directly available or would be too expensive to collect.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

117) What is observational research and when is it used?

Answer: Observational research involves gathering primary data by observing relevant people, actions, and situations. Researchers often observe consumer behavior to glean customer insights they can't obtain by simply asking customers questions.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

118) What are some of the limitations of observational research?

Answer: Some things simply cannot be observed, such as attitudes, motives, or private behavior. Long-term or infrequent behavior is also difficult to observe. Finally, observations can be very difficult to interpret. Because of these limitations, researchers often use observation along with other data collection methods.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

119) Jack owns an e-commerce Web site. What kind of a research method should he use in order to obtain valuable insights about the buying motives and behaviors of online shoppers?

Answer: Jack should conduct a netnography research—observing consumers in a natural context on the Internet. Observing people as they interact on and move about the Internet can provide useful insights into both online and offline buying motives and behavior.

AACSB: Analytical thinking; Information technology

Skill: Application

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

120) What is experimental research and when is it used?

Answer: Experimental research is best suited for gathering causal information. Experiments involve selecting matched groups of subjects, giving them different treatments, controlling unrelated factors, and checking for differences in group responses. Thus, experimental research tries to explain cause-and-effect relationships.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Easy

121) How can researchers and managers arrive at the best interpretation of research findings?

Answer: Findings can be interpreted in different ways, and discussions between researchers and managers will help point to the best interpretations. Thus, managers and researchers must work together closely when interpreting research results, and both must share responsibility for the research process and resulting decisions.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 4.3: Outline the steps in the marketing research process.

Difficulty: Moderate

122) Customer relationship management (CRM) helps \_\_\_\_\_.

- A) firms monitor and minimize employee turnover
- B) customers manage information about different sellers in the market
- C) firms manage customer touch points to maximize customer loyalty
- D) customers locate the best deals in the market
- E) firms create artificial demand in the market

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.4: Explain how companies analyze and use marketing information.

Difficulty: Easy

123) Customer information is often buried deep in separate databases and records of different company departments. To overcome such problems, many companies are now turning to \_\_\_\_\_ to manage detailed information about individual customers.

- A) neuromarketing
- B) customer needs marketing
- C) customer relationship management
- D) ethnographic research
- E) netnography research

Answer: C

AACSB: Information technology

Skill: Concept

Objective: LO 4.4: Explain how companies analyze and use marketing information.

Difficulty: Easy

124) Which of the following is true about customer relationship management (CRM)?

- A) Data mining has limited applicability in CRM activities.
- B) Sophisticated analytical tools are sparingly used in CRM activities.
- C) CRM reduces the number of customer touch points.
- D) CRM aims to maximize customer loyalty.
- E) CRM enables firms to compare various product and service categories.

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.4: Explain how companies analyze and use marketing information.

Difficulty: Moderate

125) What is the purpose of a data warehouse?

- A) to obtain secondary data and integrate it with primary data
- B) to gather and integrate data in a central, accessible location
- C) to interpret the data obtained
- D) to prevent the theft of customer data
- E) to identify and discard outdated data

Answer: B

AACSB: Information technology

Skill: Concept

Objective: LO 4.4: Explain how companies analyze and use marketing information.

Difficulty: Easy

126) In CRM, \_\_\_\_\_ techniques are used to sort through data and locate useful findings about customers.

- A) data warehousing
- B) data mining
- C) niche marketing
- D) data conservancy
- E) mass marketing

Answer: B

AACSB: Information technology

Skill: Concept

Objective: LO 4.4: Explain how companies analyze and use marketing information.

Difficulty: Easy

127) A successful CRM program is expected to help a company achieve all of the following EXCEPT \_\_\_\_\_.

- A) provide higher levels of customer service
- B) develop deeper customer relationships
- C) create offers tailored to meet specific customer requirements
- D) understand the competition better
- E) pin-point high-value customers and cross-sell products

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 4.4: Explain how companies analyze and use marketing information.

Difficulty: Easy

128) Ralph Goldsmith works for Zenith Inc., a leading cosmetic company based in Illinois. At Zenith, Ralph's primary responsibility revolves around digging deeply into customer data to gain valuable insights about customer needs, motives, and attitudes. This data is, in turn, used by Zenith to personalize its customers' shopping experiences. Ralph's position at Zenith requires him to focus primarily on \_\_\_\_\_.

- A) customer sales
- B) human resource management
- C) risk assessment
- D) financial analysis
- E) customer relationship management

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.4: Explain how companies analyze and use marketing information.

Difficulty: Moderate

129) Customer relationship management helps manage detailed information about individual customers and maximize customer loyalty.

Answer: TRUE

Skill: Concept

Objective: LO 4.4: Explain how companies analyze and use marketing information.

Difficulty: Easy

130) An obvious disadvantage of using customer relationship management is its ineffectiveness in pinpointing high-value customers.

Answer: FALSE

Skill: Concept

Objective: LO 4.4: Explain how companies analyze and use marketing information.

Difficulty: Moderate

131) How can a company manage information on specific customers more effectively?

Answer: Many companies are now turning to customer relationship management (CRM) to manage detailed information about individual customers and carefully manage customer touch points to maximize customer loyalty. By using sophisticated software and analytical tools, information about customers can be integrated from all sources and analyzed in depth, and the results can be applied to build stronger customer relationships. CRM integrates everything that a company's sales, service, and marketing teams know about individual customers to provide a 360-degree view of the customer relationship. Moreover, CRM analysts develop data warehouses and use sophisticated data mining techniques to unearth the riches hidden in customer data.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 4.4: Explain how companies analyze and use marketing information.

Difficulty: Moderate

132) What is the most common CRM mistake?

Answer: The most common CRM mistake is to view CRM as a technology and software solution only. Yet technology alone cannot build profitable customer relationships. Companies can't improve customer relationships by simply installing some new software. Instead, marketers should start with the fundamentals of managing customer relationships and then employ high-tech solutions. They should focus on the customer relationship, the central aspect of CRM.

AACSB: Information technology

Skill: Concept

Objective: LO 4.4: Explain how companies analyze and use marketing information.

Difficulty: Moderate

133) Joe Kerry, owner of a small bakery, wants to obtain marketing insights to improve his business. Joe has a limited budget and would like to gather free secondary data. What is the best option for Joe?

- A) mail questionnaires
- B) focus group interviews
- C) Internet search engines
- D) personal interviews
- E) commercial online databases

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Moderate

134) Often, international researchers must collect their own primary data because \_\_\_\_\_.

- A) reliable secondary data is both scarce and difficult to find
- B) information from commercial online databases is unreliable
- C) it is cheaper to obtain primary data than secondary data
- D) it is easier to obtain primary data than secondary data
- E) it is illegal in some countries to track customer data

Answer: A

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Moderate

135) For international researchers, \_\_\_\_\_ is the most obvious obstacle.

- A) language
- B) technology
- C) infrastructure
- D) motivation
- E) political risk

Answer: A

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Easy

136) Which of the following is true with regard to problems faced by international researchers?

- A) Translation of questionnaires increases research costs and risks of error.
- B) Erratic purchasing patterns limit data reliability and validity.
- C) More often than not, cultural differences enrich research findings.
- D) Diverse markets always yield conflicting data.
- E) The primary data obtained by international researchers are almost always error prone.

Answer: A

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Moderate

137) Which of the following is most likely true about international research?

- A) The availability of good secondary data makes international research rewarding.
- B) The costs of conducting international research are much higher than the benefits offered.
- C) Technology enables customer responses to be translated quickly and accurately.
- D) Costly international research is necessary if firms want to succeed in foreign markets.
- E) Interpretations of data are fairly consistent among different countries.

Answer: D

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Moderate

138) Consumers who mistrust marketing research are more likely to \_\_\_\_\_.

- A) consider marketing research initiatives as genuine endeavors aimed at heightening customer satisfaction
- B) believe that marketers rarely use personal data to manipulate consumer behavior
- C) believe that the misuse of research findings is highly unlikely
- D) consider marketing research efforts, such as interviewing, intrusions on consumer privacy
- E) feel positive about being personally interviewed by marketers

Answer: D

AACSB: Reflective thinking

Skill: Critical Thinking

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Moderate



139) While collecting sensitive customer data, market researchers should adhere to all of the following guidelines EXCEPT \_\_\_\_\_.

- A) asking only for the information needed
- B) using information responsibly to provide value
- C) providing respondents with the research firm's contact information
- D) sharing information without the customer's authorization
- E) explaining to respondents how the information will be used

Answer: D

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Easy

140) In a company, the job of a chief privacy officer is to \_\_\_\_\_.

- A) ensure timely product deliveries
- B) detect patent infringements and copyright violations
- C) safeguard the privacy of a firm's customers
- D) engage in niche marketing
- E) safeguard the privacy of senior executives

Answer: C

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Easy

141) For international researchers, language is a primary obstacle.

Answer: TRUE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Easy

142) Most major companies have now appointed a chief privacy officer (CPO), whose job is to safeguard the privacy of the companies in the international business environment.

Answer: FALSE

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Easy

143) Discuss how small businesses and not-for-profit organizations can obtain market insights economically.

Answer: Small businesses and not-for-profit organizations can obtain good marketing insights through observation or informal surveys using small convenience samples. Also, many associations, local media, and government agencies provide special help to small organizations. Finally, small businesses can collect a considerable amount of information at very little cost online. They can scour competitor and customer Web sites and use Internet search engines to research specific companies and issues. In summary, secondary data collection, observation, surveys, and experiments can all be used effectively by small organizations with small budgets. However, although these informal research methods are less complex and less costly, they still must be conducted with care. Managers must think carefully about the objectives of the research, formulate questions in advance, recognize the biases introduced by smaller samples and less skilled researchers, and conduct the research systematically.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Moderate

144) Explain the common problems that international marketing researchers encounter.

Answer: International researchers deal with less homogeneous markets. The markets often vary greatly in their levels of economic development, cultures and customers, and buying patterns. Good secondary data are difficult to find in many foreign markets. Because of the scarcity of good secondary data, international researchers often must collect their own primary data. In addition, choosing representative samples and finding methods of contacting participants can be a formidable task. Cultural and language differences can present obstacles in interpreting the data and drawing realistic conclusions. Consumers' attitudes in other countries may hinder the process of collection.

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Moderate

145) Why do some consumers resent marketing research?

Answer: Although some consumers actually enjoy being interviewed and giving their opinions, others strongly resent or even mistrust marketing research. They don't like being interrupted by researchers. They worry that marketers are building huge databases full of personal information about customers. Or they fear that researchers might use sophisticated techniques to probe our deepest feelings, peek over our shoulders as we shop, or track us as we browse and interact on the Internet and then use this knowledge to manipulate our buying.

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 4.5: Discuss the special issues some marketing researchers face, including public policy and ethics issues.

Difficulty: Moderate

***Principles of Marketing, 17e (Kotler)***  
**Chapter 5 Consumer Markets and Buyer Behavior**

1) Individuals and households that buy or acquire goods and services for personal consumption make up the \_\_\_\_\_.

- A) consumer market
- B) market offering
- C) market mix
- D) subculture
- E) social class

Answer: A

Skill: Concept

Objective: LO 5.1: Define the consumer market and construct a simple model of consumer buyer behavior.

Difficulty: Easy

2) Marketing stimuli include which of the following?

- A) economic stimuli
- B) price stimuli
- C) technological stimuli
- D) social stimuli
- E) cultural stimuli

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.1: Define the consumer market and construct a simple model of consumer buyer behavior.

Difficulty: Easy

3) Which of the following is one of the other stimuli present in a buyer's environment apart from a marketing stimuli?

- A) product stimuli
- B) cultural stimuli
- C) price stimuli
- D) place stimuli
- E) promotion stimuli

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.1: Define the consumer market and construct a simple model of consumer buyer behavior.

Difficulty: Easy

4) According to the model of buyer behavior, which of the following is one of the two primary parts of a "buyer's black box"?

- A) technological stimuli
- B) buyer's decision process
- C) buyer's spending habits
- D) social stimuli
- E) promotion stimuli

Answer: B

Skill: Concept

Objective: LO 5.1: Define the consumer market and construct a simple model of consumer buyer behavior.

Difficulty: Easy

5) Marketing stimuli consist of the four Ps. Which of the following is NOT one of these?

- A) product
- B) packaging
- C) price
- D) promotion
- E) place

Answer: B

Skill: Concept

Objective: LO 5.1: Define the consumer market and construct a simple model of consumer buyer behavior.

Difficulty: Easy

6) In the model of buyer behavior, which of the following is NOT a major type of force or event in the buyer's environment?

- A) economic
- B) technological
- C) social
- D) political
- E) cultural

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.1: Define the consumer market and construct a simple model of consumer buyer behavior.

Difficulty: Easy

7) The starting point of understanding how consumers respond to various marketing efforts is called the stimulus-response model of buyer behavior.

Answer: TRUE

Skill: Concept

Objective: LO 5.1: Define the consumer market and construct a simple model of consumer buyer behavior.

Difficulty: Easy

8) What role do the four Ps play in consumer behavior?

Answer: The four Ps are the marketing stimuli that affect buyer behavior: marketers use product, price, place, and promotion to attract the targeted consumers.

Skill: Concept

Objective: LO 5.1: Define the consumer market and construct a simple model of consumer buyer behavior.

Difficulty: Easy

9) \_\_\_\_\_ is the most basic determinant of a person's wants and behavior.

- A) Culture
- B) Brand personality
- C) Cognitive dissonance
- D) Motive
- E) Attitude

Answer: A

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

10) Each culture contains smaller \_\_\_\_\_, or groups of people with shared value systems based on common life experiences and situations.

- A) cultural universals
- B) reference groups
- C) subcultures
- D) monocultures
- E) social networks

Answer: C

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

11) Which consumer group tends to show more brand loyalty and make shopping a family event, with children having a big say in the purchase decision?

- A) Hispanic Americans
- B) African Americans
- C) Arab Americans
- D) working class consumers
- E) middle class consumers

Answer: A

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

12) \_\_\_\_\_ consumers are one of the fastest-growing U.S. population subsegments and are expected to surge to nearly one third of the total U.S. population by 2060.

- A) African American
- B) Hispanic American
- C) Asian American
- D) Baby Boomer
- E) Millennial

Answer: B

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

13) Hispanic Americans tend to be deeply family oriented and make shopping a family affair. Older consumers are brand loyal, while younger Hispanics have shown increasing price sensitivity and willingness to choose store brands. Hispanic Americans make up a \_\_\_\_\_.

- A) subculture
- B) social class
- C) social network
- D) life-cycle stage
- E) lifestyle

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

14) Although more price-conscious than other population segments, \_\_\_\_\_ consumers tend to be strongly motivated by quality and selection, and give importance to brands.

- A) lower upper
- B) African American
- C) Asian American
- D) Filipino
- E) working class

Answer: B

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

15) \_\_\_\_\_ consumers are the most affluent U.S. demographic segment and are expected to have an annual buying power approaching \$1 billion by 2017.

- A) Hispanic American
- B) African American
- C) Asian American
- D) Baby boomers
- E) Generation X

Answer: C

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

16) Many companies use ethnically specific themes in their mainstream marketing strategy because marketers have realized that insights gleaned from ethnic consumers can influence their broader markets. This type of marketing is known as \_\_\_\_\_ marketing.

- A) cross-cultural
- B) buzz
- C) social network
- D) word-of-mouth
- E) life-style

Answer: A

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

17) \_\_\_\_\_ are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors.

- A) Social classes
- B) Societal norms
- C) Reference groups
- D) Universal cultures
- E) Social networks

Answer: A

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

18) Which of the following statements is true of cultural factors that influence consumer behavior?

- A) Cultural influences on buying behavior are identical across countries.
- B) Social classes show distinct product and brand preferences in areas such as clothing and travel.
- C) Subcultures include nationalities and racial groups, but exclude religions.
- D) Subcultures are groups within which each individual has a unique and distinct value system.
- E) Hispanic Americans and African Americans are examples of racially-segregated groups and not subcultures.

Answer: B

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

19) Which of the following statements is true of social classes?

- A) Social classes are society's temporary divisions.
- B) Members of a social class have unique and distinct values, interests, and behaviors.
- C) People within a social class tend to exhibit similar buying behavior.
- D) Income is the single factor that determines social class.
- E) Social classes universally exhibit identical product and brand preferences.

Answer: C

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

20) Which of the following statements is true regarding social classes in the United States?

- A) Social class is determined by income alone.
- B) Lines between social classes in the United States are fixed and rigid.
- C) Social classes show distinct product preferences in clothing and automobiles.
- D) Wealth is more critical than education level in measuring social class.
- E) People are relegated to a permanent social class in the United States.

Answer: C

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate



21) Family is one of the \_\_\_\_\_ factors that influence consumer behavior.

- A) regional
- B) social
- C) personal
- D) psychological
- E) business

Answer: B

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

22) \_\_\_\_\_ are groups to which an individual wishes to belong, as when a young basketball player hopes to play someday for the Los Angeles Lakers.

- A) Membership groups
- B) Aspirational groups
- C) Leading adopters
- D) Subcultures
- E) Reference groups

Answer: B

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

23) A shoe manufacturing company uses ads featuring the members of a country music band with the hope that the band's fans will see them wearing the company's shoes and hence purchase the same brand of shoes. The shoe company believes that the band portrays the image of a \_\_\_\_\_ to the band's fans.

- A) membership group
- B) reference group
- C) status symbol
- D) subculture
- E) lifestyle

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

24) Rachel loves fashion and is always seen wearing the trendiest fashion outfits. She actively shares her knowledge with a wide group of friends and colleagues about where to shop for the latest fashion at great deals. Most of her friends and colleagues follow her fashion tips. Rachel portrays the image of a(n) \_\_\_\_\_.

- A) surrogate consumer
- B) lagging adopter
- C) opinion leader
- D) brand personality
- E) social networker

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

25) \_\_\_\_\_ are people within a reference group who, because of special skills, knowledge, personality, or other characteristics, exert influence on others.

- A) Opinion leaders
- B) Innovators
- C) Surrogate consumers
- D) Stealth marketers
- E) Lagging adopters

Answer: A

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

26) Opinion leaders are also referred to as \_\_\_\_\_.

- A) influentials
- B) lower uppers
- C) innovators
- D) lagging adopters
- E) surrogate consumers

Answer: A

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

27) \_\_\_\_\_ are ambassadors who share their passion for a company's products with large circles of friends and acquaintances in return for insider knowledge and other rewards.

- A) Leading adopters
- B) Brand evangelists
- C) Surrogate consumers
- D) Market mavens
- E) Innovators

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

28) Companies that use brand ambassadors are most likely involved in \_\_\_\_\_ marketing.

- A) ambush
- B) spam
- C) buzz
- D) viral
- E) database

Answer: C

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

29) Facebook and Second Life are both examples of \_\_\_\_\_.

- A) brand alliances
- B) opinion leaders
- C) social networks
- D) early adopters
- E) market mavens

Answer: C

AACSB: Information technology

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

30) Which of the following is characteristic of online social networks?

- A) use of one-way communication techniques
- B) negligible adoption rates
- C) guaranteed positive results
- D) easy methods to measure results
- E) user-controlled content

Answer: E

AACSB: Information technology

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

31) What is the most important consumer buying organization in society?

- A) family
- B) social class
- C) membership group
- D) subculture
- E) reference group

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

32) A \_\_\_\_\_ consists of the activities an individual is expected to perform according to the people around him/her.

- A) motive
- B) role
- C) lifestyle
- D) life cycle
- E) perception

Answer: B

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

33) A buyer's decisions are influenced by \_\_\_\_\_ such as the buyer's age and life-cycle stage, occupation, economic situation, lifestyle, personality, and self-concept.

- A) personal characteristics
- B) stereotypes
- C) perceptions
- D) attitudes
- E) psychographics

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

34) Consumer information provider Nielsen uses a life-stage segmentation system that places U.S. households into one of 66 different life-stage groups. According to Nielsen's groups, which of the following refers to the group consisting of hip, single twenty-somethings who are politically liberal, listen to alternative music, and enjoy lively nightlife?

- A) Striving Singles
- B) Young Achievers
- C) Bohemian Mix
- D) Young Influentials
- E) Young Digerati

Answer: B

AACSB: Information technology

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

35) \_\_\_\_\_ is a person's pattern of living as expressed in his/her psychographics, and it includes the individual's activities, interests, and opinions.

- A) Personality
- B) Culture
- C) Lifestyle
- D) Motive
- E) Social class

Answer: C

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

36) In the context of the AIO dimensions for measuring consumers' lifestyles, "A" stands for \_\_\_\_\_.

- A) activities
- B) achievements
- C) admirations
- D) attitudes
- E) associations

Answer: A

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

37) The latest trend in the United States involves rediscovering the benefits of home-cooked food and the use of organic ingredients. People are choosing to spend hours in the kitchen using only the freshest ingredients to cook healthy and nutritious meals. This change in \_\_\_\_\_ is one of the reasons for the increasing demand for organic ingredients.

- A) self-concept
- B) subculture
- C) lifestyle
- D) personality
- E) life-cycle

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

38) \_\_\_\_\_ refers to the unique psychological characteristics that distinguish an individual or group.

- A) Attitude
- B) Belief
- C) Perception
- D) Personality
- E) Self-awareness

Answer: D

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

39) Which of the following terms refers to a specific mix of human traits that may be attributed to a particular brand?

- A) brand perception
- B) brand identity
- C) brand personality
- D) brand concept
- E) brand equity

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

40) Shoenz Inc., a manufacturer of shoes, has recently launched a brand of sturdy shoes ideal for hiking and other outdoor activities. Which of the following brand personalities could be best associated with the new brand?

- A) sincerity
- B) excitement
- C) sophistication
- D) competence
- E) ruggedness

Answer: E

AACSB: Application of knowledge

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

41) Many marketers use the self-concept premise that people's possessions contribute to and reflect their identities—that is, "we are what we consume." According to this premise, consumers

- \_\_\_\_\_.
- A) buy products to support their self-image
  - B) rarely identify with brand personalities
  - C) are affected by opinion leaders
  - D) compare product brands
  - E) conduct primary research

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

42) Harley-Davidson promotes its motorcycles with images of independence, freedom, and power. Harley-Davidson has created a \_\_\_\_\_.

- A) motive
- B) life-cycle stage
- C) self-concept
- D) brand personality
- E) self-actualization need

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

43) A marketer of women's hair care products targeting Chinese customers created an advertising message that told women their hair could be worn any way they wanted as opposed to wearing it straight. The message suggested the women did not need to conform to the mainstream media definition of beauty. It is most accurate to say that this ad was based on an understanding of customers' \_\_\_\_\_.

- A) social class
- B) life-cycle stage
- C) self-concept
- D) status
- E) role

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

44) A person's buying choices are influenced by four major psychological factors. Which of the following is NOT one of these factors?

- A) motivation
- B) perception
- C) association
- D) learning
- E) beliefs

Answer: C

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

45) A \_\_\_\_\_ is a need that is sufficiently pressing to direct a person to seek satisfaction.

- A) stimulus
- B) perception
- C) culture
- D) motive
- E) tradition

Answer: D

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy



46) According to Freud, a person's buying decisions are primarily affected by \_\_\_\_\_.

- A) family influences
- B) societal expectations
- C) brand images
- D) cultural norms
- E) subconscious motives

Answer: E

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

47) \_\_\_\_\_ refers to qualitative research designed to probe consumers' hidden, subconscious motivations.

- A) Perception analysis
- B) Subliminal analysis
- C) Motivation research
- D) Need recognition
- E) Market segmentation

Answer: C

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

48) A marketing research company asked members of a focus group to describe several brands as animals. The purpose of the request is to measure the prestige of the various brands. This is an example of \_\_\_\_\_.

- A) brand strength analysis
- B) interpretive consumer research
- C) quantitative research
- D) buzz marketing
- E) brand extension

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

49) Maslow's theory is that \_\_\_\_\_ can be arranged in a hierarchy.

- A) marketing stimuli
- B) personal beliefs
- C) perceptions
- D) human needs
- E) decisions

Answer: D

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

50) Which of the following is NOT part of Maslow's hierarchy of needs?

- A) physiological needs
- B) safety needs
- C) spiritual needs
- D) esteem needs
- E) social needs

Answer: C

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

51) According to Maslow's hierarchy of needs, which of the following is the LEAST pressing need?

- A) physiological needs
- B) social needs
- C) esteem needs
- D) self-actualization needs
- E) safety needs

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

52) \_\_\_\_\_ is the process by which people select, organize, and interpret information to form a meaningful picture of the world.

- A) Motivation
- B) Perception
- C) Dissonance
- D) Learning
- E) Self-actualization

Answer: B

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

53) People cannot focus on all of the stimuli that surround them each day. A person's tendency to screen out most of the information is called \_\_\_\_\_.

- A) subliminal retention
- B) selective distortion
- C) cognitive dissonance
- D) selective attention
- E) cognitive inertia

Answer: D

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

54) People tend to interpret new information in a way that will support what they already believe. This is called \_\_\_\_\_.

- A) selective retention
- B) selective distortion
- C) cognitive dissonance
- D) selective attention
- E) cognitive bias

Answer: B

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

55) \_\_\_\_\_ means that consumers are likely to remember good points made about a brand they favor and forget good points made about competing brands.

- A) Selective attention
- B) Selective retention
- C) Cognitive dissonance
- D) Selective distortion
- E) Cognitive bias

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

56) Mark has long supported a particular brand of footwear and has always bought that brand. Recently, the footwear manufacturer was embroiled in a controversy for using child labor at its manufacturing plants. Mark doubts the news reports and continues to purchase the same brand of footwear. It is most accurate to say that Mark displays \_\_\_\_\_.

- A) selective distortion
- B) cognitive dissonance
- C) selective retention
- D) selective attention
- E) consumer ethnocentrism

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

57) Juana looked at the September issue of her favorite fashion magazine and did not find anything particularly interesting despite the fact that the magazine had several advertisements that were targeted at Juana's demographic. The only thing that interested her was an article about an upcoming fashion show. Which consumer behavior is being illustrated in this instance?

- A) subliminal advertising
- B) groupthink
- C) selective attention
- D) social loafing
- E) consumer ethnocentrism

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

58) Stephanie and John wanted to purchase a high-end sports car. They viewed a commercial for a particular sports car that highlighted the cost, design, and power of the car. After viewing the ad, Stephanie felt that the car's price was acceptable, considering the superior and unique design. John thought that the car was expensive owing to the high power engine installed in it. They used the information in different ways, focusing on issues that each considered important. Which of the following concepts does this scenario demonstrate?

- A) selective distortion
- B) consumer ethnocentrism
- C) selective retention
- D) selective attention
- E) cognitive dissonance

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

59) Some consumers worry that they will be affected by marketing messages without even knowing it. They are concerned about \_\_\_\_\_.

- A) alternative evaluation
- B) subliminal advertising
- C) selective retention
- D) cognitive dissonance
- E) selective communication

Answer: B

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

60) \_\_\_\_\_ describes changes in an individual's behavior arising from experience.

- A) Lifestyle
- B) Learning
- C) Perception
- D) Cognitive dissonance
- E) Selective attention

Answer: B

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

61) \_\_\_\_\_ are minor stimuli that determine where, when, and how a person responds to an idea.

- A) Cues
- B) Drives
- C) Reinforcers
- D) Cognitions
- E) Impulses

Answer: A

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

62) A(n) \_\_\_\_\_ is a descriptive thought that a person has about something.

- A) lifestyle
- B) motive
- C) belief
- D) attitude
- E) cognition

Answer: C

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

63) A(n) \_\_\_\_\_ is a person's relatively consistent evaluations, feelings, and tendencies toward an object or idea.

- A) lifestyle
- B) motive
- C) belief
- D) attitude
- E) perception

Answer: D

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

Refer to the scenario below to answer the following question(s).

The Attic Trunk opened in 1999 as an upscale dress shop in Forest Ridge's fashionable shopping district, catering to a wealthy, mature clientele consisting mostly of older, first-generation Hispanics. Many other specialty shops lined the main avenue over the next few years. But as Forest Ridge began to attract a more price-conscious, younger, and more demographically diverse population, the once-popular shopping district was increasingly perceived as stodgy and snobby by the new segment of customers.

By the mid-2000s, many of these specialty shops suffered financially. Most shops attracted only tourists who enjoyed browsing through the displays of alligator belts and shoes, piles of scented soaps, and so on, often laughing at the ridiculously high prices.

Owners of The Attic Trunk had noticed the shifts in buying behavior of customers by the mid-2000s. In fact, the owners had observed that the once-fashionable shopping district in Forest Ridge no longer attracted the wealthy, mature clientele. This clientele had been replaced with price-conscious families with children, a mix of Asian and African Americans as well as Caucasians.

Specialty items at The Attic Trunk gradually disappeared, replaced by brand-name apparel, fashion accessories, and jewelry. Other owners followed suit in the late 2000s, bringing restaurants, an outdoor cafe, and a day spa to the main avenue in Forest Ridge.

64) Which of the following best supports the idea that The Attic Trunk's mature, wealthy clientele can remain a viable target market?

- A) Older, first generation Hispanic consumers are not especially family-oriented.
- B) Older, first-generation Hispanic consumers favor sellers who show special interest in them.
- C) Older, first generation Hispanic consumers tend to be very price conscious.
- D) Older, first generation Hispanic consumers tend to display little brand loyalty.
- E) Older, first generation Hispanic consumers are motivated by mainstream marketing.

Answer: B

AACSB: Reflective thinking

Skill: Critical Thinking

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

65) Many families with children are now attracted to the shopping district in Forest Ridge. What characteristics about families as consumer groups might the owners of The Attic Trunk want to keep in mind?

- A) Though more women hold jobs outside the home today than when The Attic Trunk first opened, husband-wife involvement in the buying process has remained relatively unchanged.
- B) Children have considerable amounts of disposable income and have a strong influence on family buying decisions.
- C) Women seldom account for any technology-related purchases.
- D) Women typically account for most habitual purchases.
- E) Men make all the major purchasing decisions in most families.

Answer: B

AACSB: Reflective thinking

Skill: Critical Thinking

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

66) Which of the following would each consumer segment attracted to The Attic Trunk have in common with the other consumer segments?

- A) habitual buying behaviors
- B) self-concepts
- C) AIO dimensions
- D) life-cycle stages
- E) aspirational groups

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

67) Subcultures consist only of religious groups.

Answer: FALSE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

68) Asian American consumers are the least brand conscious of all ethnic groups.

Answer: FALSE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

69) Social class is based on shared value systems and common life experiences and situations.

Answer: FALSE

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

70) In the United States, the lines between social classes are not fixed and rigid, but people can only drop to a lower social class and not move up into a higher one.

Answer: FALSE

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

71) Online social networks represent an important avenue to create buzz for marketers.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

72) Children exert little influence on family buying decisions.

Answer: FALSE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

73) A person's occupation has no effect on the goods and services that she buys.

Answer: FALSE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

74) Personality is a person's pattern of living as expressed in his or her psychographics.

Answer: FALSE

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

75) A brand personality is the specific mix of human traits that may be attributed to a particular brand.

Answer: TRUE

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy



76) According to Maslow's hierarchy of needs theory, when the most important need is satisfied, it will cease to be a motivator, and the person will then try to satisfy the next most important need.

Answer: TRUE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

77) Alternative evaluation is the process by which people select, organize, and interpret information to form a meaningful picture of the world.

Answer: FALSE

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

78) While an individual's beliefs are difficult to change, an individual's attitudes are easy to change.

Answer: FALSE

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

79) Give an example of a cultural shift that may impact the marketing of products or services.  
Answer: Students' answers will vary. Currently, the shift toward greater concern about health and fitness has generated an increase in marketing of gym equipment and gear.

AACSB: Application of knowledge

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

80) Why might the Hispanic American market be a viable targeted group for a new marketer of products?

Answer: Hispanic Americans are a large, fast-growing U.S. subculture and they tend to favor companies who show special interest in them. A new marketer of products can capitalize on these attributes.

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

81) In what way might a marketer rely on opinion leaders?

Answer: Opinion leaders can influence other larger groups of consumers to be attracted to a marketer's products.

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

82) How does marketing through online social networks differ from more traditional marketing?

Answer: Marketers hope to use social networks to interact with consumers and become a part of their everyday lives instead of relying on one-way commercial messages that play a significant role in traditional marketing.

AACSB: Information technology

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

83) Explain why typical husband-dominant or wife-dominant products of the 1970s may no longer be regarded as typical.

Answer: Buying roles change with evolving consumer lifestyles. Changes in the traditional family structure, such as more women holding jobs outside the home and more single-parent households, have changed the traditional buying roles over time.

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

84) Define brand personality.

Answer: A brand personality is the specific mix of human traits that may be attributed to a particular brand.

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

85) Explain why selective attention is not controllable by a marketer.

Answer: A marketer cannot guarantee that a consumer will pay attention to or remember a specific ad. Selective attention plays a significant role because it is impossible for individuals to pay attention to the thousands of marketing stimuli they experience each day.

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Challenging

86) Explain how selective distortion is somewhat controllable by a marketer.

Answer: Selective distortion describes the tendency of people to interpret information in a way that will support what they already believe. People also will forget much of what they learn. They tend to retain information that supports their attitudes and beliefs. Marketers can attempt to understand consumers' mindsets and how these will affect perceptions of advertisements.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

87) Explain how selective retention affects what consumers remember about marketing messages.

Answer: Due to selective retention, consumers are more likely to remember positive messages about the brands they already favor and more likely to forget positive messages about the competing brands.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

88) Cultural factors exert a broad and deep influence on consumer behavior. The marketer needs to understand the role played by the buyer's culture, subculture, and social class. Distinguish between culture, subculture, and social class.

Answer: Culture is the most basic cause of a person's wants and behavior. Each culture contains smaller subcultures, or groups of people with shared value systems based on common life experiences and situations. Subcultures include nationalities, religions, racial groups, and geographic regions. Many subcultures make up important markets. Social classes are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors. Unlike nationality or ethnic subculture, social class is determined by a combination of many variables, such as occupation, income, education, and wealth.

AACSB: Written and oral communications; Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

89) Many subcultures make up important market segments. Examples of three such important subculture groups include Hispanic Americans, African Americans, and Asian Americans. Describe the general shopping-related characteristics of each of these groups.

Answer: Hispanic American consumers tend to be deeply family oriented and make shopping a family affair. The older, first-generation consumers tend to be very brand loyal and favor companies who show special interest in them. African American consumers are more price-conscious than other segments; they are also strongly motivated by quality and selection. Asian American consumers are the most affluent U.S. demographic segment and are the second-fastest-growing population subculture, after Hispanic Americans. Asian American consumers are the most brand conscious of all the ethnic groups. They can be fiercely brand loyal.

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

90) A consumer's behavior is influenced by social factors, such as the consumer's small groups, family, and social roles and status. Explain the differences among these social factors.

Answer: Small groups to which a person belongs have a direct influence on what a person buys. Reference groups serve as direct or indirect points of comparison or reference in forming a person's attitudes or behaviors. An aspirational group is one to which the individual wishes to belong. Reference groups expose a person to new behaviors and lifestyles, influence a person's attitudes and self-concept, and create pressures to conform that may affect the person's product and brand choices. Opinion leaders are people within a reference group who, because of special skills, knowledge, personality, or other characteristics, exert social influence on others. The group closest to consumers is the family, the most important consumer buying organization in society. Marketers are interested in the changing roles and influence of each family member on the purchase of different products and services. Within groups, including families, the position of an individual is defined by role and status. A role consists of the activities people are expected to perform according to the persons around them, while status is the general esteem given to that role. People tend to choose products that fit with their roles and status.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

91) Explain the change in buying roles of husbands and wives due to an evolving consumer lifestyle in the United States. Additionally, describe the effect of this change on marketers.

Answer: In the United States, the wife traditionally has been considered the main purchasing agent for the family in the areas of food, household products, and clothing. However, with more women working outside the home and the willingness of husbands to do more of the family's purchasing, all this is changing. A recent survey of men ages 18 to 64 found that 51 percent identify themselves as primary grocery shoppers in their households and about 39 percent handle most of their household's laundry. At the same time, today women account for 50 percent of all technology purchases and influence two-thirds of all new car purchases. Such shifting roles signal a new marketing reality. Marketers in industries that have traditionally sold their products to only women or only men—from groceries and personal care products to cars and consumer electronics—are now carefully targeting the opposite sex.

AACSB: Analytical thinking; Diverse and multicultural work environments

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

92) People's distinct individual personalities influences their buying behavior. Personality is usually described in terms of traits. What are these traits, and how do they affect the way people purchase items? Give at least one example.

Answer: Personality is described in terms of traits such as self-confidence, dominance, sociability, autonomy, defensiveness, adaptability, and aggressiveness. Personality can be useful in analyzing consumer behavior for certain products. Consumers are likely to choose brands with personalities that match their own. For example, someone with a sophisticated personality might be attracted to a more sophisticated product, such as a BMW, while someone with a more rugged personality might be attracted to a more rugged product, such as a Jeep.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

93) Explain Maslow's hierarchy of needs.

Answer: Maslow suggested that an individual's unfulfilled needs motivate them and that their needs are arranged in a hierarchy. The hierarchy of needs includes physiological, safety, social, self-esteem, and self-actualization needs. Maslow suggested that individuals meet the bottom-level, basic needs first before moving up the hierarchy. Until more basic needs such as safety are fulfilled, an individual has little interest in higher-level needs such as esteem and self-actualization.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Easy

94) Compare and contrast the four types of buying decision behavior exhibited by consumers.  
Answer: Consumers exhibit complex buying behavior when they are highly involved in a purchase decision and perceive significant differences among the choices. Consumers will engage in a learning process as they gather and analyze information about their choices before making a purchase. When a consumer is highly involved with a purchase but does not perceive significant differences among her choices, he/she will most likely engage in dissonance-reducing behavior. This behavior involves less time learning about each product's attributes, and a consumer is more likely to make a choice based on a good price or convenience. Habitual buying behavior and variety-seeking behavior are exhibited when a consumer has a low involvement with the product. When the consumer sees little difference between brands, he/she will most likely engage in habitual buying behavior, buying the most familiar brands out of habit. When the consumer perceives some significant brand differences, he/she is more likely to engage in variety-seeking buying behavior, doing a lot of brand switching without a great deal of evaluation before purchase.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 5.2: Name the four major factors that influence consumer buyer behavior.

Difficulty: Moderate

95) When consumers are highly involved with the purchase of an expensive product and they perceive significant differences among brands, they most likely will exhibit \_\_\_\_\_.

- A) consumer capitalism
- B) complex buying behavior
- C) consumer ethnocentrism
- D) dissonance-reducing buying behavior
- E) variety-seeking buying behavior

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

96) George is buying his first house. He has spent a month looking at houses and comparing attributes such as price and location. He has contacted several real estate agents to look at different types of houses. George is most likely exhibiting \_\_\_\_\_.

- A) variety-seeking buying behavior
- B) complex buying behavior
- C) consumer capitalism
- D) dissonance-reducing buying behavior
- E) marketing myopia

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Challenging

97) When consumers are highly involved with an expensive, infrequent, or risky purchase but see little difference among brands, they most likely will exhibit \_\_\_\_\_.

- A) habitual buying behavior
- B) complex buying behavior
- C) impulse buying behavior
- D) dissonance-reducing buying behavior
- E) consumer capitalism

Answer: D

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

98) For the past ten years, Bill and Margaret have saved money to go to the Super Bowl should their team, the Chicago Bears, reach the finals of the NFC championship. This is the year, and several tour companies offer attractive, but very similar, packages to the game. Since all packages are pretty much the same, they have chosen one that fits their budget. Bill and Margaret are most likely exhibiting \_\_\_\_\_.

- A) complex buying behavior
- B) dissonance-reducing buying behavior
- C) habitual buying behavior
- D) consumer capitalism
- E) consumer ethnocentrism

Answer: B

AACSB: Application of knowledge

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Challenging

99) Which of the following consumer buying behaviors is related to conditions of low-consumer involvement and little significant brand difference?

- A) complex buying behavior
- B) dissonance-reducing buying behavior
- C) habitual buying behavior
- D) variety-seeking buying behavior
- E) consumer capitalism

Answer: C

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

100) Pat thought he had received the best deal on his new car. Shortly after the buying the car, Pat started to notice certain disadvantages of his new car as he learned more about other cars available in the market. Pat is experiencing \_\_\_\_\_.

- A) dissonance-reducing buying behavior
- B) need recognition
- C) postpurchase dissonance
- D) marketing myopia
- E) complex buying behavior

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Challenging

101) Which of the following would a marketer LEAST likely do to encourage habitual buying behavior?

- A) dominate shelf space
- B) run frequent reminder ads
- C) keep shelves fully stocked
- D) stress unique features in ads
- E) offer lower prices and coupons

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Challenging

102) Carrie tends to purchase various brands of bath soap. She has never been loyal to a specific brand; instead she does a lot of brand switching. Carrie exhibits \_\_\_\_\_.

- A) dissonance-reducing buying behavior
- B) complex buying behavior
- C) habitual buying behavior
- D) variety-seeking buying behavior
- E) conspicuous consumption behavior

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Challenging



103) When customers have low involvement in a purchase but perceive significant brand differences, they will most likely engage in \_\_\_\_\_.

- A) complex buying behavior
- B) dissonance-reducing buying behavior
- C) habitual buying behavior
- D) variety-seeking buying behavior
- E) consumer ethnocentrism

Answer: D

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

104) The buyer decision process consists of five stages. Which of the following is NOT one of these stages?

- A) need recognition
- B) information search
- C) conspicuous consumption
- D) purchase decision
- E) postpurchase behavior

Answer: C

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Moderate

105) The buying decision process starts with \_\_\_\_\_, in which the buyer spots a problem.

- A) need recognition
- B) information search
- C) impulse purchases
- D) buyer's remorse
- E) alternative evaluation

Answer: A

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

106) An invitation to go skiing over the weekend forced Donna to look at her current wardrobe. She realized that she required a warmer coat. Which of the following stages of the buyer decision process does Donna exemplify?

- A) product evaluation
- B) situational analysis
- C) need recognition
- D) problem screening
- E) information search

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Challenging

107) Donna wants to buy a new coat. During the \_\_\_\_\_ stage of the buyer decision process she will ask her friends to recommend stores that sell good quality winterwear clothing. She will also go through newspapers and magazines to look out for offers and sales on coats.

- A) product evaluation
- B) alternative evaluation
- C) need recognition
- D) information search
- E) purchase decision

Answer: D

AACSB: Application of knowledge

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Challenging

108) If a consumer's drive is strong and a satisfying product is near at hand, the consumer is likely to purchase the product at that time. If not, the consumer may store the need in memory or undertake \_\_\_\_\_.

- A) consumer ethnocentrism
- B) buyer's remorse
- C) a need recognition
- D) an information search
- E) cognitive dissonance

Answer: D

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

109) James has decided to buy a new vehicle. His brother John has recently purchased a new truck and recommends the same model to James. James finally decides to buy the same truck. Which of the following sources of information has most likely influenced James' purchase decision?

- A) experiential sources
- B) public sources
- C) personal sources
- D) commercial sources
- E) market mavens

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Challenging

110) John has decided to buy a particular smartphone that he saw reviewed online. Which of the following sources of information has most likely influenced John's purchase decision?

- A) laggards
- B) commercial sources
- C) public sources
- D) personal sources
- E) market mavens

Answer: C

AACSB: Application of knowledge

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Moderate

111) The information sources that are the most effective at influencing a consumer's purchase decision are \_\_\_\_\_. These sources legitimize or evaluate products for the buyer.

- A) commercial
- B) public
- C) experimental
- D) personal
- E) attitudinal

Answer: D

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Moderate

112) Marketers describe the way a consumer processes information to arrive at brand choices as \_\_\_\_\_.

- A) alternative evaluation
- B) information search
- C) impulse buying
- D) consumer capitalism
- E) cognitive dissonance

Answer: A

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

113) Robert has taken up cycling as a hobby and as a way to maintain his physical fitness. He wants to buy a hydration system since he will need a lot of water as he cycles. Having gathered a great deal of information, he has finally narrowed down his choices to three systems: Waterbags for Roadies, Supertanker Hydropacks, and Fast Water. Robert is in the \_\_\_\_\_ stage of the buyer decision process.

- A) need recognition
- B) evaluation of alternatives
- C) product trial
- D) postpurchase evaluation
- E) information search

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Challenging

114) Generally, the consumer's purchase decision will be to buy the most preferred brand, but two factors can come between the purchase intention and the purchase decision. Which of the following is one of these factors?

- A) economic risks
- B) attitudes of others
- C) cognitive dissonance
- D) alternative evaluation
- E) buyer's remorse

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

115) After the purchase of a product, consumers will be either satisfied or dissatisfied and engage in \_\_\_\_\_.

- A) consumer capitalism
- B) alternative evaluation
- C) postpurchase behavior
- D) consumer ethnocentrism
- E) information searches

Answer: C

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

116) The relationship between the consumer's expectations and the product's \_\_\_\_\_ determines whether the buyer is satisfied or dissatisfied with a purchase.

- A) perceived performance
- B) brand personality
- C) market reach
- D) consumer market
- E) market share

Answer: A

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

117) A particular automobile company works to keep its customers happy after each sale, aiming to delight each one of them in order to increase their customer lifetime value. Which of the following steps of the buyer decision process does the company exemplify?

- A) need recognition
- B) information search
- C) evaluation of alternatives
- D) purchase decision
- E) postpurchase behavior

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Challenging

118) Leona bought two different brands of wine from vineyards in Australia. When asked for her opinion about the wines, she said that one brand of wine tasted like alcoholic grape juice, but the other had a crisp taste that she really enjoyed. These statements were most likely made during the \_\_\_\_\_ stage of the buyer decision process.

- A) information search
- B) need recognition
- C) alternative evaluation
- D) purchase decision
- E) postpurchase behavior

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Challenging

119) Almost all major purchases result in \_\_\_\_\_, or discomfort caused by postpurchase conflict.

- A) need recognition
- B) cognitive dissonance
- C) consumer ethnocentrism
- D) conspicuous consumption
- E) consumer capitalism

Answer: B

AACSB: Reflective thinking

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

120) When a customer feels uneasy about losing out on the benefits of a brand not purchased, she is likely to experience \_\_\_\_\_.

- A) selective retention
- B) selective attention
- C) selective distortion
- D) cognitive dissonance
- E) consumer ethnocentrism

Answer: D

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

121) Dissonance-reducing buying behavior typically occurs when a buyer sees little difference among brands but is highly involved with the purchase.

Answer: TRUE

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

122) Jim is planning on buying an expensive HDTV and he realizes that there are few differences between brands. Jim is displaying complex buying behavior.

Answer: FALSE

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Challenging

123) Habitual buying behavior involves consumers searching extensively for information about brands and evaluating brand characteristics.

Answer: FALSE

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Moderate

124) Commercial sources of information typically legitimize and evaluate products for buyers.

Answer: FALSE

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

125) Postpurchase behavior is the stage of the buyer decision process in which consumers take further action after purchase, based on their satisfaction or dissatisfaction.

Answer: TRUE

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

126) Explain the role of marketers in the information search step of the buyer decision process. Give an example of how the marketer might execute this role.

Answer: The role of marketers in the information search step of the buyer decision process is to make the required information about their product easily accessible to the consumer. Students' examples will vary.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Moderate

127) Why should marketers set up systems that encourage customers to complain about products?

Answer: Most customers never share their complaints with marketers; without this information, it is difficult for a company to identify how it can improve.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

128) Describe some important strategies for a marketer of a high-involvement product.

Answer: Marketers must understand the information-gathering and evaluation behavior of their high-involvement customers. This involves helping customers learn about the product attributes and their relative importance, as well as clearly differentiating the brand's features. Marketers might use long copy in print media to satisfy the customer's need for information. Marketers must also motivate salespeople to influence the customer's choice. To discourage customers' postpurchase dissonance, after-sale communications from the marketer should help customers feel good about their purchase decision.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Moderate



129) Listing them in the proper order, what are the stages in the buyer decision process?  
Describe each.

Answer: In the need recognition stage, consumers become aware of a new problem or need. Then, consumers seek information about products to meet that need in the information search stage. In the alternative evaluation stage, consumers use the gathered information to compare and contrast the choices. Consumers do not use the same evaluation process in all buying situations; sometimes they may make careful, logical calculations and other times they may rely on intuition and buy on impulse. Consumers then make the purchase decision, buying the product. The last component of the process is postpurchase behavior, which is determined by any difference between the consumer's expectations for the product and the perceived performance of the product.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 5.3: List and define the major types of buying decision behavior and the stages in the buyer decision process.

Difficulty: Easy

130) Consumers learn about new products for the first time and make the decision to buy those products during the \_\_\_\_\_.

- A) need recognition stage
- B) adoption process
- C) evaluation process
- D) trial process
- E) quality assessment stage

Answer: B

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Easy

131) Which of the following is the final stage in the new product adoption process?

- A) awareness
- B) adoption
- C) evaluation
- D) interest
- E) trial

Answer: B

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Easy

132) Which of the following is the adoption process stage at which the consumer considers whether trying the new product makes sense?

- A) awareness
- B) interest
- C) evaluation
- D) adoption
- E) trial

Answer: C

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Easy

133) Cameron loves to own and be up-to-date on the latest technological gadgets available in the market. Among his friends, he is always the first to own the latest electronic gadgets. He loves trying out new products before others. Cameron most likely belongs to the \_\_\_\_\_ adopter group.

- A) innovator
- B) surrogate consumer
- C) late mainstream
- D) early mainstream
- E) lagging

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Challenging

134) In the context of product characteristics that influence the rate of adoption, \_\_\_\_\_ refers to the degree to which the innovation fits the values and experiences of potential consumers.

- A) communicability
- B) relative advantage
- C) compatibility
- D) complexity
- E) divisibility

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Easy

135) Which of the following product characteristics refers to the degree to which the innovation appears superior to existing products?

- A) compatibility
- B) divisibility
- C) communicability
- D) relative advantage
- E) complexity

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Easy

136) Which of the following best describes divisibility of an innovation that influences the rate of adoption?

- A) It is the degree to which the innovation is difficult to understand.
- B) It is the degree to which the results of using the innovation can be observed or described to others.
- C) It is the degree to which the innovation appears superior to existing products.
- D) It is the degree to which the innovation may be tried on a limited basis.
- E) It is the degree to which the innovation fits the values and experiences of potential consumers.

Answer: D

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Easy

137) Relative advantage, compatibility, complexity, divisibility, and communicability are all characteristics of \_\_\_\_\_.

- A) alternative evaluations
- B) the degree of buyer involvement
- C) a product's rate of adoption
- D) unexpected situational factors
- E) postpurchase behaviors

Answer: C

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Moderate

138) Abel is considering whether or not to get an e-reader. He has read online reviews of three different kinds of readers and has talked with two friends who own e-readers. Abel is at the awareness stage of the new product adoption process.

Answer: FALSE

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Challenging

139) The adoption process for new products refers to the mental process through which an individual passes from first learning about an innovation to final adoption.

Answer: TRUE

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Easy

140) People differ greatly in their readiness to try new products. In each product area, there are "consumption pioneers," also referred to as lagging adopters.

Answer: FALSE

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Moderate

141) Early adopters are opinion leaders in their communities. They adopt new ideas early but carefully.

Answer: TRUE

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Easy

142) Early mainstream adopters accept new ideas after the average person.

Answer: FALSE

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Easy

143) Ed purchased electronic devices such as a smartphone, and tablet after many people he knew already owned the devices. Ed belongs to the adopter group called lagging adopters.

Answer: TRUE

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Moderate

144) Two of the characteristics that are especially important in influencing an innovation's rate of adoption are relative advantage and compatibility.

Answer: TRUE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Moderate

145) What strategy should a marketer use upon learning that consumers are not buying a product because they do not perceive a need for it?

Answer: Marketing might launch an advertising campaign that shows customers how the product can solve their existing problems and meet their existing needs.

AACSB: Analytical thinking

Skill: Application

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Moderate

146) What are the differences between innovators and early adopters?

Answer: Innovators are more willing to take on risk; early adopters are opinion leaders in their communities and adopt new ideas early but carefully.

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Easy

147) Identify and describe the stages in the adoption process.

Answer: In the awareness stage, consumers become aware of the new product but lack information about it. Then, consumers seek information about the new product in the interest stage. In the evaluation stage, consumers consider whether trying the new product makes sense. Consumers try the product on a limited basis in the trial stage. Finally, consumers decide to make full use of the product in the adoption stage.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Easy

148) Identify product characteristics that influence the rate of adoption. Explain how each characteristic affects the rate of adoption.

Answer: The five most important product characteristics that influence the rate of a product's adoption are relative advantage, compatibility, complexity, divisibility, and communicability.

Relative advantage is the degree to which an innovation appears superior to existing products; the greater the perceived relative advantage, the sooner the product will be adopted.

Compatibility is the degree to which the innovation fits the values and experiences of potential consumers; high compatibility leads to quick adoption. Complexity is the degree to which the innovation is difficult to understand or use; the greater the complexity, the slower the adoption rate. Divisibility is the degree to which the innovation may be tried on a limited basis; the higher the divisibility, the slower the rate of adoption. Finally, communicability is the degree to which the results of using the innovation can be observed or described to others; high communicability leads to a higher rate of adoption.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 5.4: Describe the adoption and diffusion process for new products.

Difficulty: Moderate

***Principles of Marketing, 17e (Kotler)***

**Chapter 6 Business Markets and Business Buyer Behavior**

1) The decision process by which business buyers determine which products and services their organizations need to purchase and then find, evaluate, and choose among alternative suppliers and brands is known as \_\_\_\_\_.

- A) situational analysis
- B) business buying process
- C) business diversification
- D) business process automation
- E) lateral expansion

Answer: B

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

2) Business buyer behavior refers to the \_\_\_\_\_.

- A) buying behavior of consumers who buy goods and services for personal consumption
- B) buying behavior of the organizations that buy goods and services for use in the production of other products and services that are sold, rented, or supplied to others
- C) buying behavior of consumers who rely on small retailers for the regular supply of provisions
- D) decision process by which business buyers determine which products and services their organizations need to purchase
- E) strong affinity of businesses for value-for-money deals

Answer: B

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

3) Which of the following is NOT part of the business market?

- A) Kruger Group sells interior security systems to resorts.
- B) A country club buys safety equipment for its swimming pool.
- C) Sue shops for her family's groceries at the local Whole Foods store.
- D) A firm buys laptops from Dell for company salespeople to use when traveling.
- E) Airmark sells a vinyl printing press to a manufacturer of plastic storage containers.

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Moderate

- 4) Business markets are similar to consumer markets in that \_\_\_\_\_.
- A) the nature of the buying unit is the same for both
  - B) the decision processes involved in both the markets are same
  - C) both involve people who assume buying roles and make purchase decisions to satisfy needs
  - D) both share the same market structure
  - E) the types of decisions are fairly consistent in both the markets

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

- 5) The business marketer normally deals with \_\_\_\_\_ than the consumer marketer does.
- A) far fewer but far larger buyers
  - B) far more but far smaller buyers
  - C) negligible customer complaints
  - D) far less fluctuations in demands
  - E) far more elastic demand

Answer: A

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Moderate

- 6) The Pure Drug Company produces insulin, a product with a very stable demand. Even though the price changed several times in the past two years, the demand for Pure Drug's insulin remained relatively unaffected. In this instance, the demand for insulin is representative of \_\_\_\_\_ demand.

- A) latent
- B) negative
- C) inelastic
- D) derived
- E) composite

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Moderate

- 7) In business markets with inelastic demand \_\_\_\_\_.
- A) the total demand for products is not much affected by short-term price changes
  - B) buyers are highly sensitive to price changes
  - C) derived demand is absent
  - D) a business purchase usually involves less decision participants
  - E) a business purchase usually does not involve a professional purchasing effort

Answer: A

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Moderate

- 8) A university enrolled 200 graduate students in the Fall of 2011. However, the enrollment rate was only slightly affected following a 12-percent hike in tuition the following fall. This illustrates \_\_\_\_\_ demand.

- A) derived
- B) negative
- C) highly elastic
- D) composite
- E) inelastic

Answer: E

AACSB: Application of knowledge

Skill: Application

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Moderate

- 9) Business demand that ultimately comes from the demand for consumer goods is known as \_\_\_\_\_ demand.

- A) derived
- B) negative
- C) primary
- D) consumer
- E) elastic

Answer: A

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy



10) Green Bees, a popular American heavy-metal band, will perform in Berlin during Christmas. There is a high demand for concert tickets among fans worldwide who are looking forward to the much-awaited performance. In this instance, the high demand for tickets for the Green Bees concert is representative of \_\_\_\_\_ demand.

- A) primary
- B) negative
- C) derived
- D) elastic
- E) business

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

11) Demand for outboard motors depends on consumers purchasing fishing boats. This is an example of \_\_\_\_\_ demand.

- A) primary
- B) composite
- C) derived
- D) elastic
- E) negative

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Moderate

12) Jeremy's, a handbag manufacturer in Lower Manhattan, procures a large stock of leather in anticipation of brisk sales of handbags during December. This is an example of a(n) \_\_\_\_\_ demand.

- A) composite
- B) derived
- C) primary
- D) latent
- E) inelastic

Answer: B

AACSB: Application of knowledge

Skill: Application

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

- 13) Which of the following is true about business purchases?
- A) Business purchases involve more professional purchasing effort than consumer purchases.
  - B) Business purchases involve fewer participants in decision-making compared to consumer purchases.
  - C) Purchasing agents are absent in business purchases.
  - D) Business purchases involve less technical and economic considerations compared to consumer purchases.
  - E) Business purchases are usually quicker and more informal than are consumer purchases.

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

14) \_\_\_\_\_ involves systematically developing networks of supplier-partners to ensure a dependable supply of products and materials for use in making products or reselling them to others.

- A) Supplier development
- B) Business buying
- C) Supplier quality assurance
- D) Relationship management
- E) Executive development

Answer: A

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

15) The owners of a manufacturing firm in Ohio have developed a core network of suppliers to ensure an uninterrupted supply of products. This is an example of \_\_\_\_\_.

- A) capability management
- B) a supply bottleneck
- C) asset management
- D) back sourcing
- E) supplier development

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

Refer to the scenario below to answer the following question(s).

Alpha Stampings Inc. produces 14 metal stampings for the automotive industry. Due to industry design changes and consumer demands, for the next financial year, six of those stampings will require a slight change: two will have an extra hole punched through the side, two will require an extra plating process, and two will require an additional weld operation.

In the meantime, purchasing agent Richard Koehl has been asked to reduce the number of Alpha's steel suppliers in an effort to cut costs. After obtaining updated price quotations and steel samples from his current suppliers, Richard faced a dilemma. Until now, he had selected his suppliers based on quality and price, but the major consideration had been the type of steel required and the specialized production processes of his respective suppliers. Not all of Alpha's suppliers could produce the exact grades of steel needed; some suppliers were better at producing certain types of steel than others.

Richard contacted several employees at Alpha who had worked with the various types of steel in the past. The quality control manager and line inspector, for example, could help to determine which suppliers had the capabilities of producing specific types of steel. The production control manager could provide input regarding which types of steel worked best in which presses. The warehouse foreman gave inputs regarding how long various types of steel could be held in inventory before rust spots began to form on their surfaces. Each person contributed the necessary information to help Richard in making his decision.

16) The demand for Alpha Stampings' products is ultimately based on the demand for new automobiles in the consumer market. This is an example of \_\_\_\_\_ demand.

- A) negative
- B) latent
- C) primary
- D) derived
- E) composite

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Moderate

17) In the business buying process, business buyers determine which products and services their organizations need to purchase.

Answer: TRUE

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

18) The main differences between business and consumer markets are in market structure and demand, the nature of the buying unit, and the types of decisions and the decision process involved.

Answer: TRUE

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

19) The business marketer normally deals with far fewer but far larger buyers than the consumer marketer does.

Answer: TRUE

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

20) The demand for many business goods tends to change more slowly than the demand for consumer goods.

Answer: FALSE

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

21) Derived demand refers to the business demand that ultimately comes from the demand for consumer goods.

Answer: TRUE

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

22) Business demand ultimately derives from the demand for consumer goods.

Answer: TRUE

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

23) In the business buying process, the buyer and seller are relatively less dependent on each other.

Answer: FALSE

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

24) Why is demand in the business market mostly inelastic?

Answer: The total demand for many business products is not much affected by price changes, especially in the short run. A drop in the price of leather will not cause shoe manufacturers to buy much more leather unless it results in lower shoe prices that, in turn, increase consumer demand for shoes.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Moderate

25) Explain the concept of derived demand.

Answer: Derived demand refers to business demand that ultimately comes from—or derives from—the demand for consumer goods.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Easy

26) Why is the business buying process more formalized than the consumer buying process?

Answer: Large business purchases usually call for detailed product specifications, written purchase orders, careful supplier searches, and formal approval.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Moderate

27) What is supplier development?

Answer: Supplier development refers to systematic development of networks of supplier-partners to ensure an appropriate and dependable supply of products and materials for use in making products or reselling them to others.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Moderate

28) Distinguish between business markets and consumer markets.

Answer: As compared to consumer markets, business markets usually have fewer but larger buyers. Business demand is derived demand, which tends to be more inelastic and fluctuating than consumer demand. The business buying decision usually involves more, and more professional, buyers. Business buyers usually face more complex buying decisions, and the buying process tends to be more formalized. Finally, business buyers and sellers are often more dependent on each other.

AACSB: Analytical thinking; Written and oral communications

Skill: Concept

Objective: LO 6.1: Define the business market and explain how business markets differ from consumer markets.

Difficulty: Moderate

29) Sigma Inc., a software firm based in California, reordered 50 printers from the designated provider without any modifications. This is an example of \_\_\_\_\_.

- A) derived demand
- B) inelastic demand
- C) a straight rebuy
- D) a new task
- E) a modified rebuy

Answer: C

AACSB: Application of knowledge; Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

30) A marketer wanting to determine business buyer behavior is most likely to ask which of the following questions?

- A) Are buyers sensitive toward price changes in consumer markets?
- B) What are the major influences on buyers?
- C) Are niche markets more profitable than mass markets?
- D) How do interpersonal factors affect organizational performance?
- E) Is the role of gatekeepers relevant in the international business environment?

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

31) In a \_\_\_\_\_ situation, the "in" suppliers may become nervous and feel pressured to put their best foot forward to protect an account and the "out" suppliers may see the present situation as an opportunity to make a better offer and gain new business.

- A) straight rebuy
- B) new task
- C) reverse auction
- D) modified rebuy
- E) solutions selling

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

32) In a(n) \_\_\_\_\_ situation, the buyer wants to revise product specifications, prices, terms, or suppliers.

- A) reverse auction
- B) straight rebuy
- C) new task
- D) modified rebuy
- E) absolute auction

Answer: D

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

33) In which of the following would the buyer reorder a product without any modifications?

- A) reverse auction
- B) solution selling
- C) new task
- D) straight rebuy
- E) modified rebuy

Answer: D

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

34) In a straight rebuy, \_\_\_\_\_.

- A) the "in" suppliers try to maintain product and service quality to keep the business
- B) the "in" suppliers feel pressured to protect an account
- C) the "out" suppliers view the situation as an opportunity to gain new business
- D) a company buys a product or a service for the first time
- E) buyers are keen on revising product specifications

Answer: A

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

35) Gina Parker owns an ad agency in Baton Rouge. She regularly purchases cleaning supplies for her custodial staff, using the same vendor and ordering relatively consistent amounts of the same products on each purchase. This is an example of \_\_\_\_\_.

- A) a modified rebuy situation
- B) a new task
- C) a straight rebuy situation
- D) reverse auction
- E) product differentiation

Answer: C

AACSB: Application of knowledge

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

36) Which of the following is most likely true about a straight rebuy?

- A) Suppliers are not required to focus on quality of products or services delivered.
- B) A straight rebuy is far more complex than a new-task situation.
- C) A straight rebuy is handled on a routine basis by the purchase department.
- D) A straight rebuy occurs only when a buyer wants to pinpoint and procure the best deal in the market.
- E) A straight rebuy involves more opportunities for "out" buyers than do other types of purchasing situations.

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

37) Worthington's Farm is an old poultry farm in Mount Prospect, Illinois. For years, it has used wooden coops to haul its poultry to the market. The owner of the farm needs to buy some replacement coops and is considering buying plastic coops that are slightly more expensive than wooden ones but much easier to clean after use. Consequently, the owner of Worthington's Farm ordered 100 customized coops from its regular supplier. This exemplifies \_\_\_\_\_.

- A) a modified rebuy
- B) a new task
- C) a straight rebuy
- D) derived demand
- E) composite demand

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy



38) Ralph works for a manufacturing company in Ohio. Recently, he called in a department manager to assist in the purchase of some heavy machinery. After consulting the department manager, Ralph is considering a change in product specifications and characteristics and expects suppliers to meet his requirements. Which of the following is evident here?

- A) modified rebuy
- B) new task
- C) straight rebuy
- D) product differentiation
- E) reverse auction

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

39) Sheffield Cargo serves both consumer and business markets, but most of its revenue comes from its business customers. Of late, the business customers of Sheffield Cargo have demanded a change in the packaging of heavy cargo along with a more sophisticated and user-friendly extranet framework. Sheffield Cargo is under pressure to offer better products and services or risk losing a huge portion of its customers. This is an example of \_\_\_\_\_.

- A) a new task
- B) a modified rebuy situation
- C) a straight rebuy situation
- D) trade exchange
- E) reverse auction

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

40) Peter Adams, an entrepreneur, decided to start a new technology venture. As he needed servers and computers for his company, he decided to order these from a local vendor who was offering attractive discounts. In this instance, Peter \_\_\_\_\_.

- A) faces a new task situation
- B) faces a modified rebuy situation
- C) is most likely to benefit the most from reverse auction
- D) faces the need for product differentiation
- E) plans to attract customers by offering products at below-market prices

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

41) \_\_\_\_\_ refers to a business buying situation in which the buyer purchases a product or service for the first time.

- A) Modified rebuy
- B) Straight rebuy
- C) New task
- D) Reverse auction
- E) Derived demand

Answer: C

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

42) \_\_\_\_\_ refers to buying a packaged solution to a problem from a single seller, thus avoiding all the separate decisions involved in a complex buying situation.

- A) Systems selling
- B) Performance review
- C) Problem recognition
- D) Proposal solicitation
- E) General need specification

Answer: A

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

43) Solutions selling \_\_\_\_\_.

- A) is often a key business marketing strategy for winning and holding accounts
- B) refers to a business buying situation in which the buyer purchases a product or service for the first time
- C) refers to a business buying situation in which the buyer wants to modify product specifications, prices, terms, or suppliers
- D) is equivalent to cold calling
- E) refers to a business buying situation in which the buyer routinely reorders something without any modifications

Answer: A

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

44) Rudolf Technologies Inc. decided to enter the automobile service market. Consequently, the company decided to procure the tools and machines needed from a reputable supplier. Rudolf Technologies is facing \_\_\_\_\_.

- A) a new task situation
- B) a modified rebuy situation
- C) negative competition
- D) the need to outsource its primary service offering
- E) the pressure to diversify its market

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

45) The United States Environmental Protection Agency (EPA) has mandated that, in order to reduce local pollution, all printing plants have to switch from oil-based inks to water-based inks. This will require entirely new printing presses and the procurement of a completely different printing plate technology. In this instance, the buying center of an organization using printing plants is most likely to face \_\_\_\_\_.

- A) a need for market segmentation
- B) a new task situation
- C) a straight rebuy situation
- D) a need for market diversification
- E) delayed differentiation

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

46) The decision-making unit of a purchasing organization is called its \_\_\_\_\_.

- A) value chain
- B) buying center
- C) customer support system
- D) quality center
- E) innovation center

Answer: B

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

47) The \_\_\_\_\_ refer(s) to all the individuals and units that play a role in the purchase decision-making process.

- A) users
- B) influencers
- C) buying center
- D) gatekeepers
- E) systems sellers

Answer: C

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

48) \_\_\_\_\_ refer to members of the buying organization who help define specifications and provide information for evaluating alternatives.

- A) Gatekeepers
- B) Influencers
- C) Users
- D) Deciders
- E) Buyers

Answer: B

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

49) In routine buying situations, which of the following members of the buying center has formal or informal power to select or approve the final suppliers?

- A) users
- B) influencers
- C) gatekeepers
- D) deciders
- E) buyers

Answer: D

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

50) A(n) \_\_\_\_\_ controls the flow of information to others in the buying center.

- A) user
- B) influencer
- C) buyer
- D) decider
- E) gatekeeper

Answer: E

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

51) \_\_\_\_\_ have formal authority to select the supplier and arrange the terms of purchase.

- A) Users
- B) Influencers
- C) Buyers
- D) Gatekeepers
- E) Deciders

Answer: C

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

52) \_\_\_\_\_ refer to people in an organization's buying center who affect the buying decision; they often help define specifications and provide information for evaluating alternatives.

- A) Users
- B) Influencers
- C) Buyers
- D) Gatekeepers
- E) Deciders

Answer: B

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

53) \_\_\_\_\_ may help shape product specifications, but their major role is to select vendors and to negotiate.

- A) Gatekeepers
- B) Deciders
- C) Buyers
- D) Influencers
- E) Users

Answer: C

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

54) Eric Mason, an employee of Huntington Steelworks, is responsible for defining product specifications and providing relevant information for evaluating alternatives in his organization's buying center. Eric, whose opinions affect the buying decisions of his organization to a great extent, is most likely a(n) \_\_\_\_\_.

- A) user
- B) influencer
- C) decider
- D) gatekeeper
- E) buyer

Answer: B

AACSB: Application of knowledge

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

55) Dora has formal authority to select the suppliers and arrange terms of purchase for many of the items her firm uses. Her role in the buying center is that of a(n) \_\_\_\_\_.

- A) user
- B) influencer
- C) buyer
- D) decider
- E) gatekeeper

Answer: C

AACSB: Application of knowledge

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

56) Paul, a purchasing agent for Kiel Inc., has the authority to prevent salespersons from seeing the decision makers in his organization. Which of the following best describes Paul's position?

- A) influencer
- B) decider
- C) gatekeeper
- D) buyer
- E) user

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

57) Who among the following does NOT participate in the purchase decision process of a buying organization?

- A) individuals who use the product or service
- B) individuals who influence the buying decision
- C) individuals who make the buying decision
- D) individuals who supply raw materials
- E) individuals who control the flow of information to others

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

58) Jason Perkins has the informal power to approve the final suppliers in his organization. In other words, Jason plays the role of a(n) \_\_\_\_\_ in his organization's buying center.

- A) gatekeeper
- B) decider
- C) buyer
- D) influencer
- E) user

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

59) A nurse in a hospital told the chief dentist, Dr. Albrecht, that the hospital should purchase equipment that would sterilize the dentists' tools without using any water because water tends to affect the durability of the tools over time. Dr. Albrecht located some articles on chemical sterilizers and gathered more information on how they worked. After talking to salespeople, Dr. Albrecht finally placed his order for the machine. In this instance, Dr. Albrecht played the role of a(n) \_\_\_\_\_.

- A) monitor
- B) decider
- C) agent
- D) influencer
- E) gatekeeper

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Challenging

60) Marissa Hopkins, a hospital nurse, notices that the gurneys used in the hospital are not durable enough. She informed the hospital authorities about Grace Care Inc., a new company selling lightweight and durable gurneys. In this instance, Marissa played the role of a(n)

- \_\_\_\_\_.
- A) strategist
  - B) buyer
  - C) gatekeeper
  - D) influencer
  - E) decider

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

61) In new product buying, the users are often the \_\_\_\_\_.

- A) monitors
- B) influencers
- C) gatekeepers
- D) deciders
- E) primary advertisers

Answer: B

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

62) Phoi Nguyen, a manufacturing mechanic, determines that the molds for manufacturing plastic jar lids are wearing out sooner than expected. Phoi contacts her manager to request that the parts be reordered. In this instance, Phoi played the role of a(n) \_\_\_\_\_.

- A) user
- B) buyer
- C) gatekeeper
- D) influencer
- E) decider

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate



63) In routine buying, buyers are often the \_\_\_\_\_, or at least the approvers.

- A) monitors
- B) influencers
- C) gatekeepers
- D) deciders
- E) primary advertisers

Answer: D

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

64) Which of the following is an environmental factor that influences business buyers?

- A) organizational procedures
- B) individual motives
- C) organizational objectives
- D) supply of key materials
- E) group dynamics

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

65) Business buyers are heavily influenced by factors in the current and expected economic environment, such as \_\_\_\_\_.

- A) level of primary demand
- B) organizational objectives
- C) group dynamics
- D) individual motives
- E) culture and customs

Answer: A

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

66) The major influences on the buying process at General Aeronautics Limited include supply conditions and technological changes, which would both be categorized as \_\_\_\_\_ factors.

- A) organizational
- B) individual
- C) systemic
- D) interpersonal
- E) environmental

Answer: E

AACSB: Application of knowledge

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

67) Which of the following is an organizational factor that influences business buyers?

- A) technology
- B) company procedures
- C) employee attitudes
- D) employee motives
- E) group dynamics

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

68) Which of the following factors influencing the business buying process do marketers typically find most difficult to assess?

- A) economic
- B) technological
- C) interpersonal
- D) organizational
- E) environmental

Answer: C

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

69) Factors such as a firm's objectives, procedures, and systems are examples of \_\_\_\_\_ influences on the business buyer behavior.

- A) political
- B) interpersonal
- C) technological
- D) organizational
- E) cultural

Answer: D

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

70) If a buying center is most influenced by authority in the business buying process, it can be safely concluded that \_\_\_\_\_ factors have a major influence on its buying behavior.

- A) technological
- B) systemic
- C) interpersonal
- D) strategic
- E) economic

Answer: C

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

71) After searching extensively for vendors, Shalina D'Souza, the owner of a manufacturing firm, selected Texcom Technologies Inc. as her firm's primary supplier of bearings and shafts of a specific dimension. Shalina is currently preparing an order form that specifies the number of shafts needed and the expected time of delivery. In other words, she is preparing the \_\_\_\_\_.

- A) order routine specification
- B) general needs description
- C) product specification
- D) marketing mix
- E) product mix

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

Refer to the scenario below to answer the following question(s).

Alpha Stampings Inc. produces 14 metal stampings for the automotive industry. Due to industry design changes and consumer demands, for the next financial year, six of those stampings will require a slight change: two will have an extra hole punched through the side, two will require an extra plating process, and two will require an additional weld operation.

In the meantime, purchasing agent Richard Koehl has been asked to reduce the number of Alpha's steel suppliers in an effort to cut costs. After obtaining updated price quotations and steel samples from his current suppliers, Richard faced a dilemma. Until now, he had selected his suppliers based on quality and price, but the major consideration had been the type of steel required and the specialized production processes of his respective suppliers. Not all of Alpha's suppliers could produce the exact grades of steel needed; some suppliers were better at producing certain types of steel than others.

Richard contacted several employees at Alpha who had worked with the various types of steel in the past. The quality control manager and line inspector, for example, could help to determine which suppliers had the capabilities of producing specific types of steel. The production control manager could provide input regarding which types of steel worked best in which presses. The warehouse foreman gave inputs regarding how long various types of steel could be held in inventory before rust spots began to form on their surfaces. Each person contributed the necessary information to help Richard in making his decision.

72) In this scenario, which of the following had the greatest influence on the business buying behavior at Alpha Stampings?

- A) individual preferences
- B) organizational structure
- C) interpersonal influences
- D) technological changes
- E) cultures and customs

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

73) The management's directive to reduce the number of steel suppliers refers to the influence of \_\_\_\_\_ factors affecting the business buying behavior of Alpha.

- A) political
- B) organizational
- C) interpersonal
- D) individual
- E) cultural

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

74) In a straight rebuy, the buyer wants to alter product specifications, prices, terms, or suppliers.

Answer: FALSE

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

75) A company buying a product or service for the first time faces a new task situation.

Answer: TRUE

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

76) The buying center is a fixed and formally identified unit within the buying organization.

Answer: FALSE

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

77) Within the organization, buying activity consists of two major parts: the buying center and the buying decision process.

Answer: TRUE

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

78) Influencers often help define specifications and also provide information for evaluating alternatives.

Answer: TRUE

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

79) Gatekeepers have formal or informal power to select or approve the final suppliers.

Answer: FALSE

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

80) Rachel Stein works for the LeBray Beverage Company. She helps define product specifications and also provides information for evaluating alternatives. Rachel plays the role of gatekeeper.

Answer: FALSE

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

81) What happens in a modified rebuy?

Answer: In a modified rebuy, the buyer wants to modify product specifications, prices, terms, or suppliers. The "in" suppliers may become nervous and feel pressured to put their best foot forward to protect an account. "Out" suppliers may see the modified rebuy situation as an opportunity to make a better offer and gain new business.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

82) How do influencers contribute to the purchase decision process?

Answer: Influencers often help define specifications and also provide information for evaluating alternatives. Technical personnel are particularly important influencers.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

83) What is the primary function of gatekeepers in an organization?

Answer: Gatekeepers control the flow of information to others. For example, purchasing agents often have authority to prevent salespersons from seeing users or deciders.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

84) What functions do buyers serve in a buying center?

Answer: Buyers have formal authority to select the supplier and arrange terms of purchase. Buyers may help shape product specifications, but their major role is in selecting vendors and negotiating. In more complex purchases, buyers might include high-level officers participating in the negotiations.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

85) How do interpersonal factors influence the business buying process?

Answer: The buying center usually includes many participants who influence each other, so interpersonal factors also influence the business buying process.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

86) Why is it difficult to assess interpersonal factors that influence the business buying process?

Answer: Interpersonal factors such as who is liked, who controls rewards and punishments, and who has special relationships with other important participants are often very subtle and not obvious to the external observer. Therefore, a business marketer is likely to find it difficult to assess interpersonal factors in the business buying process.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy

87) Describe the major types of buying situations.

Answer: There are three major types of buying situations.

In a straight rebuy, the buyer reorders something without any modifications. It is usually handled on a routine basis by the purchasing department. To keep the business, "in" suppliers try to maintain product and service quality. "Out" suppliers try to find new ways to add value or exploit dissatisfaction so that the buyer will consider them.

In a modified rebuy, the buyer wants to modify product specifications, prices, terms, or suppliers. The "in" suppliers may become nervous and feel pressured to put their best foot forward to protect an account. "Out" suppliers may see the modified rebuy situation as an opportunity to make a better offer and gain new business.

A company buying a product or service for the first time faces a new task situation. In such cases, the greater the cost or risk, the larger the number of decision participants and the greater the company's efforts to collect information. The new task situation is the marketer's greatest opportunity and challenge. The marketer not only tries to reach as many key buying influences as possible but also provides help and information. The buyer makes the fewest decisions in the straight rebuy and the most in the new task decision.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

88) Explain the advantages of systems selling.

Answer: Many business buyers prefer to buy a complete solution to a problem from a single seller rather than buying separate products and services from several suppliers and putting them together. The sale often goes to the firm that provides the most complete system for meeting the customer's needs and solving its problems. Such systems selling (or solutions selling) is often a key business marketing strategy for winning and holding accounts.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Easy



89) Define a buying center and the major roles played by members of an organization in the purchase decision process.

Answer: The decision-making unit of a buying organization is called its buying center. It consists of all the individuals and units that play a role in the business purchase decision-making process. This group includes the actual users of the product or service, those who make the buying decision, those who influence the buying decision, those who do the actual buying, and those who control buying information. The buying center includes all members of the organization who play any of five roles in the purchase decision process:

1. Users are members of the organization who will use the product or service. In many cases, users initiate the buying proposal and help define product specifications.
2. Influencers often help define specifications and also provide information for evaluating alternatives. Technical personnel are particularly important influencers.
3. Buyers have formal authority to select the supplier and arrange terms of purchase. Buyers may help shape product specifications, but their major role is in selecting vendors and negotiating. In more complex purchases, buyers might include high-level officers participating in the negotiations.
4. Deciders have formal or informal power to select or approve the final suppliers. In routine buying, the buyers are often the deciders, or at least the approvers.
5. Gatekeepers control the flow of information to others. For example, purchasing agents often have authority to prevent salespersons from seeing users or deciders. Other gatekeepers include technical personnel and even personal secretaries.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

90) "The buying center concept presents a major marketing challenge." What does a business marketer need to learn in order to deal with the challenge effectively?

Answer: The buying center is not a fixed and formally identified unit within the buying organization. It is a set of buying roles assumed by different people for different purchases. Within the organization, the size and makeup of the buying center will vary for different products and for different buying situations. The buying center concept presents a major marketing challenge. The business marketer must learn who participates in the decision, each participant's relative influence, and what evaluation criteria each decision participant uses.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

91) Discuss the major influences on business buyers.

Answer: Business buyers are heavily influenced by factors in the current and expected economic environment, such as the level of primary demand, the economic outlook, and the cost of money.

Another environmental factor is the supply of key materials. Many companies now are more willing to buy and hold larger inventories of scarce materials to ensure adequate supply.

Business buyers also are affected by technological, political, and competitive developments in the environment. Finally, culture and customs can strongly influence business buyer reactions to the marketer's behavior and strategies, especially in the international marketing environment.

Organizational factors are also important. Each buying organization has its own objectives, strategies, structure, systems, and procedures, and the business marketer must understand these factors well. The buying center usually includes many participants who influence each other, so interpersonal factors also influence the business buying process. However, it is often difficult to assess such interpersonal factors and group dynamics.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 6.2: Identify the major factors that influence business buyer behavior.

Difficulty: Moderate

92) Buyers who face a \_\_\_\_\_ usually go through all stages of the buying process.

A) straight rebuy

B) modified rebuy

C) new task buying situation

D) routine buying situation

E) need for limited problem solving

Answer: C

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

93) In the beginning of the buying process, Timothy Perry, a product development manager, noticed that the raw materials that were being procured from his company's regular supplier were of poor quality. Consequently, he decided to change the existing supplier as a remedial measure. The stage of the buying process in which Timothy identified the quality breach represents the \_\_\_\_\_ stage.

A) problem recognition

B) general needs description

C) product specification

D) supplier search

E) performance review

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

94) \_\_\_\_\_ occurs when someone in the company identifies a need that can be met by acquiring a specific product or service.

- A) Solutions selling
- B) Proposal solicitation
- C) Problem recognition
- D) Performance review
- E) Real-time marketing

Answer: C

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

95) Which of the following is an example of an internal stimulus that would most likely lead to problem recognition?

- A) A buyer gets a new idea from an advertisement.
- B) A buyer gets a new idea at a trade show.
- C) A buyer is unhappy with a current supplier's product quality.
- D) A buyer receives a call from a salesperson offering better service.
- E) A buyer learns about a new product at an industry convention.

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

96) The first step of the business buying process is \_\_\_\_\_.

- A) general needs description
- B) product specification
- C) order-routine specification
- D) problem recognition
- E) performance review

Answer: D

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

97) Ross Stuart is a purchasing manager in a Texas-based manufacturing company. He sources most of the raw materials needed by his company from Kramer Corp. However, Ross is unhappy with Kramer's prices. Additionally, he thinks that the quality of the raw materials supplied by Kramer is substandard. Which of the following stages in the business buying process is Ross' company currently in?

- A) general needs description
- B) problem recognition
- C) product specification
- D) order-routine specification
- E) performance review

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

98) Sam Doharty, a purchasing manager in Willard Groups of Companies, is currently working with engineers and consultants to define the items to be purchased. Additionally, Sam and his team are ranking the importance of reliability, durability, and price desired in the items. In other words, they are preparing a(n) \_\_\_\_\_.

- A) decision tree
- B) supplier list
- C) product proposal
- D) order-routine specification
- E) general need description

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

99) In the \_\_\_\_\_ stage of the buying process, the alert business marketer can help the buyers define their needs and provide information about the value of different product characteristics.

- A) problem recognition
- B) general needs description
- C) supplier search
- D) supplier selection
- E) order-routine specification

Answer: B

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

100) \_\_\_\_\_ refers to the stage of the business buying process in which the buying organization decides on and specifies the best technical product characteristics for a needed item.

- A) Performance review
- B) General needs description
- C) Product development
- D) Proposal solicitation
- E) Product specification

Answer: E

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

101) During which of the following stages of the business buying process is a buyer most likely to conduct a value analysis by carefully studying components to determine if they can be redesigned, standardized, or made less expensively?

- A) proposal solicitation
- B) general need description
- C) order-routine specification
- D) performance review
- E) product specification

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

102) A manager in a garment manufacturing company decided to replace the plastic shopping bags currently used in his company with bags made of recyclable material. Consequently, he asked the operations officer to gather relevant information and send a list of alternatives to him. In the business buying process, the manager is preparing a(n) \_\_\_\_\_.

- A) problem statement
- B) general needs description
- C) supplier list
- D) proposal solicitation
- E) order-routine specification

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

103) \_\_\_\_\_ is an approach to cost reduction in which components are studied carefully to determine if they can be redesigned, standardized, or made by less costly methods of production.

- A) Proposal solicitation
- B) General needs description
- C) Order-routine specification
- D) Cost-benefit analysis
- E) Product value analysis

Answer: E

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

104) By showing buyers a better way to make an object, outside sellers can \_\_\_\_\_ .

- A) turn straight rebuy situations into modified rebuy situations
- B) reduce delivery times and save money
- C) provide incentives for larger orders
- D) turn straight rebuy situations into new task situations
- E) discourage straight rebuys

Answer: D

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

105) Johann Herr's company has standardized the size of its paper bags so that each bag can be used in five to seven different store departments. In the business buying process, this approach to cost reduction most likely took place in the \_\_\_\_\_ stage.

- A) problem recognition
- B) general needs description
- C) product specification
- D) supplier search
- E) proposal solicitation

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

106) Sail Metalworks Inc. is currently looking for the best vendors of metal sheets. In other words, Sail Metalworks is \_\_\_\_\_.

- A) preparing a general needs description
- B) deciding on product specification
- C) conducting a supplier search
- D) preparing an order-routing specification
- E) reviewing suppliers' performance

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

107) Members of the buying center at Kid's World, a store for children's clothing, are drawing up a list of desired supplier attributes and their relative importance. Next, they intend to compare several suppliers' proposals to these attributes. In which step of the business buying process is the buying center at Kid's World involved in?

- A) general needs description
- B) proposal solicitation
- C) supplier selection
- D) order-routine specification
- E) performance review

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

108) Which of the following most likely occurs in the supplier selection stage of the business buying decision process?

- A) The buyer calls for detailed written proposals or formal presentations from each potential supplier.
- B) The buyer compiles a small list of qualified suppliers by reviewing trade directories, doing computer searches, or contacting other companies for recommendations.
- C) The buying team decides on the best product characteristics and specifies them accordingly.
- D) The buyer prepares a general need description and identifies the quantity of the needed item.
- E) The buying center draws up a list of the desired supplier attributes and their relative importance.

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

109) A \_\_\_\_\_ creates a long-term relationship in which the supplier promises to resupply the buyer as needed at agreed prices for a set time period.

- A) blanket contract
- B) request for proposal
- C) supplier proposal
- D) change order
- E) noncompete clause

Answer: A

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

110) In which stage of the business buying process does a buyer ask users to rate their satisfaction with the supplied materials?

- A) problem recognition
- B) performance review
- C) supplier search
- D) supplier selection
- E) order-routine specification

Answer: B

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

111) Luke Price, a manager in an automobile factory, wanted his subordinates to rate their satisfaction about the new pistons that arrived last month. He asked them to rate the product based on strength and ease of handling. Which of the following is evident here?

- A) order-routine specifications
- B) supplier selection
- C) performance review
- D) general needs description
- E) proposal solicitation

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy



112) Under \_\_\_\_\_, buyers share sales and inventory information directly with key suppliers who monitor and replenish the buyer's stock automatically as needed.

- A) supplier selection
- B) proposal solicitation
- C) general need specification
- D) vendor-managed inventory
- E) procurement

Answer: D

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

113) \_\_\_\_\_ refers to purchasing through electronic connections between buyers and sellers—usually online.

- A) E-procurement
- B) General need specification
- C) Strategic sourcing
- D) Proposal solicitation
- E) Value chain management

Answer: A

AACSB: Information technology

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

114) SkyWalk Aeronautics Limited received orders for 25 cargo air carriers from Zephyr Cargo Limited through its Web site in 2013. This is an example of \_\_\_\_\_.

- A) order-routine specification
- B) supplier selection
- C) e-procurement
- D) proposal solicitation
- E) customer relations management

Answer: C

AACSB: Information technology

Skill: Application

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

115) Pace Hardware uses Learningnow.com to improve sales force effectiveness and facilitate sharing of expertise. It allows Pace retailers to connect with each other for seeking managerial and marketing advice. It also allows Pace retailers to ask their suppliers about product usage, deliveries, and warranties, and send new-product information directly to the retailers. In this instance, Pace Hardware is facilitating communication through \_\_\_\_\_.

- A) extranet links
- B) podcasts
- C) search engines
- D) trading exchanges
- E) reverse auctions

Answer: A

AACSB: Information technology

Skill: Application

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

116) Which of the following is true with regard to e-procurement?

- A) E-procurement has significantly declined in recent years.
- B) Typically, business marketers do not favor e-procurement as it offers them little benefit.
- C) E-procurement has been widely practiced since the 1950s.
- D) E-procurement adds to existing inefficiencies in the supply chain.
- E) E-procurement hastens order processing and delivery.

Answer: E

AACSB: Information technology

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

117) In \_\_\_\_\_, companies put their purchasing requests online and invite suppliers to bid for the business.

- A) product specification
- B) supplier search
- C) reverse auctions
- D) procurement
- E) problem recognition

Answer: C

AACSB: Information technology

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

118) Which of the following is LEAST likely a characteristic of business-to-business e-procurement?

- A) greater access to new suppliers
- B) lower purchasing costs
- C) quick order processing and delivery
- D) an increase in the derived demand
- E) less paperwork

Answer: D

AACSB: Information technology

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

119) Which of the following can help a company create direct procurement accounts with suppliers, through which company buyers can purchase equipment, materials, and supplies directly?

- A) back sourcing
- B) extranet
- C) company blog
- D) reverse auction
- E) trade exchange

Answer: B

AACSB: Information technology

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

120) Which of the following is true about business-to-business e-procurement?

- A) E-procurement increases transaction costs for suppliers.
- B) Because of an overwhelming demand, e-procurements usually have a huge time gap between order and response.
- C) Many buyers now use the power of the Internet to pit suppliers against one another and search out better deals, products, and turnaround times on a purchase-by-purchase basis.
- D) E-procurement enhances customer-supplier relationships.
- E) Due to extensive paperwork, the relatively important strategic issues, such as finding better supply sources and working with suppliers to reduce costs and develop new products, are sidelined.

Answer: C

AACSB: Information technology

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

Refer to the scenario below to answer the following question(s).

Alpha Stampings Inc. produces 14 metal stampings for the automotive industry. Due to industry design changes and consumer demands, for the next financial year, six of those stampings will require a slight change: two will have an extra hole punched through the side, two will require an extra plating process, and two will require an additional weld operation.

In the meantime, purchasing agent Richard Koehl has been asked to reduce the number of Alpha's steel suppliers in an effort to cut costs. After obtaining updated price quotations and steel samples from his current suppliers, Richard faced a dilemma. Until now, he had selected his suppliers based on quality and price, but the major consideration had been the type of steel required and the specialized production processes of his respective suppliers. Not all of Alpha's suppliers could produce the exact grades of steel needed; some suppliers were better at producing certain types of steel than others.

Richard contacted several employees at Alpha who had worked with the various types of steel in the past. The quality control manager and line inspector, for example, could help to determine which suppliers had the capabilities of producing specific types of steel. The production control manager could provide input regarding which types of steel worked best in which presses. The warehouse foreman gave inputs regarding how long various types of steel could be held in inventory before rust spots began to form on their surfaces. Each person contributed the necessary information to help Richard in making his decision.

121) In this instance, Richard plays the role of a(n) \_\_\_\_\_.

- A) decider
- B) gatekeeper
- C) influencer
- D) proposal solicitor
- E) product designer

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

122) Product value analysis is an approach to enhancing productivity.

Answer: FALSE

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

123) In the general needs description of the buying process, the buyer describes the characteristics and quantity of the needed item.

Answer: TRUE

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

124) In the proposal solicitation stage of the business buying process, the buyer invites qualified suppliers to submit proposals.

Answer: TRUE

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

125) The newer the buying task, and the more complex and costly the item, the lesser the amount of time the buyer will spend searching for suppliers.

Answer: FALSE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

126) In the supplier selection stage, the buyer reviews supplier performance.

Answer: FALSE

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

127) During proposal solicitation, the buying center often will draw up a list of desired supplier attributes and their relative importance.

Answer: FALSE

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

128) The order-routine specification includes the final order with the chosen supplier or suppliers and lists items such as technical specifications, quantity needed, expected delivery time, return policies, and warranties.

Answer: TRUE

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

129) The benefits of e-procurement include access to new suppliers, lower purchasing costs, and more time-efficient order processing and delivery.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

130) E-procurement has caused the time between order and delivery to increase significantly.

Answer: FALSE

AACSB: Information technology

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

131) How does the buying process typically begin?

Answer: The buying process begins when someone in the company recognizes a problem or need that can be met by acquiring a specific product or service.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

132) What is product value analysis?

Answer: Product value analysis is an approach to cost reduction in which components are studied carefully to determine if they can be redesigned, standardized, or made by less costly methods of production.

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

133) What does the proposal solicitation stage of the business buying process involve?

Answer: In the proposal solicitation stage of the business buying process, the buyer invites qualified suppliers to submit proposals. In response, some suppliers will refer the buyer to their Web sites or promotional materials or send a salesperson to call on the prospect.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

134) Describe the advantage of selecting multiple sources of supplies.

Answer: Many buyers prefer multiple sources of supplies to avoid being totally dependent on one supplier and to allow comparisons of prices and performance of several suppliers over time.

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Easy

135) Briefly describe the eight steps in the business buying process.

Answer: The eight steps in the business buying process are: problem recognition, general needs description, product specification, supplier search, proposal solicitation, supplier selection, order-routine specification, and performance review.

1. Problem recognition: The buying process begins when someone in the company recognizes a problem or need that can be met by acquiring a specific product or service. Problem recognition can result from internal or external stimuli.
2. General needs description: Having recognized a need, the buyer next prepares a general need description that describes the characteristics and quantity of the needed item. For standard items, this process presents few problems. For complex items, however, the buyer may need to work with others—engineers, users, and consultants—to define the item.
3. Product specifications: The buying organization next develops the item's technical product specifications, often with the help of a value analysis engineering team. Product value analysis is an approach to cost reduction in which components are studied carefully to determine if they can be redesigned, standardized, or made by less costly methods of production.
4. Supplier search: The buyer now conducts a supplier search to find the best vendors. The buyer can compile a small list of qualified suppliers by reviewing trade directories, doing computer searches, or contacting other companies for recommendations.
5. Proposal solicitation: In the proposal solicitation stage of the business buying process, the buyer invites qualified suppliers to submit proposals. In response, some suppliers will refer the buyer to their Web sites or promotional materials or send a salesperson to call on the prospect. However, when the item is complex or expensive, the buyer will usually require detailed written proposals or formal presentations from each potential supplier.
6. Supplier selection: During supplier selection, the buying center often will draw up a list of the desired supplier attributes and their relative importance. Such attributes include product and service quality, reputation, on-time delivery, ethical corporate behavior, honest communication, and competitive prices.
7. Order-routine specification: The buyer now prepares an order-routine specification. It includes the final order with the chosen supplier or suppliers and lists items such as technical specifications, quantity needed, expected delivery time, return policies, and warranties.
8. Performance review: In this stage, the buyer reviews supplier performance. The buyer may contact users and ask them to rate their satisfaction. The performance review may lead the buyer to continue, modify, or drop the arrangement. The seller's job is to monitor the same factors used by the buyer to make sure that the seller is giving the expected satisfaction.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Challenging

136) What is e-procurement? Briefly describe its major advantages.

Answer: E-procurement refers to purchasing through electronic connections between buyers and sellers—usually online.

E-procurement gives buyers access to new suppliers, lowers purchasing costs, and hastens order processing and delivery. In turn, business marketers can connect with customers online to share marketing information, sell products and services, provide customer support services, and maintain ongoing customer relationships. E-procurement frees purchasing people from a lot of drudgery and paperwork. In turn, it frees them to focus on more strategic issues, such as finding better supply sources and working with suppliers to reduce costs and develop new products.

AACSB: Information technology

Skill: Concept

Objective: LO 6.3: List and define the steps in the business buying decision process.

Difficulty: Moderate

137) The \_\_\_\_\_ market consists of schools, hospitals, nursing homes, prisons, and the like that provide goods and services to people in their care.

- A) government
- B) consumer
- C) wholesale
- D) for-profit
- E) institutional

Answer: E

Skill: Concept

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Moderate

138) Sage Hospitals, a nonprofit organization, provides healthcare to the people in the Midwest. Management at Sage is involved in the \_\_\_\_\_ market.

- A) government
- B) consumer
- C) wholesale
- D) institutional
- E) resell

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Easy



139) All of the following organizations are likely part of the institutional market EXCEPT

- \_\_\_\_\_.
- A) LaGrange Community Hospital
  - B) Worthamshire Prison
  - C) Lancaster Real Estate Company
  - D) Water Street Nursing Home
  - E) Millersville Community College

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Easy

140) In several major cities in the U.S, the \_\_\_\_\_ operates business service centers with staffs to provide a complete education on the way government agencies buy, the steps that suppliers should follow, and the procurement opportunities available.

- A) Defense Logistics Agency
- B) Federal Business Agency
- C) Small Business Administration
- D) General Services Administration
- E) U.S. Commerce Department

Answer: D

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Easy

141) All of the following are difficulties associated with selling to government buyers EXCEPT

- \_\_\_\_\_.
- A) excessive paperwork
  - B) bureaucracy
  - C) strict regulations
  - D) high advertising costs
  - E) decision-making delays

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Moderate

142) Which of the following plays the most important role in government buying?

- A) price
- B) product differentiation
- C) advertising
- D) personal selling
- E) customer relationship management

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Moderate

143) Total government spending is determined by \_\_\_\_\_.

- A) legal treatises
- B) marketing efforts
- C) elected officials
- D) court rulings
- E) technology needs

Answer: C

Skill: Concept

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Moderate

144) The \_\_\_\_\_ Web site provides a single point of entry through which commercial vendors and government buyers can post, search, monitor, and retrieve opportunities solicited by the entire federal contracting community.

- A) U.S. Small Business Administration
- B) Center for Regulatory Effectiveness
- C) Federal Business Opportunities
- D) Federal Civil Defense Authority
- E) U.S. Commerce Department

Answer: C

AACSB: Information technology

Skill: Concept

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Easy

145) The government market consists of schools, hospitals, nursing homes, prisons, and other institutions that provide goods and services to people in their care.

Answer: FALSE

Skill: Concept

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Easy

146) Government organizations typically require suppliers to submit bids, and normally they award the contract to the lowest bidder.

Answer: TRUE

Skill: Concept

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Easy

147) What are the noneconomic criteria that influence government buying?

Answer: Government buyers are asked to favor depressed business firms and areas; small business firms; minority-owned firms; and business firms that avoid race, gender, and age discrimination.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Easy

148) What are the major characteristics of institutional markets?

Answer: The institutional market is made up of schools, hospitals, prisons, and other institutions that provide goods and services to people in their care. These markets can be huge. Many institutional markets are characterized by low budgets and captive patrons. For many institutions, the buying objective will not strictly be profit maximization or cost minimization; instead, the institution is likely to search for vendors that meet or exceed a certain minimum standard besides offering low prices.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Moderate

149) What are the major characteristics of government markets?

Answer: The government market offers large opportunities for many companies, both big and small. In most countries, government organizations are major buyers of goods and services. Government organizations typically require suppliers to submit bids, and normally they award the contract to the lowest bidder. In some cases, a governmental unit will make allowances for the supplier's superior quality or reputation for completing contracts on time. Governments will also buy on a negotiated contract basis, primarily in the case of complex projects involving major research and development ((R&D) costs and risks, and in cases where there is little competition. Government organizations tend to favor domestic suppliers over foreign suppliers.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 6.4: Compare the institutional and government markets and explain how institutional and government buyers make their buying decisions.

Difficulty: Moderate

***Principles of Marketing, 17e (Kotler)***

**Chapter 7 Customer-Driven Marketing Strategy: Creating Value for Target Customers**

1) \_\_\_\_\_ consists of evaluating each market segment's attractiveness and selecting one or more segments to enter.

- A) Positioning
- B) Mass customization
- C) Market targeting
- D) Market segmentation
- E) Differentiation

Answer: C

Skill: Concept

Objective: LO 7.1: Define the major steps in designing a customer-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.

Difficulty: Easy

2) \_\_\_\_\_ involves dividing a market into smaller segments of buyers with distinct needs, characteristics, or behaviors that might require separate marketing strategies or mixes.

- A) Mass customization
- B) Market targeting
- C) Market segmentation
- D) Differentiation
- E) Positioning

Answer: C

Skill: Concept

Objective: LO 7.1: Define the major steps in designing a customer-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.

Difficulty: Easy

3) \_\_\_\_\_ involves actually distinguishing the firm's market offering to create superior customer value.

- A) Mass customization
- B) Differentiation
- C) Market segmentation
- D) Diversifying
- E) Targeting

Answer: B

Skill: Concept

Objective: LO 7.1: Define the major steps in designing a customer-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.

Difficulty: Easy

4) When marketers at Fair & Leigh Inc. selected the Millennials, a demographic group that includes many college students, as an untapped group of potential customers for their new line of products, they were engaging in \_\_\_\_\_.

- A) occasion segmenting
- B) local marketing
- C) market diversification
- D) market targeting
- E) product positioning

Answer: D

AACSB: Analytical thinking; Diverse and multicultural work environments

Skill: Application

Objective: LO 7.1: Define the major steps in designing a customer-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.

Difficulty: Moderate

5) \_\_\_\_\_ consists of arranging for a market offering to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers.

- A) Mass customization
- B) Positioning
- C) Segmentation
- D) Differentiation
- E) Targeting

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.1: Define the major steps in designing a customer-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.

Difficulty: Easy

6) Mass marketing involves identifying market segments, selecting one or more of them, and developing products and marketing programs tailored to each.

Answer: FALSE

Skill: Concept

Objective: LO 7.1: Define the major steps in designing a customer-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.

Difficulty: Easy

7) The customer-driven marketing strategy involves four steps: market segmentation, market targeting, positioning, and differentiation.

Answer: TRUE

Skill: Concept

Objective: LO 7.1: Define the major steps in designing a customer-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.

Difficulty: Easy

8) What is differentiation?

Answer: Differentiation refers to differentiating the market offering to create superior customer value.

Skill: Concept

Objective: LO 7.1: Define the major steps in designing a customer-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.

Difficulty: Easy

9) Explain the four major steps in designing a customer-driven marketing strategy.

Answer: 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 segments.

The second step is market targeting: evaluating each market segment's attractiveness and selecting one or more of the market segments to enter.

The third step is differentiation: actually differentiating the firm's market offering to create a superior customer value.

Finally, the last step is market positioning: arranging for a market offering to occupy a clear, distinctive, and desirable place relative to competing products in the minds of consumers.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 7.1: Define the major steps in designing a customer-driven marketing strategy: market segmentation, targeting, differentiation, and positioning.

Difficulty: Moderate

10) \_\_\_\_\_ calls for dividing the market into regions, states, counties, cities, or even neighborhoods.

A) Benefit segmentation

B) Geographic segmentation

C) Demographic segmentation

D) Psychographic segmentation

E) Occasion segmentation

Answer: B

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

11) "Many companies today are localizing their products, advertising, promotion, and sales efforts to fit the needs of individual regions, cities, and neighborhoods." This is an example of \_\_\_\_\_.

- A) geographic segmentation
- B) product diversification
- C) branding
- D) psychographic segmentation
- E) demographic segmentation

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

12) \_\_\_\_\_ segmentation divides the market into segments based on variables such as age, life-cycle stage, gender, income, occupation, education, religion, ethnicity, and generation.

- A) Geographic
- B) Benefit
- C) Occasion
- D) Psychographic
- E) Demographic

Answer: E

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

13) Delta Motorworks markets its cars based on the age, gender, and income of its customers. Which of the following types of market segmentation is evident here?

- A) geographic segmentation
- B) benefit segmentation
- C) occasion segmentation
- D) demographic segmentation
- E) psychographic segmentation

Answer: D

AACSB: Application of knowledge

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

14) A company selling child-care products ran a television ad depicting women as being primarily responsible for childcare. Many women viewers considered this regressive, alleging that the ad failed to recognize the much more diversified role of women in today's world. This is an example of \_\_\_\_\_.

- A) cause marketing
- B) stereotyping
- C) niche marketing
- D) scapegoating
- E) positioning

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

15) \_\_\_\_\_ segmentation has long been used in clothing, cosmetics, toiletries, and magazines.

- A) Behavioral
- B) Gender
- C) Benefit
- D) Occasion
- E) Geographic

Answer: B

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

16) Gilron Holidays runs a premium membership club that caters to customers whose annual salary exceeds \$100,000. Members of this club are offered seasonal discounts on select luxury hotels in select cities worldwide. Gilron Holidays most likely follows a(n) \_\_\_\_\_ segmentation approach.

- A) gender
- B) income
- C) occasion
- D) benefit
- E) geographic

Answer: B

AACSB: Application of knowledge

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate



17) \_\_\_\_\_ segmentation divides buyers into different segments based on social class, lifestyle, or personality characteristics.

- A) Benefit
- B) Occasion
- C) Geographic
- D) Demographic
- E) Psychographic

Answer: E

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

18) Marketers who use \_\_\_\_\_ often segment their markets by consumer lifestyles and base their marketing strategies on lifestyle appeals.

- A) demographic segmentation
- B) geographic segmentation
- C) benefit segmentation
- D) psychographic segmentation
- E) occasion segmentation

Answer: D

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

19) \_\_\_\_\_ segmentation divides buyers into segments based on their knowledge, attitudes, uses, or responses concerning a product.

- A) Behavioral
- B) Psychographic
- C) Age and life cycle
- D) Gender
- E) Geographic

Answer: A

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

20) \_\_\_\_\_ segmentation refers to dividing the market into segments according to occasions when buyers get the idea to buy, actually make their purchase, or use the purchased item.

- A) Gender
- B) Psychographic
- C) Occasion
- D) Geographic
- E) Income

Answer: C

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

21) Malcolm Sanders, a graduate student from Boston, makes customized snowboards for local snowboarding enthusiasts. The demand for snowboards peaks during the winter months, a busy time for Malcolm. He advertises more aggressively and sells most of his snowboards around this time. Which market segmentation approach does Malcolm most likely use?

- A) gender segmentation
- B) psychographic segmentation
- C) occasion segmentation
- D) geographic segmentation
- E) age and life-cycle segmentation

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

22) \_\_\_\_\_ requires finding the major advantages people look for in a product class, the kinds of people who look for each positive aspect of a product, and the major brands that deliver it.

- A) Gender segmentation
- B) Psychographic segmentation
- C) Benefit segmentation
- D) Geographic segmentation
- E) Age and life-cycle segmentation

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

23) Calypso Motors recently rolled out its Proteus hatchback. Proteus combines the attractiveness of a luxury car with the excellent agility of a sports car. Calypso Motors is confident that Proteus will appeal to both sports car enthusiasts as well as the luxury segment. Which of the following types of market segmentation is evident here?

- A) gender segmentation
- B) income segmentation
- C) benefit segmentation
- D) geographic segmentation
- E) age and life-cycle segmentation

Answer: C

AACSB: Application of knowledge

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

24) Which of the following refers to a behavioral segmentation variable that involves segmenting markets into nonusers, ex-users, potential users, first-time users, and regular users of a product?

- A) user status
- B) usage rates
- C) gender status
- D) income status
- E) loyalty status

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

25) In the context of behavioral segmentation, who among the following is a potential user?

- A) Anita, who recently had a baby
- B) Peter, who recently changed his job
- C) Mary, who enrolled as a graduate student in a university last year
- D) Gina, who opened a dental clinic in Orange County
- E) Raj, who is planning a trip to Hawaii with friends

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

26) In the context of behavioral segmentation, markets segmented by \_\_\_\_\_ can be categorized into light, medium, and heavy product users.

- A) benefits sought
- B) loyalty status
- C) usage rate
- D) user status
- E) occasion

Answer: C

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

27) A recent study conducted by Estelle Cosmetics Company showed that heavy users of Estelle's products comprise a small percentage of the market. The study indicated that less than 7 percent of all shoppers buy nearly 71 percent of Estelle's products in the United States. This is an example of \_\_\_\_\_.

- A) benefit segmentation
- B) segmentation by loyalty status
- C) segmentation by usage rate
- D) psychographic segmentation
- E) occasion segmentation

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

28) Consumers who show their allegiance to brands, stores, or companies help marketers to segment consumers by their \_\_\_\_\_.

- A) user status
- B) degree of loyalty
- C) income
- D) geographic location
- E) benefit-seeking attitudes

Answer: B

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

29) Which of the following is true about behavioral segmentation on the basis of the loyalty variable?

A) Consumers tend to pay more for products that are targeted at their respective age group or generation.

B) By looking at customers who are shifting away from its brand, a company can learn about its marketing weaknesses and take actions to correct them.

C) Highly loyal customers of a brand are less likely to engage in word-of-mouth publicity than those who are not.

D) Completely loyal customers of a brand are typically loyal to two or three brands of a given product.

E) Only consumers who seek premium or luxury services are subjected to behavioral segmentation based on the loyalty variable.

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

30) Which of the following is true about multivariable segmentation systems?

A) Marketers using multiple segmentation bases tend to ignore smaller markets.

B) Marketers often use multiple segmentation bases to control inflation.

C) Multiple segmentation rarely involves the use of demographic data.

D) Multiple segmentation is ineffective in large markets.

E) Multiple segmentation bases help identify smaller, better-defined target groups.

Answer: E

AACSB: Application of knowledge

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

31) Which of the following is NOT a common variable used by both consumer and business marketers while segmenting markets?

A) operating characteristics

B) loyalty status

C) usage rate

D) geographic location

E) benefits sought

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

32) \_\_\_\_\_ segmentation assumes that nations close to one another will have many common traits and behaviors.

- A) Geographic
- B) Occasion
- C) Psychographic
- D) Benefit
- E) Demographic

Answer: A

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

33) Double Drill Inc. segments its foreign markets by per capita income. This firm segments the international markets based on \_\_\_\_\_.

- A) political factors
- B) legal factors
- C) geographic location
- D) economic factors
- E) cultural factors

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

34) Pacific Fisheries divides its customers into different regional units, such as Asia, Australia, and the Americas. This is an example of \_\_\_\_\_ segmentation.

- A) demographic
- B) psychographic
- C) geographic
- D) occasion
- E) benefit

Answer: C

AACSB: Analytical thinking; Diverse and multicultural work environments

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

35) Marketers often segment international markets according to the type and stability of government. In such instances, they segment markets based on \_\_\_\_\_.

- A) geographic location
- B) economic factors
- C) cultural factors
- D) political factors
- E) socio-cultural factors

Answer: D

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

36) Which of the following refers to a cultural factor in the context of segmenting international markets?

- A) receptivity of foreign firms
- B) economic development of the country
- C) population income levels
- D) stability of the government
- E) values and attitudes

Answer: E

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

37) Using \_\_\_\_\_ segmentation, marketers form segments of consumers who have similar needs and buying behaviors even though they are located in different countries.

- A) psychographic
- B) demographic
- C) occasion
- D) benefit
- E) intermarket

Answer: E

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

38) Orion Inc. markets luxury watches. It targets the wealthy global elite segment, regardless of their geographic location. Orion most likely uses \_\_\_\_\_ segmentation.

- A) income
- B) age-group
- C) occasion
- D) benefit
- E) cross-market

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

39) Teen Mania Inc., a company marketing adventure sports merchandise for teenagers, targets the world's teenagers, who have similar needs and buying behavior even though they are located in different countries. Which of the following market segmentation is evident here?

- A) income segmentation
- B) psychographic segmentation
- C) gender segmentation
- D) intermarket segmentation
- E) occasion segmentation

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

40) An American cola-manufacturing company that primarily targets rebellious and adventurous people most likely uses \_\_\_\_\_ segmentation.

- A) occasion
- B) geographic
- C) income
- D) benefit
- E) psychographic

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate



41) Venus Inc., a company designing and marketing branded diamond jewelry, targets wealthy consumers with similar needs and buying behaviors, even though the consumers are located in different countries. This is an example of \_\_\_\_\_ segmentation.

- A) intermarket
- B) loyalty
- C) life-cycle
- D) income
- E) psychographic

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

42) Papillon, a popular retailer of chic women's clothing, segments its market according to consumer lifestyles. Papillon most likely uses \_\_\_\_\_ segmentation for segmenting its market.

- A) geographic
- B) psychographic
- C) benefit
- D) age and life-cycle
- E) occasion

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

43) When the size, purchasing power, and profile of a market segment can be calculated, the market is \_\_\_\_\_.

- A) measurable
- B) profitable
- C) substantial
- D) actionable
- E) competitive

Answer: A

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

44) A market segment that is large enough or profitable enough to serve is \_\_\_\_\_.

- A) measurable
- B) accessible
- C) substantial
- D) profitable
- E) differentiable

Answer: C

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

45) When an effective program can be designed for attracting and serving a particular segment, the segment is best described as \_\_\_\_\_.

- A) accessible
- B) measurable
- C) competitive
- D) actionable
- E) differentiable

Answer: D

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

46) Bailey's Burgers promotes the Bailey's Jumbo Burger as a fun snack for teens and young adults. In this instance, Bailey's Burgers is practicing \_\_\_\_\_ segmentation.

- A) benefit
- B) age and life-cycle
- C) psychographic
- D) geographic
- E) gender

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

47) \_\_\_\_\_ segments are conceptually distinguishable and respond differently to different marketing mix elements and programs.

- A) Complex
- B) Measurable
- C) Competitive
- D) Differentiable
- E) Homogeneous

Answer: D

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

48) Market segments that can be effectively reached and served are \_\_\_\_\_.

- A) measurable
- B) accessible
- C) substantial
- D) actionable
- E) profitable

Answer: B

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

49) Different soft drinks target different personalities. This is an example of \_\_\_\_\_ segmentation.

- A) psychographic
- B) demographic
- C) occasion
- D) life-cycle
- E) benefits

Answer: A

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

Refer to the scenario below to answer the following question(s).

Ruben Delgado was making wooden pens and pencils, which had unique engravings, as a hobby until Simon Yoder recognized Ruben's talent. Simon immediately ordered 250 pens and pencils of various styles to be displayed in his shop's showcase. Within three months, the wooden pencils were a hit with all students! Ruben Delgado had never thought of marketing his talent, but Simon's enthusiasm and the recent sales were enough to change his mind.

With limited resources, Ruben contacted three additional specialty shops within 100 miles that were situated near schools. He explained his manufacturing processes and engraving options to each. All three shop owners placed a trial order. Within two months, just prior to the holiday season, each shop owner placed an additional order. Ruben was ecstatic! "I figured business would slow down after that," Ruben stated, "but in February I was contacted by Elmore Distributors. At that point, I had to make a huge decision about how far I wanted to go with this business."

Elmore Distributors provides products for school fundraisers in a seven-state area. Ruben was offered a two-year contract and immediate inclusion in Elmore's promotional flyer. Ruben Delgado accepted the offer and, along with it, the responsibility to produce thousands of wooden pens and pencils. "I had to get a grip on the magnitude of this project," Ruben added. He decided to place his major focus on the large contract with Elmore. However, to avoid placing his total emphasis with one customer, Ruben continued nurturing his four previously established accounts without targeting any additional customers.

"At this point, I had set up an assembly line in a rented building," Ruben explained. "I had to hire three full-time employees to work the line while I managed the customer orders and purchased materials." Ruben paused. "But I can't take the Elmore project for granted. It might not always be there. I'll have to have a good alternate plan if that day comes."

50) In the scenario, Ruben has segmented his market based on \_\_\_\_\_.

- A) geography
- B) benefits sought
- C) occasion
- D) degree of loyalty
- E) demographics

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

51) Geographic segmentation divides the market into segments based on variables such as age, life-cycle stage, gender, income, occupation, education, religion, ethnicity, and generation.

Answer: FALSE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

52) Gender segmentation has long been used in clothing, cosmetics, toiletries, and magazines.

Answer: TRUE

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

53) Psychographic segmentation divides buyers into different segments based on social class, lifestyle, or personality characteristics.

Answer: TRUE

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

54) Demographic segmentation divides buyers into segments based on their knowledge, attitudes, uses, or responses concerning a product.

Answer: FALSE

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

55) Benefit segmentation requires finding the major benefits people look for in a product class, the kinds of people who look for each benefit, and the major brands that deliver each benefit.

Answer: TRUE

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

56) When segmenting by user status, markets are segmented into light, medium, and heavy product users.

Answer: FALSE

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

57) When segmenting by usage rate, markets can be segmented into nonusers, ex-users, potential users, first-time users, and regular users of a product.

Answer: FALSE

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

58) Marketers usually limit their segmentation analysis to only one major variable.

Answer: FALSE

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

59) Inter-market segmentation refers to forming segments of consumers who have different needs and buying behaviors in a given geographical region.

Answer: FALSE

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

60) Briefly describe geographic segmentation.

Answer: Geographic segmentation calls for dividing the market into different geographical units, such as nations, regions, states, counties, cities, or even neighborhoods. A company may decide to operate in one or a few geographical areas or operate in all areas but pay attention to geographical differences in needs and wants.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

61) Why are demographic factors the most popular bases for segmenting customer groups?

Answer: One reason is that consumer needs, wants, and usage rates often vary closely with demographic variables. Another is that demographic variables are easier to measure than most other types of variables. Even when marketers first define segments using other bases, such as benefits sought or behavior, they must know a segment's demographic characteristics to assess the size of the target market and reach it efficiently.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

62) Why must marketers guard against stereotypes when using age and life-cycle segmentation?  
Answer: This is primarily because age is often a poor predictor of a person's life cycle, health, work or family status, needs, and buying power.

AACSB: Application of knowledge; Analytical thinking

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

63) Define psychographic segmentation.

Answer: Psychographic segmentation divides buyers into different segments based on social class, lifestyle, or personality characteristics. People in the same demographic group can have very different psychographic characteristics.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

64) Briefly describe occasion segmentation.

Answer: Occasion segmentation refers to dividing the market into segments according to occasions when buyers get the idea to buy, actually make their purchase, or use the purchased item.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

65) How does loyalty status enhance a company's understanding of its consumers?

Answer: A company can learn a lot by analyzing loyalty patterns in its market. It should start by studying its own loyal customers. In contrast, by studying its less-loyal buyers, a company can detect which brands are most competitive with its own. By looking at customers who are shifting away from its brand, the company can learn about its marketing weaknesses and take actions to correct them.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

66) List three variables that are used in segmenting business markets.

Answer: Business marketers use many variables to segment their markets, such as customer operating characteristics, purchasing approaches, situational factors, and personal characteristics.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Easy

67) Explain the different segmentation variables used in segmenting consumer markets.

Answer:

1. Geographic segmentation calls for dividing the market into different geographical units, such as nations, regions, states, counties, cities, or even neighborhoods. A company may decide to operate in one or a few geographical areas or operate in all areas but pay attention to geographical differences in needs and wants.

2. Demographic segmentation divides the market into segments based on variables such as age, life-cycle stage, gender, income, occupation, education, religion, ethnicity, and generation.

Demographic factors are the most popular bases for segmenting customer groups.

3. Psychographic segmentation divides buyers into different segments based on social class, lifestyle, or personality characteristics. People in the same demographic group can have very different psychographic characteristics.

4. Behavioral segmentation divides buyers into segments based on their knowledge, attitudes, uses, or responses concerning a product. Many marketers believe that behavior variables are the best starting point for building market segments.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

68) Describe how marketers use multiple segmentation bases to their advantage.

Answer: Marketers rarely limit their segmenting analysis to only one or a few variables. Instead, they use multiple segmentation bases in an effort to identify smaller, better-defined target groups of consumers who share likes, dislikes, lifestyles, and purchase behaviors. Companies often begin by segmenting their markets using a single base, and then expand using other bases.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate



69) Why do companies opt for market segmentation?

Answer: Buyers in any market differ in their wants, resources, locations, buying attitudes, and buying practices. Through market segmentation, companies divide large, heterogeneous markets into smaller segments that can be reached more efficiently and effectively with products and services that match their unique needs.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

70) Why do international markets need to be segmented?

Answer: Different countries, even those that are close together, can vary greatly in their economic, cultural, and political makeup. Thus, just as they do within their domestic markets, international firms need to group their world markets into segments with distinct buying needs and behaviors.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

71) What are the primary requirements for effective market segmentation?

Answer: To be useful, market segments must be:

1. Measurable: The size, purchasing power, and profiles of the segments can be measured.
2. Accessible: The market segments can be effectively reached and served.
3. Substantial: The market segments are large or profitable enough to serve. A segment should be the largest possible homogeneous group worth pursuing with a tailored marketing program.
4. Differentiable: The segments are conceptually distinguishable and respond differently to different marketing mix elements and programs. If men and women respond similarly to marketing efforts for soft drinks, they do not constitute separate segments.
5. Actionable: Effective programs can be designed for attracting and serving the segments.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 7.2: List and discuss the major bases for segmenting consumer and business markets.

Difficulty: Moderate

72) Which of the following is LEAST relevant when a firm evaluates different market segments?

- A) segment size and growth
- B) company resources
- C) segment structural attractiveness
- D) core competencies of competitors
- E) company objectives

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

73) A segment is less attractive if it \_\_\_\_\_.

- A) is difficult for new entrants to enter
- B) is substantial
- C) is actionable
- D) already contains many strong and aggressive competitors
- E) contains weak suppliers

Answer: D

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

74) A \_\_\_\_\_ consists of a set of buyers who share common needs or characteristics that the company decides to serve.

- A) marketing channel
- B) citizen-action group
- C) distribution channel
- D) target market
- E) customer franchise

Answer: D

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

75) \_\_\_\_\_ refers to a market-coverage strategy in which a firm decides to ignore market segment differences and go after the whole market with one offer.

- A) Individual marketing
- B) Local marketing
- C) Niche marketing
- D) Undifferentiated marketing
- E) Segmented marketing

Answer: D

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

76) Sanguine Services is a small company that uses a marketing strategy in which its limited resources are employed to target a large share of two small market segments. Sanguine most likely uses which of the following marketing strategies?

- A) individual marketing
- B) one-to-one marketing
- C) mass marketing
- D) concentrated marketing
- E) trigger-based marketing

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

77) A market-coverage strategy in which a firm decides to target several market segments and designs separate offers for each is known as \_\_\_\_\_.

- A) mass marketing
- B) differentiated marketing
- C) concentrated marketing
- D) individual marketing
- E) cross-marketing

Answer: B

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

78) Which of the following is a disadvantage of using a differentiated marketing strategy?

- A) generates far lower sales compared to an undifferentiated marketing strategy
- B) customer loyalty is negatively impacted and difficult to obtain
- C) the costs of doing business increase
- D) quality control problems increase
- E) product safety decreases

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

79) With a(n) \_\_\_\_\_ marketing strategy, a firm goes after a large share of one or a few smaller niches.

- A) individual
- B) mass
- C) concentrated
- D) differentiated
- E) local

Answer: C

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

80) Which of the following is true about the concentrated marketing strategy?

- A) Companies that rely on a few segments for all of their business will suffer if a segment turns sour.
- B) Concentrated marketing is not profitable for most firms.
- C) Niche marketing involves few risks for most firms.
- D) Concentrated marketing involves going after a small share of a large market.
- E) The Internet has limited the use and benefits of niche marketing.

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

81) \_\_\_\_\_ is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations.

- A) Mass marketing
- B) Trigger-based marketing
- C) Differentiated marketing
- D) Concentrated marketing
- E) Micromarketing

Answer: E

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

82) \_\_\_\_\_ marketing tailors brands and promotions to the needs and wants of regional customer groups, such as cities, neighborhoods, and even specific stores.

- A) Undifferentiated
- B) Differentiated
- C) Niche
- D) Local
- E) Individual

Answer: D

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

83) Which of the following is a drawback of local marketing?

- A) Local marketing increases manufacturing costs by reducing the economies of scale.
- B) Local marketing requires specialization that is difficult to identify.
- C) Local marketing is not profitable for most small firms.
- D) Local marketing cannot accommodate the needs of modern buyers who are technology savvy.
- E) Local marketing almost always results in brand dilution.

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

84) Andrew Levitt runs a retail store in Norristown. Andrew's store stocks cold weather products as Norristown mostly has sub-zero temperatures. Which of the following is evident here?

- A) local marketing
- B) concentrated marketing
- C) segmented marketing
- D) mass marketing
- E) direct marketing

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

85) A public relations firm tailors its advertising and promotional services according to the needs and preferences of specific customers. This exemplifies \_\_\_\_\_.

- A) trigger-based marketing
- B) mass marketing
- C) segmented marketing
- D) individual marketing
- E) concentrated marketing

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

86) When a company customizes its merchandise store by store to meet shopper needs, it is practicing \_\_\_\_\_ marketing.

- A) niche
- B) mass
- C) local
- D) segmented
- E) trigger-based

Answer: C

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

87) \_\_\_\_\_ is the process by which firms interact one-to-one with masses of customers to design products and services tailor-made to individual needs.

- A) Product diversification
- B) Micromarketing
- C) Mass customization
- D) Differentiated marketing
- E) Local marketing

Answer: C

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

88) When order requests come in, the designers of Titus Furniture often go to a client's location to note their requirements, budget, and expected date of delivery. In this way, Titus Furniture is successful in tailor-making products for its customers. This is an example of \_\_\_\_\_.

- A) market diversification
- B) undifferentiated marketing
- C) mass customization
- D) differentiated marketing
- E) trigger-based marketing

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

89) Which of the following marketing strategies is most suitable for smaller firms with limited resources?

- A) mass marketing
- B) undifferentiated marketing
- C) niche marketing
- D) differentiated marketing
- E) one-to-one marketing

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

90) Rex Steelworks makes steel sheets which the firm markets and sells to companies all over the world. Which of the following marketing strategies is most suitable for Rex Steelworks?

- A) one-to-one marketing
- B) undifferentiated marketing
- C) individual marketing
- D) local marketing
- E) trigger-based marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

91) GamaPix makes point-and-shoot cameras and handycams for amateur photographers and hobbyists. It also has a separate line of cameras dedicated to professional photographers.

Additionally, it designs separate offers for each segment. Which of the following marketing strategies does GamaPix most likely use in this instance?

- A) mass marketing
- B) differentiated marketing
- C) individual marketing
- D) local marketing
- E) direct marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

92) Jean Malone, a market researcher, recently found that most people in Bradburg County purchase automobiles with predominantly functional designs and prefer darker colors. Which of the following marketing strategies should Jean most likely recommend to an automobile dealer interested in opening a dealership in Bradburg County?

- A) one-to-one marketing
- B) undifferentiated marketing
- C) segmented marketing
- D) individual marketing
- E) direct marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate



93) Shine Enterprises mass produces an all-purpose floor cleaner that is aimed at the whole market. This firm uses a(n) \_\_\_\_\_ marketing strategy.

- A) segmented
- B) undifferentiated
- C) individual
- D) niche
- E) one-to-one

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

94) \_\_\_\_\_ marketing is more suited for uniform products, such as grapefruit or steel.

- A) Niche
- B) Undifferentiated
- C) One-to-one
- D) Trigger-based
- E) Local

Answer: B

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

95) \_\_\_\_\_ marketing is more suited for products that vary in design.

- A) Mass
- B) Local
- C) Direct
- D) Differentiated
- E) Individual

Answer: D

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

96) A catalog retailer in the United States has identified African American professionals between the ages of 35 and 45 as a group of potential customers for its products. The retailer plans to direct its marketing efforts toward this group of consumers. Which of the following market segmentation variables did the catalog retailer most likely use?

- A) demographic
- B) psychographic
- C) user status
- D) loyalty status
- E) usage rate

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

Refer to the scenario below to answer the following question(s).

Ruben Delgado was making wooden pens and pencils, which had unique engravings, as a hobby until Simon Yoder recognized Ruben's talent. Simon immediately ordered 250 pens and pencils of various styles to be displayed in his shop's showcase. Within three months, the wooden pencils were a hit with all students! Ruben Delgado had never thought of marketing his talent, but Simon's enthusiasm and the recent sales were enough to change his mind.

With limited resources, Ruben contacted three additional specialty shops within 100 miles that were situated near schools. He explained his manufacturing processes and engraving options to each. All three shop owners placed a trial order. Within two months, just prior to the holiday season, each shop owner placed an additional order. Ruben was ecstatic! "I figured business would slow down after that," Ruben stated, "but in February I was contacted by Elmore Distributors. At that point, I had to make a huge decision about how far I wanted to go with this business."

Elmore Distributors provides products for school fundraisers in a seven-state area. Ruben was offered a two-year contract and immediate inclusion in Elmore's promotional flyer. Ruben Delgado accepted the offer and, along with it, the responsibility to produce thousands of wooden pens and pencils. "I had to get a grip on the magnitude of this project," Ruben added. He decided to place his major focus on the large contract with Elmore. However, to avoid placing his total emphasis with one customer, Ruben continued nurturing his four previously established accounts without targeting any additional customers.

"At this point, I had set up an assembly line in a rented building," Ruben explained. "I had to hire three full-time employees to work the line while I managed the customer orders and purchased materials." Ruben paused. "But I can't take the Elmore project for granted. It might not always be there. I'll have to have a good alternate plan if that day comes."

97) In marketing his wooden pens and pencils to specialty-shop customers, Ruben was most likely using \_\_\_\_\_ marketing.

- A) mass
- B) trigger-based
- C) concentrated
- D) segmented
- E) individual

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

98) If Ruben interacted one-to-one with his customers to design his products and services according to individual needs, he would be practicing \_\_\_\_\_.

- A) concentrated marketing
- B) trigger-based marketing
- C) undifferentiated marketing
- D) mass customization
- E) segmented marketing

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

99) In evaluating different market segments, a firm should look at three factors: segment size and growth, segment structural attractiveness, and company objectives and resources.

Answer: TRUE

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

100) The relative power of buyers affects segment attractiveness.

Answer: TRUE

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

101) A target market consists of a set of buyers who share common needs or characteristics that the company decides to serve.

Answer: TRUE

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

102) Using an undifferentiated marketing strategy, a firm decides to target several market segments and designs separate offers for each.

Answer: FALSE

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

103) Using a segmented marketing strategy, a firm might decide to ignore market segment differences and target the whole market with one offer.

Answer: FALSE

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

104) When using a niche marketing strategy, a firm goes after a large share of one or a few smaller segments.

Answer: TRUE

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

105) Niche marketing involves tailoring brands and promotions to the needs and wants of local customer groups—cities, neighborhoods, and even specific stores.

Answer: FALSE

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

106) Individual marketing is also known as one-to-one marketing, mass customization, and markets-of-one marketing.

Answer: TRUE

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

107) Product differentiation refers to the way a product is defined by consumers on important attributes—the place the product occupies in consumers' minds relative to competing products.

Answer: FALSE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

108) What are the major structural factors affecting long-run segment attractiveness?

Answer: The number and strength of competitors, substitute products, the relative power of buyers, and the presence of powerful suppliers impact segment attractiveness.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

109) What does a company focus on when using an undifferentiated marketing strategy?

Answer: A company using an undifferentiated marketing strategy focuses on what is common in the needs of consumers rather than on what is different. It designs a product and a marketing program that will appeal to the largest number of buyers.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

110) What does a company focus on when using a concentrated marketing strategy?

Answer: When using a concentrated marketing (or niche marketing) strategy, instead of going after a small share of a large market, a company goes after a large share of one or a few smaller segments or niches.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

111) Briefly explain mass customization.

Answer: Mass customization is the process by which firms interact one-to-one with masses of customers to design products and services tailor-made to individual needs.

AACSB: Written and oral communication

Skill: Application

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

112) List some important factors that companies need to consider when choosing a market-targeting strategy.

Answer: The availability of resources, the degree of product variability, market variability, and competitors' marketing strategies are some important factors that companies need to consider when choosing a market-targeting strategy.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Easy

113) How do companies identify attractive market segments? How do they choose a target marketing strategy?

Answer: To target the best market segments, the company first evaluates each segment's size and growth characteristics, structural attractiveness, and compatibility with company objectives and resources. It then chooses one of four marketing strategies: undifferentiated, differentiated, concentrated, and micromarketing. The seller can ignore segment differences and target broadly using undifferentiated marketing. This involves mass-producing, mass-distributing, and mass-promoting nearly the same product in about the same way to all consumers. Or the seller can adopt differentiated marketing by developing different market offers for several segments. Concentrated marketing involves focusing on only one or a few market segments. Finally, micromarketing is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations.

The targeting strategy depends on the company resources, product variability, product life-cycle stage, market variability, and competitive marketing strategies.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

114) Distinguish between undifferentiated and differentiated marketing strategies.

Answer: Undifferentiated (mass) marketing refers to a market-coverage strategy in which a firm decides to ignore market segment differences and go after the whole market with one offer. On the other hand, differentiated (segmented) marketing refers to a market-coverage strategy in which a firm decides to target several market segments and designs separate offers for each.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

115) Briefly explain local and individual marketing.

Answer: Local marketing involves tailoring brands and promotions to the needs and wants of local customer groups—cities, neighborhoods, and even specific stores. Advances in communications technology have given rise to new high-tech versions of location-based marketing. Increasingly, location-based marketing is going mobile, reaching on-the-go consumers as they come and go in key local market areas.

In the extreme, micromarketing becomes individual marketing—tailoring products and marketing programs to the needs and preferences of individual customers. Individual marketing has also been labeled one-to-one marketing, mass customization, and markets-of-one marketing. More detailed databases, robotic production and flexible manufacturing, and interactive media such as mobile phones and the Internet have combined to foster mass customization.

AACSB: Application of knowledge; Written and oral communication

Skill: Concept

Objective: LO 7.3: Explain how companies identify attractive market segments and choose a market-targeting strategy.

Difficulty: Moderate

116) \_\_\_\_\_ refers to how a company will create differentiated value for targeted segments and what positions it wants to occupy in those segments.

- A) Targeted marketing
- B) Market segmentation
- C) Product positioning
- D) Value proposition
- E) Niche marketing

Answer: D

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

117) A \_\_\_\_\_ refers to the way a product is defined by consumers on important attributes—the place the product occupies in consumers' minds relative to competing products.

- A) core competency
- B) value stream
- C) value proposition
- D) product position
- E) product specification

Answer: D

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy



118) \_\_\_\_\_ shows consumer perceptions of a company's brands versus competing products on important buying dimensions.

- A) Differentiation
- B) Positioning
- C) Market targeting
- D) Perceptual positioning maps
- E) Market segmentation

Answer: D

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

119) To the extent that a company can differentiate and position itself as providing superior customer value, it gains \_\_\_\_\_.

- A) competitive advantage
- B) complementary assets
- C) service life
- D) core competencies
- E) contingent liability

Answer: A

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

120) Through \_\_\_\_\_ differentiation, brands can be differentiated on features, performance, or style and design.

- A) services
- B) channel
- C) people
- D) product
- E) price

Answer: D

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

121) Even when competing offers look the same, buyers may perceive a difference based on \_\_\_\_\_ differentiation.

- A) image
- B) people
- C) price
- D) channel
- E) services

Answer: A

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

122) Harvey's Bookstore is a popular online bookstore that has differentiated itself through smooth-functioning delivery networks. This is an example of \_\_\_\_\_ differentiation.

- A) product
- B) image
- C) price
- D) channel
- E) people

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

123) The full mix of benefits on which a brand is differentiated and positioned is known as the brand's \_\_\_\_\_.

- A) value proposition
- B) service life
- C) value stream
- D) supply chain
- E) demand chain

Answer: A

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

124) \_\_\_\_\_ positioning involves providing the most upscale product or service and charging a higher price to cover the higher costs.

- A) More for the same
- B) More for less
- C) Same for less
- D) Less for much less
- E) More for more

Answer: E

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

125) Stores such as Walmart, Best Buy, PetSmart, David's Bridal, and DSW Shoes use \_\_\_\_\_ positioning.

- A) more for the same
- B) more for less
- C) same for less
- D) less for much less
- E) more for more

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

126) \_\_\_\_\_ positioning involves meeting consumers' lower performance or quality requirements at a much lower price.

- A) More for less
- B) Less for much less
- C) Same for less
- D) More for more
- E) More for the same

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

127) Pierre's Mart, a grocery store in New Orleans, Louisiana, offers less merchandise selection and fairly low levels of service. Despite the lackluster service and limited selection of merchandise, customers still flock to Pierre's because it charges rock-bottom prices. Pierre's Mart most likely uses the \_\_\_\_\_ positioning.

- A) more for the same
- B) more for less
- C) same for less
- D) less for much less
- E) more for more

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

128) When it first opened stores across the United States, Bateman's, an office supply chain store, had the best product selection, the best service, and the lowest prices compared to other office supply chain stores. As a result, Bateman's captured a significant chunk of the market in the short run. Which of the following positioning strategies did Bateman's most likely use?

- A) more for the same
- B) more for less
- C) same for less
- D) less for much less
- E) more for more

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

129) The winning value proposition would be to offer \_\_\_\_\_.

- A) more for the same
- B) more for less
- C) more for more
- D) same for less
- E) same for more

Answer: B

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

130) Which of the following states the product's membership in a category and then shows its point of difference from other members of the category?

- A) a mission statement
- B) a vision statement
- C) a general need description
- D) a positioning statement
- E) an order-routine specification

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

131) "To busy multitaskers who need help remembering things, Evernote is a digital content management application that makes it easy to capture and remember moments and ideas from your everyday life using your computer, phone, tablet, and the Web." This is an example of a(n)

- A) positioning statement
- B) statement of purpose
- C) order-routine specification
- D) vision statement
- E) product specification

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

132) Chronos Inc. designs and markets different brands of cycling watches. Each brand has a single unique feature: the Chronos Cosmos has a heart rate monitor, the Chronos Acumen is designed for older cyclists who prefer a large display, and the Chronos Aegis has a GPS function. Which of the following is evident here?

- A) channel differentiation
- B) service differentiation
- C) product differentiation
- D) people differentiation
- E) image differentiation

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Challenging

133) Apex describes its clothing line as, "Elegance and attitude, now as one. For the daily office-goer, who takes pride in what he or she wears everyday, Apex makes sure you get noticed." This exemplifies a \_\_\_\_\_.

- A) statement of purpose
- B) vision statement
- C) positioning statement
- D) general need description
- E) product specification

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

134) The Jay Group hires better employees than its competition by conducting effective searches and multi-tiered interviews. The company also provides high quality training to its employees, an aspect often neglected by competitors. The Jay Group is most likely to gain a strong competitive advantage through which type of differentiation?

- A) image differentiation
- B) people differentiation
- C) services differentiation
- D) product differentiation
- E) channel differentiation

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

135) Symbols such as the McDonald's golden arches, the colorful Google logo, the Nike swoosh, or Apple's "bite mark" logo provide strong company or brand recognition and are indicative of \_\_\_\_\_ differentiation.

- A) people
- B) image
- C) channel
- D) services
- E) product

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

136) Kinger Auto specializes in selling low-quality used vehicles that are priced a good deal lower than other used cars. Which of the following value propositions is evident here?

- A) more for the same
- B) more for less
- C) same for less
- D) less for much less
- E) more for more

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

137) Ferrari sports cars claim superior quality, performance, and style. Ferrari provides "perfection" at a premium price to keep its brand image intact. Which type of value proposition does Ferrari most likely position its products with?

- A) more for the same
- B) more for more
- C) less for much less
- D) the same for less
- E) more for less

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

138) Which of the following is true with regard to the same for less value proposition?

- A) Discount stores and "category killers" rarely use the same for less value proposition.
- B) The same for less value proposition is mostly offered by marketers who sell higher quality upscale products or services.
- C) The same for less value proposition cannot generate profits.
- D) Offering the same for less can be a powerful value proposition because everyone likes a good deal.
- E) The same for less positioning involves meeting consumers' lower performance or quality requirements at a much lower price.

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

139) While Jenkins Stationeries was selling branded stationery at premium prices, Pembroke Stationeries, a store across the street, was selling the same branded stationery at discount prices. Which of the following value propositions best describes Pembroke's product positioning?

- A) more for less
- B) more for the same
- C) same for less
- D) less for much less
- E) more for more

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

140) A product position is the way a product is defined by consumers on important attributes.

Answer: TRUE

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

141) To the extent that a company can differentiate and position itself as providing superior customer value, it gains competitive advantage.

Answer: TRUE

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

142) Firms that practice product differentiation gain competitive advantage through the way they design their channel's coverage, expertise, and performance.

Answer: FALSE

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

143) Less-for-much-less positioning involves meeting consumers' lower performance or quality requirements at a much lower price.

Answer: TRUE

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy



144) Kia Motors offers a new car model with the same features as other cars in the same segment. However, Kia's model is priced higher than its two main competitors. Kia is following a more-for-less positioning strategy.

Answer: FALSE

AACSB: Analytical thinking

Skill: Application

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate

145) Briefly describe competitive advantage.

Answer: Competitive advantage refers to an advantage over competitors gained by offering greater customer value, either by having lower prices or providing more benefits that justify higher prices.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

146) How do firms practicing channel differentiation gain competitive advantage?

Answer: Firms that practice channel differentiation gain competitive advantage through the way they design their channel's coverage, expertise, and performance.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Easy

147) What is product position? What functions do perceptual positioning maps serve?

Answer: A product position is the way a product is defined by consumers on important attributes—the place the product occupies in consumers' minds relative to competing products. Products are made in factories, but brands happen in the minds of consumers. Consumers position products with or without the help of marketers. But marketers do not want to leave their products' positions to chance. They must plan positions that will give their products the greatest advantage in selected target markets, and they must design marketing mixes to create these planned positions.

In planning their differentiation and positioning strategies, marketers often prepare perceptual positioning maps that show consumer perceptions of their brands versus competing products on important buying dimensions.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 7.4: Discuss how companies differentiate and position their products for maximum competitive advantage.

Difficulty: Moderate