

Marketing Management, 3e (Marshall)

Chapter 1 Marketing in Today's Business Milieu

- 1) A commonly held misconception about marketing is that it is all about advertising and selling.
- 2) Marketing is relevant only to people in the organization who work directly in the marketing department.
- 3) The American Marketing Association defines marketing as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."
- 4) Peter Drucker stated that since it is the customer who defines value, the business enterprise has only two business functions: marketing and innovation.
- 5) Sustainability refers to business practices that meet humanity's needs without harming future generations.
- 6) Firms that are stuck in a production orientation mentality likely will have great difficulty competing successfully for customers.
- 7) When Henry Ford said, "People can have the Model T in any color—so long that it's black," he was reflecting a sales orientation.
- 8) Don Peppers and Martha Rogers popularized the term one-to-one marketing. Some firms come close to one-to-one marketing by combining flexible manufacturing with flexible marketing to enhance customer choices.
- 9) Fred Wiersema's book *The New Market Leaders* states that marketers will continue to have more power than customers in both B2B and B2C markets.
- 10) In the current business environment, firms have learned to be open about products and services with consumers who have endless sources of information, including blogs, chat rooms, and independent websites.
- 11) Customer orientation, a component of market orientation, places the customer at the core of all aspects of the enterprise.
- 12) Direct-to-consumer marketing by pharmaceutical companies and the vast amount of health information available to patients on websites has consumers ready to self-diagnose and self-prescribe.
- 13) GenY consumers tend to value relationships with marketers like State Farm Insurance in exactly the same way as the prior generations.
- 14) In contrast to Marketing (Big M), marketing (little m) serves the firm and its stakeholders at a functional or operational level.

15) Marketing (Big M) refers to the strategic, long-term, firm-level commitment to investing in marketing.

16) For successful Marketing (Big M), firms need to align all internal organizational processes and systems around the customer.

17) Strategic marketing refers to the idea that firms should direct energy and resources into establishing a learning relationship with each customer and connect the learned knowledge with the firm's production and service capabilities.

18) Practicing marketers tend to pitch marketing internally as an investment, not an expense, in the future success of the organization.

19) If aspects of marketing can't be measured, they can still be managed.

20) Of all the business fields, _____ is generally the most visible to people outside the organization.

- A) financial management
- B) accounting
- C) marketing
- D) information technology
- E) operations management

21) Marketing often doesn't get the "respect" it deserves as a professional field of study, primarily because

- A) compared to other business functions, it has had few useful metrics to measure its performance impact.
- B) people generally don't understand what marketing is or what it does.
- C) marketing is all about the emotion and less about facts.
- D) marketing positions tend to pay less than other business functions.
- E) it fails to impact the bottom line of the company and isn't factored into executive decisions.

22) Which of the following statements is TRUE of marketing?

- A) Unlike most other key areas of business, marketing as a field is not visible by nature.
- B) Marketing departments "own" an organization's marketing initiative.
- C) Most aspects of marketing take place behind the curtain of an organization, out of the public's sight.
- D) Marketing is all about advertising and selling.
- E) Marketing is no more inherently unethical than other business areas.

23) Which of the following areas of business is highly public and readily visible outside the confines of the internal business operation?

- A) marketing
- B) finance
- C) manufacturing
- D) operations management
- E) human resource management

24) A misconception about marketing is that it is _____.

- A) relevant to everyone
- B) no more inherently unethical than other business areas
- C) all about selling
- D) highly visible by nature
- E) highly public

25) Which of the following is NOT a facet of marketing?

- A) research
- B) advertising
- C) brand development
- D) public relations
- E) recruiting

26) Peter Drucker, the father of modern management, stated that the only purpose of an organization is to _____.

- A) create products
- B) make products affordable and accessible to the majority of the public
- C) improve the quality of life for all people
- D) create a customer
- E) respect the environment

27) Peter Drucker, the father of modern management, believed that marketing _____.

- A) should be a separate function within the business
- B) is the business as seen from an internal point of view
- C) is the whole business as seen from the customer's point of view
- D) is not the central dimension of the entire business
- E) should be considered just as a "department" in an organization

28) _____ is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

- A) Accounting
- B) Marketing
- C) Manufacturing
- D) Finance
- E) Economics

29) Purpose marketing, or pro-social marketing, as practiced by the well-known Tom's shoe company, _____.

- A) is a least preferred marketing strategy
- B) is a for-profit part of the business
- C) focuses primarily on increasing productivity
- D) engages consumers in a meaningful way
- E) has no impact on consumers who care about social issues

30) From a customer's perspective, what is defined as a ratio of the bundle of benefits a customer receives from an offering, compared to the costs incurred by the customer in acquiring that bundle of benefits?

- A) Exchange
- B) Strategy
- C) Sustainability
- D) Value
- E) Power

31) _____ is a central tenet of marketing in which a person gives up something of value to them for something else they desire to have.

- A) Power
- B) Sustainability
- C) Sales orientation
- D) Customization
- E) Exchange

32) A medieval knight could not go to the armor maker and pick out a size 44 long suit of armor to protect him in battle. Nor could a person living in the middle ages go to the cobbler and get a pair of shoes in a few minutes. This period before the advent of marketing is known as the _____.

- A) Industrial Revolution
- B) mass production era
- C) Dark Ages
- D) pre-industrial revolution
- E) sales orientation era

33) The AMA's definition of marketing reflects the view toward marketing activities as focused on _____.

- A) producing innovative products
- B) increasing productivity
- C) maintaining relationships with suppliers
- D) creating and delivering offerings that have value
- E) advertising and selling

34) After a recent 140-day strike, the union members in California went back to work at area grocery stores. The union negotiated raises, better health care benefits, and a one-tier pay scale. The union may best be described as a(n) _____.

- A) governmental body
- B) stakeholder
- C) vendor
- D) internal customer
- E) management group

35) Companies that promote sustainability practices like Starbucks, which has a stringent recycling program, or General Electric, which makes environmentally sensitive products, are practicing _____ marketing.

- A) green
- B) predictive
- C) affiliate
- D) shotgun
- E) one-to-one

36) Bryan gets reduced fees for his daughter's piano lessons by maintaining her teacher's website. Bryan is practicing the central tenet of marketing called _____.

- A) value
- B) exchange
- C) growth
- D) sustainability
- E) power

37) Which of the following are two core marketing concepts?

- A) supply and demand
- B) money and time
- C) skill and expertise
- D) quality and quantity
- E) value and exchange

38) Henry Ford is well known to business students for creating the assembly line that enabled mass production of the Model T. This is an example of the _____ orientation.

- A) production
- B) selling
- C) marketing
- D) customer
- E) relationship

39) The stereotypical automobile dealership uses tactics like high pressure and bargaining to get customers to buy. This is an example of the _____ orientation.

- A) production
- B) sales
- C) marketing
- D) customer
- E) relationship

40) Which of the following is a reason why production capacity utilization began to decline around the end of World War I?

- A) Firms that had dominated their respective industries before the war maintained their positions due to lack of competition.
- B) High entry barriers prevented new companies from entering into the market place.
- C) Financial markets placed more pressure on firms to continually increase sales volume and profits.
- D) Financial markets were becoming less sophisticated.
- E) Capacity had been decreased greatly for the war.

41) Companies that conduct a great deal of research to learn how they can successfully put the marketing concept into practice most likely have a _____ orientation.

- A) production
- B) selling
- C) marketing
- D) research
- E) differentiation

42) The marketing concept was introduced _____.

- A) after the Civil War
- B) after World War I
- C) during the Great Depression
- D) in the 1980s
- E) in the 1950s

43) The marketing concept was first articulated in the *Annual Report* of _____.

- A) Ford Motor Company
- B) AT&T
- C) RCA
- D) General Motors
- E) General Electric

44) Making a change in any one of the marketing mix elements will _____.

- A) leave the other elements unchanged
- B) have a negative effect on a similar element
- C) have a domino effect on the other elements
- D) require the firm to introduce new products
- E) require an increase in promotion

45) After World War II, business began to change in many long-lasting ways. Which of the following is least likely to have caused this shift?

- A) Advent of readily available mainframe computing capability
- B) Opening up of production capacity dominated for years by war production
- C) Pent-up demand for consumer goods and services after the war
- D) Desperate need to regain a normalcy of day-to-day life after years of war
- E) Focus on sales orientation with the objective of achieving short-term profits

46) The Clean-O company makes a cleanser for the hospital and nursing home market that is guaranteed to kill 99 percent of Staphylococcus germs, a major concern for medical facilities. Unlike other companies, Clean-O is not interested in pursuing the consumer market. In this case, Clean-O has adopted a _____ orientation.

- A) market
- B) mass customization
- C) differentiation
- D) relationship
- E) product

47) Satern Brothers provides accounting services to small businesses. Before and after tax season, the partners meet with each client company. They send a monthly newsletter to update clients with tax changes. The firm's business practices mainly focus on keeping profitable current customers rather than gaining new customers. Satern Brothers has adopted a _____ orientation approach.

- A) market
- B) mass customization
- C) differentiation
- D) relationship
- E) product

48) To significantly enhance customer choices, Levi combines flexible manufacturing with flexible marketing. Customers may visit the Levi's clothing website or some company-owned stores and order a pair of jeans that will be made especially for them. Levi's has adopted a _____ orientation approach.

- A) market
- B) mass customization
- C) differentiation
- D) product
- E) relationship

49) The concept of engaging in a learning relationship with customers and directing the firm's resources to making each product or service as customized as possible is known as _____.

- A) market orientation
- B) pro-social marketing
- C) differentiation orientation
- D) one-to-one marketing
- E) relationship orientation

50) Which of the following is NOT part of the marketing mix?

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

51) In the context of the 4Ps of the marketing mix, high-tech media options like cell phones and the Internet have had a huge impact on _____.

- A) product
- B) promotion
- C) people
- D) position
- E) policy

52) A local landscaping company works hard to keep and cultivate profitable current customers instead of constantly investing in gaining new customers that come with unknown return on investment. This company has a _____ orientation.

- A) sales
- B) differentiation
- C) market
- D) production
- E) relationship

53) Relationship-oriented firms tend to _____.

- A) be driven by meeting a quarter's financial projections
- B) keep and cultivate their profitable current customers who are highly satisfied with the firm's offering
- C) constantly invest in new customers that come with unknown return on investment
- D) often lose great customers and scramble to replace the associated lost revenue
- E) focus primarily on increasing sales through catchy and entertaining advertisements

54) Customer relationship management (CRM) is designed primarily to _____.

- A) assess the personality characteristics of target customers
- B) identify profitable customers in new markets
- C) position products to serve very specific customer groups
- D) clearly distinguish a firm's products from those of competitors in the minds of customers
- E) facilitate higher levels of customer satisfaction

55) Today customers have limitless access to facts about companies, products, competitors, other customers, and even detailed elements of marketing plans and strategies. In the context of change drivers impacting the future of marketing, this reflects the _____.

- A) shift in information power from marketer to customer
- B) shift to demanding return on marketing investment
- C) shift in generational values and preferences
- D) shift to distinguishing Marketing (Big M) from marketing (little m)
- E) shift to product glut and customer shortage

56) The Girl Scouts introduced a cookie finder app in 2013. In the context of change drivers impacting the future of marketing, this reflects the _____.

- A) shift to product glut and customer shortage
- B) shift in power from marketer to customer
- C) shift in generational values and preferences
- D) shift to distinguishing Marketing (Big M) from marketing (little m)
- E) shift to justifying the relevance and payback of the marketing investment

57) The Bazooka brand of candy revamped its package inserts by changing from comic strips to quizzes and brainteasers that direct kids to digital content. In the context of change drivers impacting the future of marketing, this reflects the _____.

- A) shift to product glut and customer shortage
- B) shift in information power from marketer to customer
- C) shift in generational values and preferences
- D) shift to distinguishing Marketing (Big M) from marketing (little m)
- E) shift to justifying the relevance and payback of the marketing investment

58) In the context of change drivers impacting the future of marketing, the way a firm looks at strategy and tactics is reflected in the _____.

- A) shift to product glut and customer shortage
- B) shift in power from marketer to customer
- C) shift in generational values and preferences
- D) shift to distinguishing Marketing (Big M) from marketing (little m)
- E) shift to justifying the relevance and payback of the marketing investment

59) In the context of change drivers impacting the future of marketing, marketing tactics such as designing the elements of the marketing mix are reflected in the _____.

- A) shift to product glut and customer shortage
- B) shift in power from marketer to customer
- C) shift in generational values and preferences
- D) shift to distinguishing Marketing (Big M) from marketing (little m)
- E) shift to justifying the relevance and payback of the marketing investment

60) The 4Ps of marketing refer to _____.

- A) product, price, place, and promotion
- B) policy, production, plan, and preference
- C) promotion, plan, place, and procedure
- D) price, policy, program, and position
- E) place, production, provision, and plan

61) An offering today is considered to be the _____ in the marketing mix.

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

62) The concept of supply chain management is considered to be part of the _____ of the marketing mix.

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

63) In the context of the marketing mix, _____ today is largely regarded in relationship to the concept of value.

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

64) Hannah's alterations business works around the needs of the customer by providing hours of operation that vary throughout the week, including some evening and weekend hours. It could be said that Hannah's business is _____.

- A) differentiated
- B) customer-centric
- C) market oriented
- D) product oriented
- E) socially responsible

65) What clearly distinguishes your product from those of the competition is _____.

- A) orientation
- B) differentiation
- C) organization
- D) relationships
- E) development

66) In Wiersema's book, *The New Market Leaders*, he identifies six new market realities. Which of the following is included in the list?

- A) competitors fade away
- B) few secrets are open secrets
- C) innovation is universal
- D) information appreciates
- E) hard times make easy growth

67) Which of these characteristics about millennials is NOT true?

- A) They favor content over authenticity.
- B) They are brand loyal.
- C) They are highly connected through technology.
- D) They wish to be part of a company's development process.
- E) They seek ethical companies to work for.

68) Millennials represent roughly _____ of the population, and _____ in annual buying power.

- A) 10 percent; \$100 billion
- B) 25 percent; \$200 billion
- C) 35 percent; \$1 trillion
- D) 60 percent; \$1 trillion
- E) 75 percent; \$1 trillion

69) Claire and her mother are both in marketing positions. Claire's job is satisfying to her primarily because it gives her a flexible schedule and pays well so she can take vacations with her friends. Her mother chose a job that provides health benefits and structured work with regular hours. This demonstrates shifts in _____ that can influence work life versus family life.

- A) generational values and preferences
- B) information power from marketer to customer
- C) product glut and customer shortage
- D) buying power from customer to marketer
- E) competitive influences

70) Which of the following action elements is NOT desired for successful Marketing (Big M)?

- A) Ensuring that everyone in an organization, regardless of their position or title, understands the concept of customer orientation
- B) Aligning all internal organizational processes and systems around the customer
- C) Finding somebody at the top of the firm to consistently champion this Marketing (Big M) business philosophy
- D) Remembering the fact that the marketing department is where Marketing (Big M) takes place
- E) Creating market-driving, not just market-driven, strategies

71) Marketing (Big M) is also known as _____ marketing.

- A) pro-social
- B) tactical
- C) strategic
- D) green
- E) operational

72) In the context of change drivers impacting the future of marketing, marketing (little m) is also known as _____ marketing.

- A) pro-social
- B) tactical
- C) strategic
- D) predatory
- E) green marketing

- 73) Which of the following action elements is required for successful Marketing (Big M)?
- A) Aligning all internal organizational processes and systems around the product
 - B) Ensuring that everyone in an organization understands the concept of customer orientation
 - C) Find somebody at the lower level of the firm to consistently champion this Marketing (Big M) business philosophy
 - D) Remembering the fact that the marketing department is where Marketing (Big M) takes place
 - E) Creating market-driven, not market-driving, strategies
- 74) Strategic marketing refers, in part, to _____.
- A) a firm's internal focus on production and customer satisfaction
 - B) working with competitors, when appropriate, and with suppliers
 - C) a long-term, firm-level commitment to investing in marketing
 - D) making an unwavering commitment on which customers to serve
 - E) studying promotion, distribution, delivery, and production
- 75) The core marketing concept characteristics of an organization-wide customer orientation and long-run profits are _____ in nature.
- A) objective
 - B) strategic
 - C) ethical
 - D) operational
 - E) subjective
- 76) _____ refers to approaches that drive the market toward fulfilling a whole new set of needs that customers did not realize was possible or feasible before.
- A) Green marketing
 - B) Tactical marketing
 - C) Market creation
 - D) Market orientation
 - E) Marketing mix
- 77) For successful Marketing (Big M), customer orientation must be understood by _____.
- A) an organization's competitors
 - B) the top management only
 - C) an organization's suppliers
 - D) the existing customers
 - E) everyone in the organization
- 78) For successful Marketing (Big M), all internal organizational practices should be aligned around _____.
- A) profits
 - B) management
 - C) manufacturing
 - D) the customer
 - E) information technology

- 79) In order for Marketing (Big M) to succeed, it must be championed by _____.
A) the sales force
B) top management
C) middle management
D) frontline personnel
E) everyone in the organization
- 80) DeWanda's business spent a large amount of time determining its brand image and how it would deliver its message to its customers. These are elements of _____.
A) Marketing (Big M)
B) marketing (little m)
C) strategic marketing
D) the supply chain
E) stakeholder relations
- 81) In order for Marketing (Big M) to succeed, firms should create _____ strategies.
A) predatory pricing
B) market-driving
C) diversification
D) vertical integration
E) market-driven
- 82) In the context of change drivers impacting the future of marketing, marketing (little m) _____.
A) is often thought of as strategic marketing
B) almost always takes place at the top level of a firm
C) serves as a core driver of business strategy
D) need not be couched within the philosophy of a firm's Marketing (Big M)
E) serves the firm and its stakeholders at a functional level
- 83) Microsoft's revolution of the information field and Disney's creation of the modern theme park industry are classic examples of _____.
A) marketing mix
B) marketing (little m)
C) pro-social marketing
D) green marketing
E) market creation
- 84) Everything from brand image, to the message sales people and advertisements deliver, to customer service, to packaging and product features, to the chosen distribution channel exemplify _____.
A) strategic marketing
B) relationship orientation
C) Marketing (Big M)
D) sales orientation
E) marketing (little m)

85) Appropriate and effective marketing metrics must be designed to identify, track, evaluate, and provide key benchmarks for improvement. In the context of change drivers affecting the future of marketing, this reflects the _____.

- A) shift to justifying the relevance and payback of the marketing investment
- B) shift to product glut and customer shortage
- C) shift to distinguishing Marketing ("Big M") from marketing ("little m")
- D) shift in generational values and preferences
- E) shift in information power from marketer to customer

86) Which of the following is LEAST likely to be true regarding marketing metrics?

- A) The topic of marketing metrics has been one of the highest priorities for most MSI member companies.
- B) Appropriate and effective marketing metrics help identify, track, evaluate, and provide key benchmarks for improvement.
- C) Although marketing carries a stigma as a cost center, metrics such as ROI cannot indicate marketing success.
- D) Effective management of the various aspects of marketing requires quantification of objectives and results.
- E) The marketing plan is one of the most important elements of a business plan and effective planning requires metrics.

87) Shari's manager asked her to identify, track, evaluate, and provide key benchmarks for improvement in her marketing department. To do this, Shari used _____.

- A) marketing metrics
- B) market research
- C) the marketing mix
- D) market creation
- E) strategic marketing

88) When the text states that marketers need to create tools for ongoing, meaningful measurement of marketing productivity, it is referring to the need for _____.

- A) accountability
- B) responsibility
- C) subjectivity
- D) visibility
- E) identification

89) Name three of the marketing misconceptions discussed in the text, and explain why these do not accurately describe the field of marketing.

90) Define the term marketing. How does the AMA definition compare with Drucker's definition?

91) Compare and contrast the production orientation, the sales orientation, the differentiation orientation, the market orientation, and the relationship orientation.

92) Describe how information power has shifted from the marketer to the customer.