

CHAPTER TWO

Advertising's Role in Marketing

GENERAL CONTENT: MULTIPLE-CHOICE QUESTIONS

1. An organizational function and set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders is known as _____.
 - a. advertising
 - b. promotion
 - c. marketing
 - d. management
 - e. production(c; easy; pp. 34-35; LO1; AACSB Analytical Skills)
2. The goal of marketing is to match a product's availability to _____.
 - a. the competition's availability
 - b. the previous year's level of sales
 - c. the company's production capabilities
 - d. the consumers' needs, desire, or demand for the product
 - e. the legal limits with respect to productivity(d; moderate; p. 35; LO1; AACSB Analytical Skills)
3. Which key concept in marketing suggests that marketing should focus first on identifying the needs and wants of the customer?
 - a. customer concept
 - b. marketing concept
 - c. product concept
 - d. exchange
 - e. production concept(b; moderate; p. 36; LO1; AACSB Analytical Skills)
4. In which situation is the product or corporate-focused approach to marketing still used?
 - a. industries where product innovation is important, such as high technology
 - b. highly regulated industries
 - c. highly competitive markets
 - d. homogeneous markets
 - e. heterogeneous markets(a; moderate; p. 36; LO1; AACSB Reflective Thinking)

5. The act of trading a desired product or service to receive something of value in return is known as which key concept in marketing?
- a. marketing concept
 - b. product concept
 - c. exchange
 - d. production concept
 - e. customer concept

(c; easy; p. 36; LO1; AACSB Analytical Skills)

6. What is exchanged in marketing?
- a. goods
 - b. services
 - c. money
 - d. ideas
 - e. all of the above

(e; easy; pp. 36-37; LO1; AACSB Analytical Skills)

7. _____ is the process of creating a special meaning for a product, one that makes it distinctive in the marketplace and in its product category.
- a. Advertising
 - b. Branding
 - c. Exchange
 - d. Marketing
 - e. Adding value

(b; moderate; p. 38; LO1; AACSB Analytical Skills)

8. When a brand name or brand mark is legally protected through registration with the Patent and Trademark Office of the Department of Commerce, it becomes a _____.
- a. known name
 - b. generic name
 - c. brand mark
 - d. trademark
 - e. brand identity

(d; easy; p. 39; LO1; AACSB Reflective Thinking)

9. Which government agency provides a brand name or brand mark trademark protection?
- a. Federal Trade Commission
 - b. Department of Commerce
 - c. Federal Communication Commission
 - d. Justice Department
 - e. Securities and Exchange Commission

(b; moderate; p. 39; LO1)

10. _____ is the reputation, meaning, and value that the brand name or symbol has acquired over time.
- a. Trademark
 - b. Copyright
 - c. Brand image
 - d. Brand identity
 - e. Brand equity

(e; difficult; p. 39; LO1; AACSB Analytical Skills)

11. Which of the following measures the financial value the brand contributes to a company?
- a. trademark
 - b. copyright
 - c. brand image
 - d. brand identity
 - e. brand equity

(e; moderate; p. 39; LO1; AACSB Reflective Thinking)

12. Which of the following does NOT add value to a product?
- a. advertising
 - b. convenience
 - c. useful features
 - d. branding
 - e. all of the above add value to a product

(e; moderate; pp. 38; LO1; AACSB Reflective Thinking)

13. Which of the following is NOT a way advertising adds value to a product?
- a. making the product appear more desirable
 - b. making the product appear more of a status symbol
 - c. making the product more convenient for consumers to buy
 - d. providing news and useful information of interest to consumers
 - e. all of the above are ways advertising adds value to a product

(c; difficult; p. 38; LO1; AACSB Reflective Thinking)

14. Which method of adding value to a product is purely psychological?
- a. branding
 - b. quality
 - c. features
 - d. convenience
 - e. service

(a; moderate; p. 41; LO1; AACSB Reflective Thinking)

15. What term is used to mean a place or a particular type of buyer?

- a. market
- b. customer
- c. channel
- d. target
- e. segment

(a; moderate; p. 41; LO2; AACSB Reflective Thinking)

16. The percentage of the total market in a product category that buys a particular brand is known as _____.

- a. share of voice
- b. market segment
- c. consumer market
- d. share of market
- e. industrial market

(d; moderate; p. 41; LO2; AACSB Communication)

17. Which of the following is NOT considered a main type of market?

- a. consumer
- b. business-to-business (industrial)
- c. reseller
- d. institutional
- e. media

(e; moderate; p. 41; LO2; AACSB Reflective Thinking)

18. _____ markets consist of people who buy products and services for personal or household use.

- a. Consumer
- b. Business-to-business (industrial)
- c. Reseller
- d. Institutional
- e. Direct

(a; easy; p. 41; LO2; AACSB Analytical Skills)

19. The multitude of products that consumers can purchase at drug and grocery stores are known as _____ goods.

- a. shopping
- b. package
- c. end-user
- d. everyday
- e. inexpensive

(b; moderate; p. 41; LO2; AACSB Analytical Skills)

20. _____ markets consist of companies that buy products or services to use in their own businesses or in making other products.
- a. Consumer
 - b. Business-to-business (industrial)
 - c. Reseller
 - d. Institutional
 - e. Indirect
- (b; easy; p. 41; LO2)

21. Ads targeting which type of market are usually heavier on factual content than on emotional appeals?
- a. consumer
 - b. business-to-business (industrial)
 - c. international
 - d. direct
 - e. indirect
- (b; moderate; p. 41; LO2; AACSB Communication)

22. _____ markets include a wide variety of profit and nonprofit organizations, such as hospitals, government agencies, and schools, which provide goods and services for the benefit of society.
- a. Consumer
 - b. Business-to-business (industrial)
 - c. Reseller
 - d. Institutional
 - e. Direct
- (d; easy; p. 41; LO2; AACSB Reflective Thinking)

23. _____ markets are made up of members of the distribution chain.
- a. Consumer
 - b. Business-to-business (industrial)
 - c. Channel
 - d. Institutional
 - e. Direct
- (c; moderate; p. 43; LO2)

24. Which of the following is NOT considered a type of reseller?
- a. wholesaler
 - b. retailer
 - c. manufacturer
 - d. not-for-profit
 - e. producer
- (c; moderate; p. 43; LO2)

25. In which type of market do businesses spend most of their advertising dollars?

- a. consumer
- b. business-to-business (industrial)
- c. reseller
- d. channel
- e. institutional

(a; moderate; p. 43; LO2; AACSB Reflective Thinking)

26. What is the first step in the marketing process?

- a. Set objectives for the marketing effort.
- b. Research the consumer market and the competitive marketplace and develop a situation analysis.
- c. Assess consumer needs and wants relative to the product, segment the market into groups that are likely to respond, and target specific markets.
- d. Differentiate and position the product relative to the competition.
- e. Develop the marketing mix strategy.

(b; moderate; p. 43; LO2)

27. What is the second step in the marketing process?

- a. Assess consumer needs and wants relative to the product, segment the market into groups that are likely to respond, and target specific markets.
- b. Set objectives for the marketing effort.
- c. Research the consumer market and the competitive marketplace and develop a situation analysis.
- d. Differentiate and position the product relative to the competition.
- e. Develop the marketing mix strategy.

(b; moderate; p. 43; LO2)

28. Marketing research, which is original research undertaken to answer specific questions, is known as _____ research.

- a. primary
- b. secondary
- c. non-original
- d. objective
- e. subjective

(a; moderate; p. 43; LO2)

29. Which of the following is NOT considered a key strategic decision in marketing?

- a. SWOT analysis
- b. objectives
- c. segmenting and targeting
- d. differentiation and positioning
- e. all of the above are considered key strategic decisions in marketing

(a; moderate; p. 44; LO2; AACSB Reflective Thinking)

30. The process of identifying groups within the market whose needs and wants intersect with the product and its features is known as _____.
a. setting objectives
b. research
c. differentiation
d. positioning
e. segmentation
(e; easy; p. 44; LO2 AACSB Analytical Skills)

31. _____ refers to how consumers see a brand relative to the other brands in the category.
a. Segmentation
b. Targeting
c. Differentiating
d. Positioning
e. Perception
(d; moderate; p. 44; LO2)

32. Which marketing element includes product design and development, product operation and performance, branding, and the physical dimensions of packaging?
a. packaging
b. branding
c. product
d. place
e. promotion
(c; easy; p. 45; LO2; AACSB Analytical Skills)

33. Which marketing element includes personal selling, advertising, public relations, sales promotion, direct marketing, events and sponsorships, point-of-sale and the communication aspects of packaging?
a. price
b. branding
c. product
d. place
e. promotion
(e; easy; p. 43; LO2; AACSB Analytical Skills)

34. The promotion “P” of marketing is also known as _____.
a. product
b. distribution
c. price
d. marketing communication
e. differentiation
(d; easy; p. 45; LO2; AACSB Communication)

35. Which element of the marketing mix includes distribution channels, market coverage, and storage?
- a. product
 - b. promotion
 - c. price
 - d. communication
 - e. place

(e; moderate; p. 45 [Figure 2.2]; LO2)

36. When a company distributes its products directly to buyers without the use of a reseller, this is known as _____.
- a. indirect marketing
 - b. no-channel marketing
 - c. direct marketing
 - d. indirect channel marketing
 - e. integrated marketing

(c; moderate; p. 46; LO2; AACSB Analytical Skills)

37. When a company distributes its products through a channel structure that includes one or more resellers, this is known as _____.
- a. indirect marketing
 - b. dual-channel marketing
 - c. direct marketing
 - d. multi-level marketing
 - e. integrated marketing

(a; moderate; p. 46; LO2; AACSB Analytical Skills)

38. In which type of allowance does the producer share with the reseller the cost of placing an advertisement?
- a. off-invoice allowance
 - b. buying allowance
 - c. promotional allowance
 - d. cooperative advertising allowance
 - e. communication allowance

(d; moderate; p. 46; LO2; AACSB Analytical Skills)

39. Which strategy directs marketing efforts at the consumer?
- a. push
 - b. end-user
 - c. pull
 - d. coverage
 - e. cooperative

(c; moderate; p. 46; LO2; AACSB Communication)

40. A _____ strategy directs marketing efforts at resellers, and success depends on the ability of these intermediaries to market the product, which they often do with advertising.
- a. push
 - b. pull
 - c. coverage
 - d. direct
 - e. pulley

(a; moderate; p. 46; LO2; AACSB Communication)

41. Which of the following is NOT a factor on which the price of a product is based?
- a. what the market will bear
 - b. the amount of support provided by resellers
 - c. economic well-being of the consumer
 - d. the consumer's ability to gauge the value
 - e. the relative value of the product

(b; difficult; p. 46; LO2)

42. Which pricing strategy uses a single, well-known price for a long period of time?
- a. psychological pricing
 - b. cost-plus pricing
 - c. customary pricing
 - d. typical pricing
 - e. normal pricing

(c; moderate; p. 46; LO2)

43. Which pricing strategy uses advertising to manipulate the customer's judgment of value?
- a. psychological pricing
 - b. deceptive pricing
 - c. relative pricing
 - d. comparative pricing
 - e. customary pricing

(a; moderate; p. 46; LO2)

44. Which marketing communication tool uses face-to-face contact between the marketer and a prospective customer?
- a. advertising
 - b. sales promotion
 - c. public relations
 - d. personal sales
 - e. customary marketing

(d; easy; p. 47; LO2; AACSB Communication)

45. Which of the following is considered a “key player” in the marketing industry?
- a. marketer
 - b. suppliers or vendors
 - c. distributors or retailers
 - d. agencies
 - e. all of the above
- (e; moderate; pp. 48-49; LO3; AACSB Analytical Skills)
46. Which key player in marketing is the organization, company, or manufacturer producing the product and offering it for sale?
- a. marketer
 - b. supplier or vendor
 - c. distributor or retailer
 - d. agency
 - e. brand manager
- (a; easy; p. 49; LO3)
47. In most companies of any size, the marketing function is handled by a(n) _____.
- a. agency
 - b. consultant
 - c. marketing department
 - d. brand manager
 - e. advertising department
- (c; easy; p. 49; LO3; AACSB Analytical Skills)
48. Who is responsible for all the strategic decisions relating to a brand's product design and manufacture as well as the brand's pricing, distribution, and marketing communications?
- a. marketing manager
 - b. vice-president of marketing
 - c. director of marketing
 - d. brand manager
 - e. advertising manager
- (d; difficult; p. 49; LO3; AACSB Analytical Skills)
49. The materials and ingredients used in producing the product are obtained from other companies who are referred to as _____.
- a. marketers
 - b. suppliers or vendors
 - c. distributors or retailers
 - d. agencies
 - e. supply chainers
- (b; moderate; p. 49; LO3; AACSB Analytical Skills)

50. The complex network of suppliers who produce components and ingredients that are then sold to the manufacturer is known as the _____.
- a. network chain
 - b. channel of distribution
 - c. supply chain
 - d. ingredient chain
 - e. distribution chain

(c; easy; p. 49; LO3; AACSB Analytical Skills)

51. In marketing theory, every contribution from the supply chain adds _____ to the product.
- a. value
 - b. costs
 - c. complexity
 - d. convenience
 - e. ingredients

(a; moderate; p. 49; LO3; AACSB Reflective Thinking)

52. _____ means acknowledging a supplier's brand as an important product feature.
- a. Co-branding
 - b. Ingredient branding
 - c. Inside branding
 - d. Inclusive branding
 - e. Shared branding

(b; moderate; p. 49; LO3)

53. The _____ refers to the various companies that are involved in moving a product from its manufacturer into the hands of its buyer.
- a. network chain
 - b. distribution chain
 - c. supply chain
 - d. ingredient chain
 - e. promotion network

(b; easy; p. 49; LO3)

54. Which of the following types of businesses is NOT considered part of the distribution chain?
- a. dealers
 - b. wholesalers
 - c. brokers
 - d. vendors
 - e. retailers

(d; difficult; p. 49; LO3; AACSB Analytical Skills)

55. Wholesalers primarily use which promotion tool?

- a. advertising
- b. public relations
- c. personal selling
- d. television
- e. all of the above

(c; moderate; p. 49; LO3; AACSB Communication)

56. Which of the following is NOT a media vehicle typically used by wholesalers?

- a. television
- b. direct mail
- c. trade papers
- d. catalogs
- e. all of the above are typically used by wholesalers

(a; moderate; p. 49; LO3; AACSB Communication)

57. To whom is retailers' advertising directed?

- a. their customers
- b. wholesalers
- c. brokers
- d. manufacturers
- e. customers of the manufacturers

(a; difficult; p. 49; LO3; AACSB Communication)

58. Which of the following is NOT considered a main benefit of hiring an advertising agency?

- a. specialized services
- b. more creative advertising
- c. objective advice
- d. experienced staffing
- e. tailored management of all advertising activities and personnel

(b; difficult; p. 51; LO4)

59. Which of the following is a function included in a full-service agency?

- a. account management
- b. creative services
- c. media planning and buying
- d. account planning
- e. all of the above

(e; easy; p. 53; LO4)

60. Which department of a full-service advertising agency handles internal tracking on completion of projects?
- a. account management
 - b. creative services
 - c. media planning and buying
 - d. account planning
 - e. traffic

(e; moderate; p. 55; LO4)

61. _____ are ad agencies, usually small, that concentrate entirely on preparing the creative execution of client marketing communications.
- a. Creative freelancers
 - b. Creative boutiques
 - c. Specialized agencies
 - d. Media-buying services
 - e. Traffic coordinators

(b; moderate; p. 53; LO4; AACSB Communication)

62. Which of the following is NOT a reason media-buying services agencies are in high demand?
- a. Media has become more complex as the number of choices grows.
 - b. Technology has made this function very complicated.
 - c. The cost of maintaining a competent media department has escalated.
 - d. Media-buying services often buy media at a low cost because they can group several clients' purchases together to develop substantial buying power.
 - e. All of the above are reasons media-buying services agencies are in high demand.

(b; difficult; p. 54; LO4; AACSB Communication)

63. Which department of an advertising agency acts as a liaison between the client and the agency?
- a. account management
 - b. creative services
 - c. media planning and buying
 - d. account planning
 - e. traffic

(a; moderate; p. 54; LO4)

64. Which level of account management in a major agency provides leadership on strategic issues and looks for new business opportunities?
- a. account supervisor
 - b. account executive
 - c. account vice president
 - d. management supervisor
 - e. account director

(d; moderate; p. 54; LO4)

65. The _____ is responsible for day-to-day activities and operates like a project manager in an advertising agency.
- a. account supervisor
 - b. account executive
 - c. account vice president
 - d. management supervisor
 - e. account director

(b; moderate; p. 54; LO4)

66. Who gathers all available intelligence on the market and consumers and acts as the voice of the consumer, becoming the strategic specialist who prepares comprehensive recommendations about consumers' wants, needs, and relationship to the client's brand and how the advertising should work to satisfy those elements based on insights they derive from consumer research?
- a. account manager
 - b. copywriter
 - c. account planner
 - d. management supervisor
 - e. account director

(c; moderate; p. 54; LO4; AACSB Analytical Skills)

67. A _____ is the amount an ad agency charges the client as a percentage of the media cost.
- a. fee
 - b. retainer
 - c. commission
 - d. flat rate
 - e. percentage rate

(c; easy; p. 55; LO4)

68. A _____ brand is one marketed in a single country.
- a. national
 - b. local
 - c. regional
 - d. limited
 - e. minor
- (b; moderate; p. 58)
69. _____ uses databases to drive communication with customers and keep track of their interactions with a company.
- a. Integrated marketing
 - b. Relationship marketing
 - c. Permission marketing
 - d. Customer relationship management
 - e. International marketing
- (d; difficult; p. 57; AACSB Use of IT)
70. The practice of inviting prospective customers to sign up or self-select themselves into a brand's target market in order to receive marketing communications is referred to as _____.
- a. integrated marketing
 - b. relationship marketing
 - c. permission marketing
 - d. customer relationship management
 - e. selective marketing
- (c; moderate; p. 57; AACSB Communication)

GENERAL CONTENT: TRUE/FALSE QUESTIONS

71. Marketing is the way a product is designed, tested, produced, branded, packaged, priced, distributed, and promoted.
- (True; easy; p. 34; LO1; AACSB Analytical Skills)
72. The goal in marketing is to sell as many products as possible.
- (False; moderate; p. 35; LO1; AACSB Analytical Skills)
73. A company that operates with a marketing concept philosophy focuses on satisfying its customers' needs and wants.
- (True; easy; p. 35; LO1; AACSB Analytical Skills)
74. It is considered inappropriate to use a product or company-focused approach in advertising.
- (False; moderate; p. 35; LO1; AACSB Reflective Thinking)

75. Advertising is the process of creating a special meaning for a product, one that makes it distinctive in the marketplace and in its product category.
(False; moderate; p. 38; LO1; AACSB Communication)
76. Brand equity is the reputation, meaning, and value that the brand name or symbol has acquired over time and measures the financial value the brand contributes to the company.
(True; easy; p. 39; LO1; AACSB Analytical Skills)
77. Advertising can add value to a brand.
(True; moderate; p. 38; LO1; AACSB Communication)
78. When marketing strategists speak of markets, they generally refer to groups of people or organizations.
(True; moderate; p. 41; LO2; AACSB Communication)
79. Institutional markets consist of people who buy products and services for personal use.
(False; easy; p. 41; LO2; AACSB Analytical Skills)
80. Institutional markets are made up of nonprofit organizations only.
(False; moderate; p. 41; LO2; AACSB Analytical Skills)
81. Institutional markets are wholesales, retailers, and distributors who buy finished products and resell them for a profit.
(False; moderate; p. 41; LO2; AACSB Analytical Skills)
82. Businesses spend most of their advertising dollars on business-to-business markets.
(False; moderate; p. 43; LO2; AACSB Communication)
83. The first step in the marketing process is to set objectives for the marketing effort.
(False; difficult; p. 43; LO2)
84. The marketing process begins with the production of a product.
(False; moderate; p. 43; LO2; AACSB Communication)
85. Gathering information from already existing and published sources is known as primary research.
(False; moderate; p. 43; LO2; AACSB Analytical Skills)
86. Primary research identifies the brand's strengths and weaknesses, as well as corporate and market opportunities and threats.
(False; moderate; p. 43; LO2; AACSB Analytical Skills)

87. The process of assessing whether there are identifiable groups within the market whose needs and wants intersect with the product and its features is known as targeting.
(False; moderate; p. 44; LO2)
88. Positioning refers to how consumers view and compare competitive brands or types of products—how they see a brand relative to other brands in the category.
(True; moderate; p. 44; LO2)
89. The product is both the object of the advertising and the reason for marketing.
(True; moderate; p. 44; LO2; AACSB Communication)
90. A push strategy directs marketing efforts at the consumer in an attempt to stimulate consumer demand.
(False; moderate; p. 46; LO2; AACSB Communication)
91. The key players in the marketing industry include the marketer, suppliers or vendors, distributors and retailers, and agencies.
(True; moderate; p. 48; LO3; AACSB Reflective Thinking)
92. The marketing manager is the person in the marketer's organization responsible for all the strategic decisions relating to the brand's product design and manufacture as well as the brand's pricing, distribution, and marketing communications.
(False; difficult; p. 49; LO3)
93. The materials and ingredients used in producing the product are obtained from other companies who are referred to as distributors.
(False; moderate; p. 49; LO3)
94. The channel of distribution refers to the complex network of suppliers who produce components and ingredients that are then sold to the manufacturer.
(False; moderate; p. 49; LO3)
95. Co-branding means acknowledging a supplier's brand as an important product feature.
(False; moderate; p. 49; LO3; AACSB Analytical Skills)
96. The supply chain refers to the various companies that are involved in moving a product from its manufacturer into the hands of its buyer.
(False; moderate; p. 49; LO3)
97. Resellers may actually take ownership of the product and participate in the marketing, including the advertising.
(True; moderate; p. 49; LO3; AACSB Communication)

98. Only manufacturers advertise.
(False; moderate; p. 49; LO3; AACSB Communication)
99. Retailers' main concern with respect to advertising is that it be directed at their customers as opposed to the customers of the manufacturers.
(True; difficult; p. 49; LO3; AACSB Communication)
100. Creative boutiques are ad agencies, usually small, that concentrate entirely on preparing the creative execution of client marketing communications.
(True; easy; p. 53; LO4; AACSB Communication)
101. The management supervisor is the key executive on a client's business and the primary liaison between the client and the agency.
(False; moderate; p. 54; LO4; AACSB Communication)
102. A media planner is a type of planner who gathers all available intelligence on the market and consumers and acts as the voice of the consumer.
(False; moderate; p. 55; LO4; AACSB Analytical Skills)
103. The traffic department in a full-service advertising agency acts as a liaison between the client and the agency.
(False; moderate; p. 55; LO4; AACSB Analytical Skills)
104. Integrated marketing (IM) is a recent trend that uses databases to drive communication with customers and keep track of their interactions with a company.
(False; moderate; p. 57; LO4; AACSB Use of IT)
105. The practice of inviting prospective customers to sign up or self-select themselves into a brand's target market in order to receive marketing communication is referred to as permission marketing.
(True; easy; p. 57; LO4; AACSB Communication)

GENERAL CONTENT: ESSAY QUESTIONS

106. Identify the four key concepts in marketing and explain how they relate to advertising.

Answer:

The four key concepts in marketing and how they relate to advertising:

- (1) Marketing Concept—An approach that suggests marketing should focus first on identifying the needs and wants of the customer, rather than on finding ways to sell products that may or may not meet customers' needs. This concept suggests that marketers must first determine the customers' needs and wants and then develop, manufacture, market, and service goods that fill those particular needs and wants, thus creating solutions for customers' problems. Both of these steps are addressed in advertising planning through consumer research and the methods used by planners to develop insight into consumer decision making.
- (2) Exchange—The act of trading a desired product or service to receive something of value in return. Typically, money is exchanged for products, which can be goods, services, or ideas. In addition to economic exchange, marketing also facilitates communication exchange. Advertising provides information, as well as the opportunity for customer-company interaction. So exchange has two meanings in marketing with the communication meaning being particularly important to advertising.
- (3) Branding—The process of creating a special meaning for a product, one that makes it distinctive in the marketplace and in its product category. That special meaning, or brand image, is the result of communication, as well as consumers' own personal experiences with the product. A brand, and the advertising behind it, creates familiarity, and a familiar brand is important when consumers make major purchases.
- (4) Added Value—Marketing and advertising activities add value to a product. Advertising not only can showcase the product's value but also may add value by making the product appear more desirable or more of a status symbol. Providing news and useful information of interest to consumers is another way that advertising adds value.

(moderate; pp. 35–41; LO1; AACSB Communication)

107. Name and describe the four main types of markets, and discuss characteristics of advertising targeted toward each market, respectively.

Answer:

- (1) Consumer Markets—Consist of people who buy products and services for personal or household use. Just about any product an individual purchases including clothing, food, books, health and beauty aids, and so forth can be advertised to consumers through mass media such as radio, television, newspapers, general consumer magazines, and direct-response media, such as direct mail. Businesses spend most of their advertising dollars on this market.
- (2) Business-to-Business (Industrial) Markets—Consist of companies that buy products or services to use in their own businesses or in making other products. Ads in this category usually are heavier on factual content than on emotional appeals. This market is typically reached through trade and professional advertising in specialized media, such as trade journals, professional magazines, and direct mail.
- (3) Institutional Markets—Include a wide variety of profit and nonprofit organizations, such as hospitals, government agencies, and schools, which provide goods and services for the benefit of society. Such ads are very similar to business-to-business ads in that they are heavy on copy and light on visuals and emotional appeal. This market is typically reached through the same means as industrial markets.
- (4) Channel Markets—Made up of members of the distribution chain, also known as resellers or intermediaries. Resellers are wholesalers, retailers, and distributors who buy finished products and resell them for a profit. Manufacturers often expect channel members to participate in advertising programs through cooperative (or co-op) advertising allowances in which producers share with the reseller the cost of placing the advertisement. This market is also typically reached through the same means as industrial and institutional markets.

(moderate; pp. 41-43; LO2; AACSB Communication)

108. Compare and contrast push and pull strategies and explain the role of advertising in each.

Answer:

A pull strategy directs marketing efforts at the consumer and attempts to pull the product through the channel by intensifying consumer demand. Marketers using this strategy emphasize consumer advertising. In contrast, a push strategy directs marketing efforts at resellers, and success depends on the ability of these intermediaries to market the product, which they often do with advertising. Advertising may be targeted first at resellers to gain their acceptance, then at consumers through joint manufacturer-reseller advertising (i.e., co-op advertising).

(moderate; pp. 46-47; LO2; AACSB Communication)

109. Identify the four important categories of key players in marketing and how the organization of the industry affects advertising.

Answer:

- (1) Marketer (a.k.a. Advertiser or Client)—Any company or organization behind the product (i.e., the organization, company, or manufacturer producing the product and offering it for sale). This organization performs all the functions of marketing, and advertising is part of the communication function.
- (2) Suppliers and Vendors—Supply the materials and ingredients used in producing the product. In marketing practice these suppliers and vendors are partners in the creation of a successful product. They are also partners in the communication process and their marketing communication may relate to the brand, particularly in the practice called ingredient branding, which means acknowledging a supplier's brand as an important product feature.
- (3) Distributors and Retailers—Companies that are involved in moving a product from its manufacturer into the hands of its buyer. Wholesalers and retailers are important parts of the channel and each is capable of influencing, supporting, and delivering advertising messages. Retailers are especially good at local advertising, but their main concern is that the advertising be directed at *their* customers as opposed to the customers of the manufacturers.
- (4) Agencies—Do all or part of the work of advertising, implementing the creative vision of the client (marketer), and helping it to reach its advertising goals.

(moderate; pp. 48-50; LO3; AACSB Reflective Thinking)

110. Explain why a company would use an advertising agency and describe the major functions performed by a full-service agency.

Answer:

A company might use an advertising agency because an agency provides specialized services, objective advice, experienced staffing, and tailored management of all advertising activities and personnel. Ultimately, the primary benefit of hiring an ad agency is that it can implement the creative vision of the client and help it to reach its advertising goals.

A full-service agency is one that includes the four major staff functions—account management, creative services, media planning and buying, and account planning (a.k.a. research). A full-service agency will also have its own accounting department, a traffic department to handle internal tracking on completion of projects, a department for broadcast and print production (usually organized within the creative department), and a human resources department.

(easy; p. 53; LO4; AACSB Reflective Thinking)

APPLICATION QUESTIONS: MULTIPLE-CHOICE QUESTIONS

111. In the chapter opening vignette, Puma CEO, Jochen Zeitz, explained why individualism is so important to the shoe company saying, “Like the puma as an animal is not a herd animal, we also want people and our brand to stand for individuality . . .” Puma shoes stay hip through design innovation and also by linking up with other hot icons, such as outfitting the tennis great Serena Williams. Which basic concept of marketing does this illustrate?

- a. exchange
- b. branding
- c. added value
- d. marketing concept
- e. distribution

(b; moderate; pp. 33 and 39; LO1; AACSB Communication)

112. Puma sells its edgy designs to trendy retailers but also sells its more mainstream products in stores such as Foot Locker. Which marketing mix element does this strategy illustrate?

- a. product
- b. price
- c. place
- d. promotion
- e. branding

(c; easy; pp. 33 and 45; LO2; AACSB Analytical Skills)

113. During the 2003 World Cup, which was held in Japan and South Korea, Puma got a well-known sushi chef to create a special Puma sushi roll that was served in select Japanese restaurants in cities around the world. Puma also discretely announced the sponsorship in its company-branded chopsticks, sake cups, and napkins. At the same time, Puma partnered with the Terence Conran design shop to sell an exclusive version of its World Cup soccer boot, holding weekend sushi-making events at the home furnishings store. Which marketing mix element does this strategy illustrate?
- a. product
 - b. price
 - c. place
 - d. promotion
 - e. branding

(d; moderate; pp. 33 and 47; LO2; AACSB Communication)

114. Sam is a brand manager for a manufacturer of consumer package goods. Part of his job entails launching new products into the marketplace. Before he launches a new product, however, Sam's department conducts extensive research to identify the needs and wants of the customer, rather than finding ways to sell products that may or may not meet customers' needs. Which key concept of marketing is Sam implementing?
- a. exchange
 - b. branding
 - c. added value
 - d. marketing concept
 - e. customer concept

(d; moderate; p. 36; LO1; AACSB Analytical Skills)

115. Peter purchased an inexpensive necklace from a department store to give to his sweetheart, Julie, on Valentine's Day. He didn't want her to know that he did not spend very much for the jewelry, so he put it in a box he had from an upscale jewelry store that sells only expensive items. When Julie unwrapped her gift, she was excited to see that it came from this store and absolutely loved the necklace Peter gave her. Which key concept of marketing does this illustrate?
- a. exchange
 - b. branding
 - c. added value
 - d. marketing concept
 - e. distribution

(b; difficult; pp. 38-39; LO1; AACSB Reflective Thinking)

116. According to a 2007 *Business Week* article, which company represents the top global brand in terms of brand equity?
- a. Kellogg
 - b. Aflac
 - c. Coca-Cola
 - d. UPS
 - e. Eli Lilly

(c; moderate; p. 39 [Table 2.1] LO1)

117. Laurie owns a 2002 Honda Accord, which is the third Honda vehicle that she and her husband have owned. They describe themselves as a “Honda” family and intend to purchase another Honda automobile when their daughter gets her driver’s license because they know and trust Hondas. The purchase decision is made much easier by the trust they place in Honda. Which key concept of marketing does this illustrate?
- a. exchange
 - b. branding
 - c. added value
 - d. marketing concept
 - e. distribution

(b; moderate; p. 39; LO1; AACSB Reflective Thinking)

118. When Tylenol brand of pain relief capsules were tampered with resulting in the death of several consumers, the manufacturer pulled all of its products from store shelves, redesigned packaging to resist tampering, and reintroduced noncapsule forms of the product. This was very expensive for Tylenol to do, but they knew that the reputation, meaning, and value that their brand name had acquired over time provide financial value to the company. Today, Tylenol brand medications have the reputation of being high-quality products even though the public knows that consumers have died from using one of their products in the past. The reputation, meaning, and value that the Tylenol brand name has acquired over time is known as _____.
- a. brand image
 - b. trademark
 - c. branding
 - d. added value
 - e. brand equity

(e; moderate; p. 39; LO1; AACSB Reflective Thinking)

119. Procter & Gamble has sales of almost \$50 billion and spends more than \$4 billion on advertising every year. Their corporate brand value is estimated to be more than \$107 billion. In terms of key players in marketing, which one does Procter & Gamble represent?
- a. marketer
 - b. supplier or vendor
 - c. distributor
 - d. agency
 - e. media

(a; easy; p. 49; LO3; AACSB Communication)

120. Tammy works at Procter & Gamble and is responsible for all the strategic decisions relating to P&G's Tide brand of laundry detergent's design and manufacturer as well as the brand's pricing, distribution, and marketing communications. What is most likely Tammy's job title?
- a. account supervisor
 - b. product or brand manager
 - c. marketing manager
 - d. account executive
 - e. product champion

(b; moderate; p. 49; LO3; AACSB Reflective Thinking)

121. Amco, Inc. manufactures small electronic components that become integral parts of the electronic systems in automobiles. Amco does not sell directly to auto manufacturers, but rather through brokers that are involved in selling the components to the auto manufacturers. Additionally, another company is employed to deliver the goods. All of these organizations are part of the _____ in getting electronic component parts to the automobile manufacturers.
- a. distribution network
 - b. supply chain
 - c. marketing network
 - d. marketing chain
 - e. logistics chain

(b; moderate; p. 49; LO3; AACSB Analytical Skills)

122. What marketing organization ranked number one in 2007?
- a. Sony
 - b. Toyota
 - c. General Motors
 - d. Omnigroup
 - e. Time Warner

(d; difficult; p. 51 [Table 2.2]; LO4)

123. Intel manufactures computer chips that are part of several personal computer manufacturers' finished product. Intel and the computer manufacturers realized that customers valued Intel computer chips due to their superior quality and reliability and began asking whether or not the computer they were considering purchasing contained an Intel computer chip. As a result, Intel and computer manufacturers started communicating in their marketing communications that there's "Intel Inside." This is an example of _____.
- primary branding
 - secondary branding
 - supply chain branding
 - component branding
 - ingredient branding
- (e; moderate; p. 49; LO3; AACSB Communication)

124. Your parents own a small business and have asked for your assistance in advertising. Your father has done some advertising on local television that was not very effective, but he doesn't want to spend money on someone to "tell me what I already know." You know there are benefits to hiring an agency, and you are trying to convince your father that he should hire an advertising agency to assist in his advertising efforts. You tell your father several benefits. Which of the following is NOT a benefit of hiring an agency?
- Agencies provide specialized services.
 - Agencies provide objective advice.
 - Agencies will charge you only for the work based on the increase in sales you experience.
 - Agencies can provide tailored management of all advertising activities and personnel.
 - Agencies have experienced staffing.
- (c; moderate; p. 51; LO4; AACSB Analytical Skills)

125. What is the world's top consolidated agency network in 2007?
- Dentsu
 - BBDO Worldwide
 - McCann-Erickson Worldwide
 - J. Walter Thompson Company
 - Publicis Worldwide Communications
- (a; difficult; p. 53, [Table 2.3]; LO4)

126. Juan works at BBDO Worldwide advertising agency, and his responsibilities include providing leadership on strategic issues and looking for new business opportunities. He doesn't actually work on any of BBDO's client accounts. What is Juan's job title?
- a. account manager
 - b. management supervisor
 - c. account supervisor
 - d. account executive
 - e. account director
- (b; moderate; p. 54; LO4)

APPLICATION QUESTIONS: MINI-CASE MULTIPLE-CHOICE

Johnson & Johnson manufactures health and beauty aid products under several brand names. They sell their products to ultimate consumers through retail stores such as grocery, drug, and discount stores. J&J employs a sales force that calls on intermediaries, such as wholesalers and retailers, and spends part of their promotion budget on trade deals to influence intermediaries to carry their brands. The remainder of J&J's promotion budget is spent on mass advertising and sales promotions, such as coupons, targeted toward consumers.

127. Mini-Case Question. Which promotion strategy is J&J pursuing primarily?
- a. push
 - b. indirect
 - c. direct
 - d. pull
 - e. combination
- (e; difficult; p. 46 [Figure 2.3]; LO2; AACSB Communication)
128. Mini-Case Question. J&J also markets their Tylenol brand of pain relievers to hospitals. What type of market is that?
- a. consumer
 - b. primary
 - c. institutional
 - d. reseller
 - e. secondary
- (c; easy; p. 41; LO2)

129. Mini-Case Question. J&J is interested in launching a new line of skin care products for the female “tween” market, that is, girls between eight and twelve years of age. They decided to use U.S. Census data to help them determine the absolute size of this market. What type of research is this?
- a. primary
 - b. direct
 - c. indirect
 - d. secondary
 - e. public
- (d; moderate; p. 43; LO2)
130. Mini-Case Question. Bob works at one of the advertising agencies that do J&J's advertising for skin care products. J&J has decided that this agency will also be the agency that will develop and execute the advertising for their new line of skin care products for the female “tween” market. Bob is the key executive working on J&J's business and the primary liaison between J&J and the agency. What is most likely Bob's job title?
- a. management supervisor
 - b. account supervisor
 - c. account executive
 - d. account director
 - e. manager-of-record
- (b; moderate; p. 54; LO4; AACSB Analytical Skills)

APPLICATION QUESTIONS: SHORT-ANSWER

131. Define *the marketing concept* and when it is used.

Answer:

The marketing concept is an approach that suggests marketing should focus first on identifying the needs and wants of the customer, rather than on finding ways to sell products that may or may not meet customers' needs. It should be used in all marketing situations, except perhaps where product innovation is important, such as high technology. In that case, the product or corporate-focused approach might still be used.

(easy; p. 35; LO1)

132. Explain how Puma communicates its brand image to consumers.

Answer:

Puma wants its brand to stand for individuality and as such, positions the brand so it blends sports, lifestyle, and fashion in a unique way. The brand stays hip through design innovation and also by linking up with other hot icons, such as Serena Williams. Puma also marketed a driving shoe called the “Mini Motion” shoe, which is marketed as an accessory to the BMW Mini car. Elements of the shoe’s identity were also used for the car’s seats and exterior. Another new line features boots inspired by 1950s boxing shoes, as well as black shoes stitched to look like old-time hockey skates, and Puma’s apparel is equally fashionable with a line of unisex garments patterned after martial-arts robes. To reach the mainstream market, Puma advertised during the Athens Olympics. Its channel strategy delivers both exclusivity and a mass-market audience, selling its edgy designs to trendy retailers and then placing its more mainstream products in stores such as Foot Locker. Puma uses eye-catching in-store merchandising and viral marketing to spread the word about new products through an online network. Other clever ideas include promotions at sushi restaurants during the 2003 World Cup, which was held in Japan and South Korea. A well-known sushi chef created a special Puma sushi roll that was served at select restaurants around the world. The company also discretely announced the sponsorship of Puma-branded chopsticks, sake cups, and napkins.

(moderate; pp. 33-34; LO1; AACSB Communication)

133. Explain why someone would rather have a Rolex watch than a Timex watch, which is as reliable as a Rolex but considerably less expensive?

Answer:

Although both are well-known brands, Rolex has built its brand image on quality and luxury. It’s a status symbol to own a Rolex, and the watch is perceived more as a piece of jewelry than merely a timepiece. Timex is known as an inexpensive, reliable timepiece. Through effective branding, Rolex has transformed this product by creating a special meaning for it, and the meaning of the brand also tells something about the person wearing that brand.

(moderate; p. 39; LO1)

134. Describe the evolution of Procter & Gamble's Ivory soap.

Answer:

P&G created identity elements for its brand Ivory before anyone had thought of making a bar of soap a distinctive product. The Ivory brand identity system also called attention to innovative features of the product. In the old days, soap wasn't like it is today; indeed, it was homemade from lye, fats, and fireplace ashes. It was a soft jelly-like yellowish soap that would clean, but if it fell to the bottom of a pail, it dissolved into mush. The Castile bar, which was a pure white soap imported from the Mediterranean and made from the finest olive oil, was considered the benchmark for quality soap and highly expensive. P&G discovered a formula that produced a uniform, predictable bar soap, which they provided in wooden boxes to both armies during the Civil War, introducing the concept of mass production, and created a huge market when returning soldiers demanded the bars for home use. But these bars were still yellow and sunk to the bottom. So P&G created a white bar equivalent to the Castile bar, becoming the "soap that floats" by accidentally whipping in too much air, which made the bar lighter. This claim—"It floats"—became one of the world's greatest statements of a product benefit. The soap was named "Ivory soap," resulting in consumers asking for it by name. P&G also learned that Ivory had only 0.56 percent impurities, leading to the claim that it was "99 and 44/100 percent pure," which is one of the most famous slogans in brand history.

(moderate; p. 40; LO1; AACSB Reflective Thinking)

135. Nike is an international brand with a distinctive brand image. Name and describe the four important categories of key players involved in the marketing of this brand.

Answer:

The four important categories of key players are the marketer, suppliers or vendors, distributors and retailers, and agencies. Nike is the marketer of the Nike brand, that is, it's the company behind the product that produces the product and offers it for sale. The materials and ingredients used in producing the Nike products are obtained from other companies who are referred to as suppliers and vendors. Their work also determines the quality of the final product, and the ingredients they provide, as well as the cost of their materials, are a big factor in determining Nike's price. The distribution chain or channel refers to the various companies that are involved in moving Nike products from its manufacturer to the consumer. These resellers, or intermediaries, may actually take ownership of the product and participate in the marketing, including the advertising.

Finally, agencies provide specialized marketing communication services (i.e., advertising, public relations, sales promotion, direct marketing, etc.).

(moderate; pp. 48-50; LO4; AACSB Analytical Skills)

136. Bob is a brand manager at a large consumer packaged goods company. Describe his responsibilities.

Answer:

A product or brand manager is the person responsible for all the strategic decisions relating to the brand's product design and manufacture as well as the brand's pricing, distribution, and marketing communication. Basically, the brand manager is responsible for the marketing of the brand.

(easy; p. 49; LO3; AACSB Reflective Thinking)

137. When Dell computer indicates in its ads and on its computer boxes "Intel inside," what type of branding is this, and why does Dell do this?

Answer:

This is called ingredient branding, which means acknowledging a supplier's brand as an important product feature. Dell knows that the quality and reputation of the Intel brand of computer chips adds value to its product and wants to communicate that to buyers.

(easy; p. 49; LO3; AACSB Communication)

138. Compare and contrast an advertisement for Neutrogena brand of skin care products developed by the manufacturer and one developed by a retailer that sells these products.

Answer:

Neutrogena is a nationally distributed brand that can be purchased through a variety of retail outlets, such as drug, discount, and grocery stores. An ad for Neutrogena developed by the manufacturer would feature only that brand, and perhaps only one product in the Neutrogena line, and would attempt to develop and enhance the image of the brand. Retailers' main concern is that the advertising be directed at their customers as opposed to the customers of the manufacturers, and the ads would feature several product categories and brands. The focus of the retail ad that features Neutrogena products would be to inform the consumer of the availability, and most likely, the price of the product at their store.

(moderate; p. 49; LO3; AACSB Communication)

139. You just graduated from college and started working at a consumer packaged goods manufacturer. Your first assignment is to develop the marketing strategy for a new product extension of an existing brand. Where do you begin?

Answer:

You begin at the first step of the marketing process, which is to research the market, consumers, and the competitive marketplace, and develop a situation analysis. The objective is to know as much as you can about the marketplace so that you can make informed and insightful strategic decisions. You should do secondary research, which is gathering information from already existing and published sources, and perhaps conduct primary research, which is original research undertaken to answer specific questions. The second part of research is the situation analysis, which identifies the brand's strengths and weaknesses, as well as corporate and market opportunities and threats. The goal of marketing research is both information and insight.

(moderate; p. 43; LO2; AACSB Reflective Thinking)

140. Blenco. Inc. is a manufacturer of frozen breakfast products, such as biscuits, pancakes, and waffles. Blenco does not spend any money on consumer advertising or promotions, but rather concentrates its promotion budget on intermediaries in the channel of distribution. What promotion strategy is Blenco pursuing and which promotion tools are most appropriate for implementing this strategy?

Answer:

Blenco is pursuing a push promotion strategy that concentrates the flow of marketing communication on the members of the channel of distribution rather than on end consumers. Blenco is most likely utilizing trade deals, trade advertising, and personal selling to get its products in the channel of distribution.

(moderate; p. 47 [Figure 2.3] ; LO2; AACSB Communication)

141. Andy has conducted extensive research in the marketing process, and now he has some key strategic decisions to make. Name and describe these decisions.

Answer:

The key strategic decisions in the marketing process include setting objectives, segmenting and targeting, and differentiation and positioning. The marketer's first step after research is done is to set objectives for the marketing effort, which usually are business measures, such as increased sales levels or share of market. The next step is to assess whether there are identifiable groups within the market whose needs and wants intersect with the product and its features—called segmentation. Finally, planners also assess the competition and decide where their product's point of differentiation lies and then make some decisions about how to present or position the product within this competitive environment relative to consumers' needs. Positioning refers to how consumers view and compare competitive brands or types of products—how they see a brand relative to the other brands in the category.

(moderate; p. 43; LO2; AACSB Analytical Skills)

142. You just interviewed for a job with Dial, Inc. and learned that they are looking for someone who will call on grocery, drug, and convenience stores to sell and service Dial's health and beauty aid items to these types of retailers. What type of personal selling does this represent?

Answer:

Field sales. Field sales are a type of personal selling that includes calls at the place of business by a field representative. (Note: This type of personal selling is also called trade selling.)

(moderate; p. 47; LO2; AACSB Communication)

143. What makes Krispy Kreme such a hit with its customers?

Answer:

The proprietary recipe for the yeast dough and glazing, along with the company-designed equipment that produces a perfect doughnut shape and cooks it to the perfect point of softness is at the heart Krispy Kreme's success. Their stores are another element that attracts Krispy Kreme fanatics with its trademark glass and chrome architecture, which is actually a doughnut bakery with a retail unit added in front, and customers can view the doughnuts being made. Customers are also alerted when hot doughnuts are available through the neon signs proclaiming that message. Krispy Kreme also has expanded distribution through grocery, convenience, and even department stores. You can even buy a Krispy Kreme doughnut from a specially designed mobile store, which is a truck with viewing windows to bring the hot, fresh doughnuts to fairs and other major events. For many years, Krispy Kreme's success was due to word-of-mouth by customers who were passionate about its doughnuts, and its primary marketing communication was with nonprofit organizations who sold the doughnuts in their fund-raising efforts.

(moderate; p. 47; LO2; AACSB Reflective Thinking)

144. Carol is a management supervisor for AMM&N, Inc. advertising agency. She is meeting with a small manufacturer of a frozen line of Mexican dinners who wants to start advertising their products but is not sure that they should hire an advertising agency to assist them. What should Carol tell them to convince them that hiring an advertising agency would be beneficial for them?

Answer:

Hiring an agency has several benefits. Agencies provide specialized services, objective advice, experienced staffing, and tailored management of all advertising activities and personnel. Ultimately, the primary benefit of hiring an ad agency is that it can implement the creative vision of the client and help it to reach its advertising goals.

(easy; p. 51; LO4; AACSB Communication)

145. Frank is a partner in a media-buying service, which is a type of advertising agency that specializes in the purchase of media for clients. Frank contacts major national advertisers and tries to convince them to separate the media planning and buying function from the other functions performed by their full-service advertising agencies and is having quite a bit of success. Several of his clients include manufacturers of multiple brands that have “unbundled” the media function from their various agencies-of-record and pooled the media planning and buying function together as well as several full-service advertising agencies that contract out this function to Frank’s agency. Why do you think Frank’s media-buying service is in high demand?

Answer:

Media-buying services are in high demand for three important reasons. First, media has become more complex as the number of choices grows with the proliferation of new cable television channels, magazines, radio stations, and newer, alternative media, such as the Internet. Second, the cost of maintaining a competent media department has escalated. Third, media-buying services often buy media at a low cost because they can group several clients’ purchases together to develop substantial buying power.

(moderate; p. 54; LO4; AACSB Analytical Skills)

146. Maria started working at a large advertising agency after graduating with a degree in advertising. Her job title is assistant account executive. Describe what she does.

Answer:

An account executive is one level of the account management function of an advertising agency. The account executive, which Maria assists, is responsible for day-to-day activities and operates like a project manager.

(moderate; p. 54; LO2; AACSB Reflective Thinking)

147. Amanda is a marketing major interested in a career in advertising and wants to work at an advertising agency. She does not have any aptitude, talent, skill, or training to be involved in the creative aspects of advertising, but she feels she can still work in this business. Name and describe the functions of a full-service agency in which Amanda could apply her marketing knowledge and skills.

Answer:

A full-service agency is one that includes four major staff functions—account management, creative services, media planning and buying, and account planning. A full-service agency will also have its own accounting department, a traffic department to handle internal tracking on completion of projects, a department for broadcast and print production (usually organized within the creative department), and a human resources department. With her educational background, Amanda could become an expert in account management, which involves developing and maintaining client relationships; media planning and/or buying, which involves planning and negotiating skills; and account management, which is basically consumer research.

(difficult; p. 54; LO2; AACSB Analytical Skills)

APPLICATION QUESTIONS: MINI-CASE SHORT ANSWER

Gore-tex is a revolutionary material that is used in several types of outer- and athletic-wear that can keep consumers warm and dry in the winter but also cool in the summer. It is lighter and stronger than other types of materials, such as wool or cotton, and costs more. However, many consumers of these products were not aware of the advantages of Gore-tex when comparing products and were put off by the very high price. To change this, Gore-tex hired an advertising agency to assist them in creating a special meaning for their brand and to communicate the advantages to end-user consumers. They also worked with the manufacturers of the products into which Gore-tex was incorporated to encourage them to call attention to the fact that Gore-tex is used in their products.

148. Mini-Case Question. Which key concept in marketing is illustrated by Gore-tex's desire to create a special meaning for it, and how can advertising help accomplish this?

Answer:

Branding is the process of creating a special meaning for a product, one that makes it distinctive in the marketplace and in its product category. Brand image is the result of communication as well as consumers' own personal experiences with the product. A brand, and the advertising behind it, creates familiarity. Advertising can also be used to communicate the distinctive advantage of Gore-tex over other types of material.

(moderate; p. 39; LO1; AACSB Communication)

149. Mini-Case Question. Manufacturers of apparel products using Gore-tex include that information on their product labels as well as in their advertising. What is this known as, and why do these manufacturers do this?

Answer:

This is known as ingredient branding, which means acknowledging a supplier's brand as an important product feature. Every contribution from the supply chain adds value to the product, and in practice, suppliers and vendors are partners in the creation of a successful product. The quality of the Gore-tex brand of material enhances the quality of the finished products that it goes into.

(moderate; p. 49; LO3; AACSB Reflective Thinking)

150. Mini-Case Question. Gore-tex hired an advertising agency to assist the company in its efforts. The agency purchased \$100,000 in media for Gore-tex and was compensated through the standard media commission rate. How much did the agency bill Gore-tex for this work?

Answer:

The standard media commission is considered to be 15 percent of all media purchased, which in this case equals \$15,000. Thus, the agency added \$15,000 to the \$100,000 when billing Gore-tex, which comes to a total of \$115,000.

(difficult; p. 55; LO4; AACSB Reflective Thinking)