Name: ________________________ Class: ________________ Date: ________

chapter 2

Indicate whether the statement is true or false.

1. According to the BCG matrix, stars require considerable inflows of cash to finance further growth.
   a. True
   b. False

2. Planning often is classified on the basis of its scope or breadth.
   a. True
   b. False

3. Marketing strategy is an overall company-wide program for selecting a particular target market and satisfying consumers through a careful blend of the elements of the marketing mix.
   a. True
   b. False

4. Each strategic business unit (SBU) in a firm has to prepare its plans in collaboration with other units in the organization.
   a. True
   b. False

5. Good relationships with customers can equip a firm with vital strategic weapons.
   a. True
   b. False

6. Promotion is the communications link between sellers and buyers.
   a. True
   b. False

7. The chief executive officer (CEO) and vice president of marketing spend a greater proportion of their time on operational planning than do managers at all other organizational levels.
   a. True
   b. False

8. Porter's Five Forces are potential new entrants, bargaining power of buyers, bargaining power of suppliers, threat of substitute products, and rivalry among competitors.
   a. True
   b. False

9. Organizations within the same industry usually have the same mission.
   a. True
   b. False

10. Marketing planning establishes the basis for a firm's overall strategic plan.
   a. True

b. False

11. Tactical planning usually involves the production of quarterly and semiannual plans, along with divisional budgets, policies, and procedures.

a. True

b. False

12. An organization lays out its basic objectives, or goals, in its complete mission statement.

a. True

b. False

13. The five dimensions of the marketing environment are competitive, political-legal, economic, technological, and social-cultural.

a. True

b. False

14. The Internet has impacted business for new firms by increasing the barriers to market entry.

a. True

b. False

15. A firm describes its overall goals and operational scope in its standard operating procedures manual.

a. True

b. False

16. Strategies once implemented should not be changed even if the actual performance does not meet the desired results.

a. True

b. False

17. Employees at middle-management levels engage themselves in business unit budgets and divisional policies and procedures.

a. True

b. False

18. A mission can be defined as an essential purpose that differentiates one company from others.

a. True

b. False

19. Each element of the marketing mix—product, price, distribution, and promotion—is a subset of the overall marketing strategy.

a. True

b. False

20. The rule of three states that the third major company in an industry has little chance of survival.

a. True
b. False

21. A target market is a group of customers toward whom a firm directs its marketing efforts.
a. True
b. False

22. Matching an external opportunity with an internal weakness produces a situation known as leverage.
a. True
b. False

23. Middle and supervisory-level managers spend less time as compared to CEOs on planning activities.
a. True
b. False

24. According to the BCG matrix, cash cow businesses produce strong cash flows and invest heavily in the unit’s own promotions and production capacity.
a. True
b. False

25. The ability to download Microsoft and IBM software products directly from the Internet is a part of each firm’s pricing strategy.
a. True
b. False

26. SWOT analysis refers to an examination of a firm that is limited to the variables of its stability, work ethic, organizational structure, and technological expertise.
a. True
b. False

27. The disadvantage of core competencies is that they can be easily duplicated by competitors.
a. True
b. False

28. The five dimensions of the marketing environment exert a fairly constant and static influence on marketing strategies.
a. True
b. False

29. Strategic planning has a minimal impact on a firm's destiny because it provides only short-term direction to the decision makers.
a. True
b. False

chapter 2

30. A product strategy includes decisions about customer service, package design, brand names, trademarks, patents, and warranties.

a. True
b. False

31. A statement such as “to hit the 300 employee mark by the end of the year” is typically a part of a mission statement.

a. True
b. False

32. Adjustments in the mission statement of an organization reflect changing business environments and management philosophies.

a. True
b. False

33. According to the BCG matrix, dog products can be sold to other firms, where they are a better fit.

a. True
b. False

34. The planning process begins at the corporate level with the first step being the development of strategic objectives.

a. True
b. False

35. Apple iTunes is an example of a successful first mover.

a. True
b. False

36. It can be said that the buying power enjoyed by customers has increased with Internet presence as the Internet provides detailed information that is not easily available elsewhere.

a. True
b. False

37. The statement of Starbucks to “inspire and nurture the human spirit – one person, one cup and one neighborhood at a time” is an example of a mission statement.

a. True
b. False

38. Organizational resources include the capabilities of the firm’s production, marketing, finance, technology, and employees.

a. True
b. False

39. As the senior vice-president of marketing, Naomi will be closely involved in her firm’s strategic planning.

a. True
b. False

40. Marketers put the marketing strategy into action in order to monitor performance to ensure that objectives are being achieved.
a. True
b. False

41. Strategic business units are key business units within small companies that offer only a few items to its customers.
a. True
b. False

42. The advertising director, marketing research manager, and other middle-level managers have the primary responsibility of devising and implementing the strategic plan of the company.
a. True
b. False

43. Each SBU pursues its own distinct mission and often develops its own plans independently.
a. True
b. False

44. The idea of first movers being completely replaced by second movers and the resulting disappearance of first movers from the marketplace is a myth.
a. True
b. False

45. The planning process is an intermittent process held after substantial intervals.
a. True
b. False

46. Tactical plans typically determine an organization’s primary strategic objectives and exclude short-term actions from their purview.
a. True
b. False

47. Fred’s Wholesale Club sends emails and catalogs to all members. Additionally, in-store pamphlets promote the benefits of its products. All of these materials are part of the integrated marketing communications intended to send a consistent and unified promotional message.
a. True
b. False

48. To be most effective, the planning process should include input from a wide range of sources both internal and external to the organization.

a. True
b. False

49. Supervisory managers tend to focus exclusively on strategic planning.

a. True
b. False

50. With increased availability of information, rivalry heats up among competitors who try to differentiate themselves from the crowd.

a. True
b. False

51. Relationship-building goals and strategies are seldom included in the plans of business firms.

a. True
b. False

52. In a SWOT analysis, marketers face a problem when environmental threats attack their organization's weaknesses.

a. True
b. False

53. The position of an SBU along the horizontal axis indicates the annual growth rate of the market.

a. True
b. False

54. The pricing strategy is the area of marketing that receives the least amount of public scrutiny.

a. True
b. False

55. All planning strategies have the goal of creating a sustainable competitive advantage for a firm which other companies cannot imitate.

a. True
b. False

56. The planning process creates a blueprint that everyone in the organization must follow in order to achieve the organizational objectives.

a. True
b. False

57. Targeting consumers in specific global markets represents a challenge.

a. True
b. False

58. An organizational objective should specify time frames stating “Our organization aims to generate a 15

percent profit over the next 24 months."

a. True

b. False

59. Detailed organizational objectives should state specific intentions, such as "Snapple Corporation seeks to increase its share of the non-carbonated soft drink market to 25 percent within the next two years."

a. True

b. False

60. A customer-driven organization begins its marketing strategy with a detailed description of its target market.

a. True

b. False

61. The number of suppliers available to a manufacturer or retailer affects the bargaining power of buyers.

a. True

b. False

62. Operational planning that involves the creation and implementation of tactical plans for the departments within an organization is primarily the responsibility of top-level management.

a. True

b. False

63. A SWOT analysis helps planners compare internal organizational strengths and weaknesses with external opportunities and threats.

a. True

b. False

64. Toyota's introduction of the hybrid-powered Prius is an example of how it has turned public concerns and legal issues about the natural environment into an opportunity.

a. True

b. False

65. According to the BCG matrix, if a question mark cannot become a star, the firm should pull out of the market and target other markets with greater potential.

a. True

b. False

66. A strategic window is defined as a collection of situations where organizations are unable to capitalize on opportunities because of internal limitations.

a. True

b. False

67. A marketing mix should be an ever-changing combination of variables to achieve success.

a. True

b. False

68. Data suggests that business owners who adopt the first mover strategy will always be long-term market winners.

a. True
b. False

69. The planning process identifies objectives and determines the actions that are needed to attain those objectives.

a. True
b. False

70. Strategic business units (SBUs) of a diversified firm have common managers, resources, objectives, and competitors.

a. True
b. False

Indicate the answer choice that best completes the statement or answers the question.

71. Relationship marketing can help a company:

a. create long-term and cost-effective links with individual customers and suppliers for mutual benefit.
b. reduce its strategic planning effort since the need for such planning is greatly diminished by relationship marketing.
c. locate more effective media for use in advertising and mass marketing.
d. eliminate the strategic planning process and move into tactical plans directly.

72. In a(n) _____, firms evaluate their products and divisions to determine the strongest and weakest.

a. organizational appraisal
b. market analysis
c. utilization analysis
d. portfolio analysis

73. The limited occasions when the key requirements of a market and the particular competencies of a firm best fit together are referred to as:

a. barriers to entry.
b. strategic windows.
c. question marks.
d. threats.

74. If an automobile manufacturer was planning to introduce a sports car powered by a hydrogen-oxygen fuel cell when the price of gasoline in the United States reached $4 per gallon, this would best be described as a direct result of its _____ plan.

a. short-term

b. operational
c. strategic
d. tactical

75. A two-day offsite retreat was held for a team of executives of a major hospital including the hospital's CEO, President, and Vice-Presidents. Over the course of the two-days, the executives engaged in brainstorming sessions and worked together to articulate the direction the hospital should take and specific objectives that should be achieved over the next 5 years. The team focused considerable attention to objectives related to the Affordable Care Act and rising numbers of patients eligible for Medicare. The executives were engaged in _______.

a. strategic planning
b. tactical planning
c. operational planning
d. defensive planning

76. What has five dimensions, is dynamic and ever changing, and drives the marketer's decisions about target markets and the marketing mix?

a. The strategic plan
b. The rule of three
c. The marketing concept
d. The marketing environment
e. The customer orientation

77. Which of the following conditions would lead a company's marketers to find a new market, change prices, or compete in other ways to maintain an advantage?

a. When the bargaining power of suppliers is low
b. When the bargaining power of buyers is low
c. When the threat of substitute products is high
d. When the threat of new entrants it low

78. An event management company decided to use radio advertising in order to promote an upcoming music festival. The executives of the company suggested various activities that could be used for the radio campaign. These activities are a part of the company's _____.

a. tactical planning efforts
b. standard operating procedures
c. weekly scheduling plans
d. unit-wise budgeting plans

79. The U.S. Sports and Fitness Federation is determining where they should build their permanent training facility. They want it to be located near a populated center but it must also provide ample access to those who don't reside in cities. The federation is engaged in _____ planning.

a. strategic

b. short-term
c. operational
d. economic

80. Which of the following defines an organization’s mission?
a. Process of anticipating future events and conditions
b. Companywide program for scaling down the product-lines that are low on profitability
c. Essential purpose that differentiates one company from others
d. Collection of limited periods during which key requirements of a market and a firm’s particular competencies best fit together

81. Compared to other organization personnel, more time is devoted to long-range strategic planning by the:
a. middle management.
b. manufacturing labor.
c. top management.
d. supervisory management.

82. Which of the following is true of a strategic business unit?
a. A strategic unit directly adopts the mission of its parent organization.
b. Each strategic unit depends on plans of the other units in the organization.
c. A strategic unit has its own managers, resources, objectives, and competitors.
d. A strategic unit is a key business unit within a small company that does not differ significantly from the parent company.

83. Long-term plans focusing on those organizational objectives that will significantly affect a firm for five or more years are usually referred to as _____ plans.
a. strategic
b. marketing
c. economic
d. tactical

84. Which of the following would qualify as an example of a firm’s weakness?
a. Changing buyer tastes in the marketplace
b. The presence of modern production facilities
c. Inadequate financing capabilities
d. An addition to the current product line

85. At a time when computer users were having trouble storing, sending, and displaying photos, Apple introduced the iMac computer, which was equipped with a digital camera interface and photo-handling software. This product was a result of Apple recognizing its:
a. economies of scale.

b. competitive constraints.
c. strategic window.
d. second-mover benefits.

86. An example of a firm's strength discovered by a SWOT analysis might be:
a. ownership of valuable patents.
b. a narrow current product line.
c. changing buyer tastes in the marketplace.
d. existing government policies favoring the industry.

87. Elger Labs introduced the MPMAN F10 in 1998 which is regarded as the world's first MP3 player featuring only 32 MB of memory in 1998. Other competitors entered the market and the Apple iPod made its debut in 2001 and included a 1.8-inch Toshiba 5GB hard drive and a large black-and-white display. The model retailed for $400 and it was only compatible with Mac computers. The early brands are no longer available and the iPod has become the market leader. What type of strategy did Apple employ with its introduction of the iPod in 2001?
a. second mover strategy
b. first mover strategy
c. strategic window strategy
d. competitive differential strategy

88. Maxwell has been promoted to an upper-level management position at QVC. He will be involved in matters relating to transportation media, order processing, and development of marketing channels. Maxwell is involved in developing _____ strategies for the marketing team.
a. product
b. distribution
c. promotional
d. test marketing

89. The term marketing mix describes:
a. a composite analysis of all environmental factors inside and outside the firm.
b. a series of business decisions that aid in selling a product.
c. the relationship between a firm's marketing strengths and its business weaknesses.
d. a blend of the four strategic marketing elements to satisfy specific target markets.

90. You are excited about being promoted to general sales manager, a middle management job, but you feel a bit overwhelmed as you anticipate the demands of the new position. A colleague tries to help, pointing out that you will also be shedding some responsibilities. Which of the following will not be part of your new job?
a. Quarterly plans
b. Daily and weekly plans
c. Divisional policies
d. Divisional procedures

e. Semiannual plans

91. Which of the following is a dimension of Porter’s Five Forces model?
   a. Bargaining power of buyers
   b. Existence of second-movers
   c. Existing firms in the business environment
   d. Rivalry among strategic business units

92. In addition to the four forces of the Five Forces Model, which of the following influences rivalry among competitors?
   a. Decreased availability of information of competitors
   b. Decreased consumption during a lull in the economy
   c. Lack of differentiation between products
   d. Lack of major differences in pricing strategies

93. Effective relationship marketing often involves:
   a. inside information about competitors that is not in the public domain.
   b. databases to track customer preferences.
   c. large advertising budgets aimed solely at end-users.
   d. internal sources of performance-related data.

94. Porter’s Five Forces is a model which identifies five competitive forces that influence planning strategies. In regards to this model, which one of the following statements is true?
   a. It separates the forces into internal and external categories.
   b. The model was later updated to include the impact of the Internet on a firm’s strategies.
   c. It identifies the threat of regulatory controls as one of the five forces.
   d. It only applies to firms that manufacture their own products.
   e. It is an integral part of the SWOT Analysis.

95. If a firm decides to make a major investment in a firm that supplies raw materials to it, this would be an example of _______________ planning. If a university decides to add courses in ethics and business analysis to its master’s degree program, this would be an example of _____________ planning.
   a. Tactical, Strategic
   b. Marketing, Operational
   c. Strategic, Organizational
   d. Organizational, Tactical
   e. Strategic, Tactical

96. The process of anticipating future events and conditions and determining the best way to achieve organizational objectives is known as:
   a. retrospecting.

b. planning.
c. archiving.
d. correlating.

97. In marketing, the term product:
a. refers only to tangible items that can be seen, tasted, or touched.
b. refers to a broad concept encompassing the satisfaction of consumer needs.
c. limits itself to include goods alone.
d. excludes package design, brand name, or warranty from its purview.

98. Many companies use an approach called _____ to coordinate all promotional activities so that the consumer receives a unified and consistent message.
a. intra-organizational communications
b. internal marketing strategies
c. integrated marketing communications
d. corporate communications

99. A shoe manufacturer has multiple suppliers for leather. Based on this information, which of the following statements is true?
a. The suppliers have lesser bargaining than the buyer.
b. The barriers to market entry are high.
c. The rivalry among competitors is low.
d. The buyer has lesser bargaining power than the suppliers.

100. You are the project manager for this year's planning process for your firm. Unlike in the past, you intend to get input from a variety of stakeholders during the course of the planning process. You are doing this because:
a. This will ensure that the planning process will be completed faster than in previous years.
b. It will ensure that many ideas are considered and these stakeholders will become advocates for the final plan.
c. Your company's mission statement mandates that this approach be taken.
d. All stakeholders must approve the plan once it is finalized.
e. The plan will include responsibilities for all stakeholders.

101. The Original Penguin clothing brand which features a cute penguin with a tie wrapped around its neck has made a successful comeback to men's fashions since 2003. The brand is popular among young men and the company recently articulated its interest in generating a 10% increase in sales among college students in the United States for the next year. Which step in the marketing planning process best corresponds to the articulation of a 10% increase in sales?
a. determine organizational objectives
b. assess organizational resources and evaluate risks and opportunities
c. formulate strategy

d. implement strategy through operational plans

102. Decisions about distribution strategy primarily involve challenges such as:

a. how to advertise the product.
b. how to position a product.
c. when to raise prices to cover costs.
d. which marketing channels to adopt.

103. You are the head of marketing for a technology company in Boston, and you are meeting with your company's CEO to discuss a new market opportunity that you believe offers significant profit potential for the firm. You are anxious to launch an initiative to establish the firm's presence in this new market as quickly as possible. However, your CEO is a bit more cautious about the potential in this market and would prefer that you take a more conservative approach to entering the market. In fact, your CEO would rather see what others do in the market before launching the firm's initiative.

In order to appease your CEO, which of the following strategies should you pursue?

a. A target marketing strategy.
b. A first mover strategy.
c. A marketing research strategy.
d. A product strategy.
e. A second mover strategy.

104. Microsoft Windows generates considerable income for its parent company but is expensive to support. However, the expense is acceptable because Windows is the world's dominant operating system. Based on this information, Windows would be categorized under the BCG market share/market growth matrix as a:

a. star.
b. cash cow.
c. question mark.
d. dog.

105. With respect to the BCG matrix, which one of the following generates considerable income, but requires sizeable investments to underwrite further growth in the future?

a. Cash cows
b. Stars
c. Question marks
d. SBUs
e. Dogs

106. Heather is the director of human resources at a medium-sized firm and has spent significant time in workshops and working with her insurance suppliers to understand the Affordable Care Act and how it might impact the benefits that the company provides its employees. The Affordable Care Act is an example of a(n) _______ factor that can impact organizations.

a. political-legal
b. competitive
c. socio-cultural
d. economic

107. Budweiser and its stable of beer brands including Michelob, Bud Lite and Budweiser Platinum have faced significant inroads in sales by craft breweries such as Boston Beer Company and Sierra Nevada Brewing Company. The craft breweries represent a(n) ______ to Budweiser.

a. threat
b. weakness
c. strategic window
d. opportunity

108. The product manager for a line of mousetraps informs the board of directors at the company's annual meeting that the product has been classified as a "dog" according to the BCG market share/market growth matrix. This means the product:

a. requires a "go/no go" decision within the next several years.
b. has low market share of a high-growth rate market.
c. should be withdrawn from the market or sold off as quickly as possible.
d. needs heavy investment to make it a star.

109. Marketers can rely on a full arsenal of tools and techniques to facilitate the development of effective marketing plans. With respect to these tools and techniques, which one of the following statements is true?

a. Porter's Five Forces Model is a model that identifies five competitive pricing strategies for an organization to use in its marketing mix.
b. A second mover strategy suggests that the firm that is second to offer a product or service will likely be the long term winner in the market.
c. The bargaining power of suppliers is influenced by the number of buyers in the market.
d. Social responsibility and philanthropy influence the strategies that companies use to distinguish themselves from their competitors.
e. The strategic window refers to periods of time where what a firm does well is a close fit to what the requirements are in a given market.

110. Assume that a firm would like to expand its product line. A complete expansion would cost $100 million, but the firm can only raise $75 million in financing. This is best classified as a(n):

a. constraint.
b. opportunity.
c. threat.
d. instance of leverage.

111. According to the BCG market share/market growth matrix, _____ typically require more cash than they generate.

a. cash cows
b. stars
c. question marks
d. achievers

112. Which of the following statements is indicative of a second mover strategy?
a. Entering new markets with existing products
b. Making significant innovations that turn old products into new ones
c. Observing closely the innovations of first movers and then improving on them
d. Entering new markets with new products before any other entrants

113. Decisions relating to the product strategy primarily revolve around _____.
a. the promotional offers that would increase the visibility of the product in the market
b. the features of the products being released in the market
c. the choice of high/low or everyday low pricing by the company
d. the selection of wholesalers and retailers to transport the stock to the market

114. Newsletters, catalogs, and invitations to company-sponsored events are most closely associated with the marketing mix activity of:
a. product pricing.
b. product distribution.
c. product development.
d. product promotion.

115. An international apparel manufacturer changed its pricing strategy as it entered a new market where recessionary trends are being observed. This implies that the _____ factors of the marketing environment led the firm to change its pricing decisions.
a. legal
b. political
c. environmental
d. economic

116. In SWOT analysis, situations where organizations are unable to capitalize on opportunities because of internal limitations are referred to as:
a. strategic windows.
b. threats.
c. constraints.
d. leverages.

117. The first step of the marketing planning process involves:
a. writing the mission statement.

b. establishing organizational objectives.
c. formulating a marketing plan.
d. hiring a senior planner.

118. According to the BCG market share/market growth matrix, the revenues earned from cash cows should be used to finance the growth of:
a. question marks and dogs.
b. dogs and stars.
c. stars and question marks.
d. question marks and cash cows.

119. The performance framework developed by the Boston Consulting Group (BCG) plots:
a. market share against market growth potential.
b. market attractiveness against number of product lines.
c. current market conditions against past trends.
d. performance in test markets before a full-scale rollout.

120. Every company, whether for-profit or not-for-profit, must plan. Otherwise, the company will find itself reacting to future events rather than proactively positioning itself to take advantage of future events.

Which of the following statements is false in regards to strategic planning?
a. It includes the process of determining the organization’s primary objectives.
b. It is done after the company completes its tactical planning activities.
c. It involves choosing actions that will facilitate the achievement of its primary objectives.
d. It provides longer term guidance for the marketers and other decision makers in the firm.
e. It establishes the company objectives that are used to develop the tactical plan.

121. You are the head of market strategies for a large media company, and you are responsible for leading the enterprise through its annual marketing planning process. Which one of the following statements is true about this process?
a. Your organization’s objectives are the essential set of statements that outlines its purpose and differentiates it from other organizations.
b. Your organization’s objectives specify the organization’s goals and operational scope.
c. After your firm establishes its objectives, the next step in the marketing planning process is to develop the marketing strategy.
d. The last step in your marketing planning process should include an analysis of the risks and opportunities that you will face in striving to achieve your objectives.
e. Your organization’s objectives should be specific in describing what achievements are intended and desired.

122. The strategic business unit (SBU) concept is best identified as a:
a. planning tool that separates tactical and operational issues for analysis.

b. strategic approach used primarily to separate marketing costs from production expenses.
c. marketing planning tool that best suits the needs of large, diversified organizations.
d. marketing approach appropriate for small enterprises producing a single product.

123. The basic objectives or goals of an organization are derived from its:
a. standard operating procedures.
b. operational plans.
c. supervisory management strategy.
d. mission statement.

124. Preparation of quarterly and semiannual plans by personnel such as the general sales manager or advertising director would be classified as _____ planning.
a. consumer
b. tactical
c. procedural
d. operational

125. According to the BCG market share/market growth matrix, the SBU that produces strong cash flows which can be used to finance the growth of other SBUs is the:
a. dog.
b. question mark.
c. cash cow.
d. laggard.

126. Comcast’s NBC division acquired Universal Studios and the highest executive who approved this acquisition was most likely Comcast’s CEO. This decision is the direct result of _____ planning process at Comcast.
a. tactical
b. strategic
c. operational
d. technological

127. Bell Weddings was the company that pioneered the wedding planning industry. The owners realized that customizing weddings to the wishes of the families, taking charge of the responsibilities, and creating a day that is memorable for clients was an incredible business venture. The case of Bell Weddings illustrates the value of _____.
a. organizational vulnerabilities
b. the first mover strategy
c. operating plans
d. portfolio analysis

128. As you plan to expand your children's clothing line internationally, you realize the necessity of considering the

marketing environment. In particular, you are worried about potential new trade restrictions that could be imposed by other countries. Your concern primarily involves which dimension of the marketing environment?

a. Economic.
b. Social-cultural.
c. Competitive.
d. Political-legal.
e. Technological.

129. A company can modify a strategy when its actual performance is not in line with expected results by:

a. redefining the firm’s mission.
b. focusing exclusively on long-range strategic issues.
c. putting the marketing strategy into action and monitoring performance.
d. interpreting the mission, vision, and values of the company differently.

130. You are responsible for writing the statements of organizational goals to be included in the mission statement of your retail company. Choose the goal(s) that are not stated appropriately for this purpose.

a. Add 5 new stores each quarter of the next two years.
b. Create an aura of prestige.
c. Improve recycling by 10 percent within six months.
d. Reduce the costs of employee turnover by 5 percent within a year.
e. Add two new clothing designers to your list of vendors within a year.

131. Relationship marketing refers to a firm’s effort to develop long-term, cost-effective links with individual customers and suppliers. Many companies:

a. have been reluctant to adopt such initiatives because there is no evidence of their effectiveness.
b. focus on relationship marketing as the sole purpose of their marketing research efforts.
c. include relationship-building goals and strategies in their larger plans for the organization.
d. believe that relationship marketing is just a fad and may not be sustainable or profitable in the long run.

132. Based on your understanding of Porter's Five Forces, you have identified potential new entrants as the key threat to your florist business. Choose the most accurate reason(s) for this situation.

a. The Internet has reduced barriers to entry.
b. The Internet has increased barriers to entry.
c. The number of flower suppliers has increased.
d. The quality of silk flowers has improved.
e. All of the above are accurate reasons.

133. Which of the following best represents a mission statement?

a. U.S. Army: Be all that you can be
b. Bass Pro Shop: To be the leading merchant of outdoor recreational products, inspiring people to love, enjoy, and conserve the great outdoors

c. Kellogg's: Breakfast cereals at a price everyone can afford
d. Walmart: Stores big enough to make shopping interesting for every family member

134. A good marketing plan revolves around an efficient, flexible, and adaptable ____________.
a. Strategic plan
b. Marketing strategy
c. Marketing mix
d. Mission statement
e. SWOT Analysis

135. Decisions involving transportation, warehousing, inventory control, and order processing relate to the _____ strategy component.
a. pricing
b. competitive
c. product
d. distribution

136. The concept of _________________ refers to the ways that marketers make sure their customers get the right amount of products at the right time and place.
a. Product strategy
b. Promotion strategy
c. Retail strategy
d. Distribution strategy
e. Customer service strategy

137. YOU Inc., a radio cassette manufacturer, sold its business due to poor market shares. According to the BCG Matrix, the firm sold its business because the business had become a _____ as seen in its poor prospects and performance.
a. star
b. question mark
c. cash cow
d. dog

138. The _____ is the organizational program for selecting a target market and satisfying customers in that market through the marketing mix.
a. operational plan
b. marketing strategy
c. relationship marketing approach
d. short-term plan

139. A SWOT analysis is designed to reveal, among other things, a firm's core competencies, which reflect its:

a. threats.
b. strengths.
c. opportunities.
d. vulnerabilities.

140. Core competencies are capabilities that customers value and competitors:
a. can easily copy.
b. tend to overestimate.
c. find difficult to duplicate.
d. undervalue.

141. Operational planning:
a. should be used to establish the fundamental strategies of the organization.
b. is used to determine departmental rules and procedures.
c. is the primary responsibility of the top management.
d. should be completed at the same time the total budget is prepared.

142. Business strategist Michael E. Porter identified five competitive forces that influence _____ in a model called Porter’s Five Forces.
a. planning strategies
b. corporate social responsibility
c. consumer behavior
d. sustainable development

143. There are many roles played in the planning process for a typical company. Depending on the organizational level, the planning focus and the effort devoted will be different. Which of the following statements is true about planning within an organization?
a. In their role in the planning process, top management focuses on short-term operational objectives for the company.
b. Only top management spends time focused on strategic and operational planning activities for the organization.
c. Middle management employees spend more of their time focusing on planning than other levels of the organization.
d. Supervisors are tasked with developing specific programs and tactics for achieving the goals of their responsibility areas.
e. Middle managers are primarily focused on strategic planning considerations.

144. Justin is the marketing director for Tire Rack and is responsible for working with their advertising agency and identifying the messages and means for communicating with customers. Justin's job involves the ______ strategy of the marketing mix.
a. promotion
b. product

c. communication
d. distribution

145. After working as an analyst in the marketing department of a large consumer products firm, you have been promoted to marketing team lead for the company's leisure products line. In your new role, you will be responsible for the following major functional areas related to this product line:

- Inventory control
- Order processing
- Warehousing
- Logistics

Within the context of the marketing mix, your responsibilities are primarily focused on
a. Product strategy
b. Promotion strategy
c. Retail strategy
d. Distribution strategy
e. Customer service strategy

146. In the planning hierarchy, plans dealing with organization-wide objectives, long-term plans, and the total budget would be classified as _____ plans.
a. weekly
b. tactical
c. operational
d. strategic

147. One of General Electric's business units produces a variety of light bulbs and generates healthy revenue. The revenues of this business unit are used to finance the growth of other business units with higher growth potentials. How would this unit be classified on the BCG market share/market growth matrix?
a. Cash cow
b. Star
c. Question mark
d. Dog

148. A company's plans that focus largely on its current and near-future activities and are determined by its middle level management are referred to as _____ plans.
a. strategic
b. long-term
c. operational
d. tactical

149. H&M stores have grown quickly and established a high share of the market by targeting women who like to wear the latest fashion trends and are price conscious. H&M determines their mix of product, pricing,

promotion strategy, and retail store location based upon extensive research regarding consumer preferences and style trends. The identification of a target market and blending of marketing mix elements is known as the ________.

a. marketing strategy
b. environmental plan
c. target market mix
d. competitive strategy

150. The group of people to whom a firm directs its marketing efforts and ultimately its merchandise is known as its _____ market.

a. undifferentiated
b. unsegmented
c. mass
d. target

151. Kraft Mac & Cheese first hit the shelves in 1937 and remains a favorite product for families. The product has undergone changes in formulation as well as packaging over the years and Kraft recently reformulated the product so it does not contain any artificial ingredients. Sales of Kraft Mac & Cheese in the familiar blue box continue to be strong and help Kraft fund other products since it generates such a strong cash flow. Kraft continues to invest in its Mac & Cheese brand through both research and development as well as promotional activities. It's likely that Kraft views Mac & Cheese as a ______ according the BCG matrix.

a. star
b. cash cow
c. quotation mark
d. dog

152. TaB is a cola product marketed by Coca Cola company and has a loyal following due to its low levels of sodium and no caffeine. However, the TaB product has low market share and low growth rate. TaB is a ______ according the BCG matrix.

a. dog
b. cash cow
c. quotation mark
d. star

153. The BCG (Boston Consulting Group) matrix places strategic business units into which of the following four-quadrants:

a. Strengths, Weaknesses, Opportunities and Threats
b. Oligopoly, Monopoly, Monopolistic Competition and Perfect Competition
c. Micro, Small, Medium, and Large
d. North, South, East and West
e. Stars, Cash Cows, Question Marks and Dogs

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154. You've just started a new job as Chief Marketing Officer for a restaurant chain, and you've learned that the marketing planning process is already underway. In fact, the first two steps have been completed. What do you need to do now?

a. Define the chain's mission.
b. Determine the chain's specific objectives.
c. Formulate a marketing strategy.
d. Implement strategy.
e. Assess organizational resources and opportunities.

155. An automobile manufacturer is dependent on a single supplier for tires. Based on this information, which of the following statements is true?

a. The barriers to market entry are low.
b. The buyer has greater bargaining power.
c. The threat of new entrants is high.
d. The supplier has significant bargaining power.

156. The basic elements of a marketing strategy consist of ____________.

a. Product and promotion
b. Strategic planning and tactical planning
c. The customer and the exchange
d. Strategic planning and marketing planning
e. The target market and the marketing mix

157. Which of the following would qualify as an example of a firm's weakness?

a. A bill passed by the government regarding the work timings of all organizations
b. A competitor planning to open a new branch close to the firm's place of operations
c. The firm's failure to pay its taxes on time leading to a poor reputation in the market
d. A ban imposed on the use of animals for testing cosmetics

158. The BCG market share/market growth matrix classifies products with a low relative share of a high-growth market as _____.

a. stars
b. question marks
c. cash cows
d. dogs

159. Retailers such as Bed Bath and Beyond often use the ______ element of the marketing mix to influence consumers to purchase a greater number of products by offering a discount if a customer purchases multiple units such as 3 for $10.

a. price
b. promotion
c. product

d. distribution

160. Luxury brands such as Louis Vuitton and Gucci are experiencing a decline in sales as luxury buyers prefer to purchase non-branded merchandise as they are concerned with flaunting their wealth. Instead, they are purchasing luxury brands that do not feature the brands logo on the product. This trend is related to the fact that high income consumers have increased their wealth in the last several years while middle-income earners' wealth has declined. The decline in sales for Louis Vuitton and Gucci is related to the ________ environmental influence.

a. social-cultural
b. technological
c. political-legal
d. competitive

161. Business strategies are impacted by the widespread use of the Internet. Which of the following is true with respect to its impact?

a. The Internet has eliminated all forms of substitution threats.
b. The Internet has reduced barriers to market entry.
c. The Internet has reduced the bargaining power of end-users.
d. The Internet has reduced consumer awareness about the differences among competitors.

162. Strategic planning has a critical impact on a firm’s destiny because it provides _____ to its decision makers.

a. customer input
b. individual goals
c. departmental goals
d. long-term direction

163. The quadrant of the BCG market share/market growth matrix that represents both a high market share and a high rate of market growth represents the:

a. cash cows.
b. innovators.
c. stars.
d. strivers.

164. Jamal is the marketing director of a third party logistics firm operating in the United States. Jamal and his team recently engaged in ________ to determine the company's primary objectives over the next three years and identified specific actions that the company would initiate to achieve the objectives.

a. strategic planning
b. tactical planning
c. operations planning
d. near-term planning

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165. Jenny has been appointed the marketing manager for Spark Cleaning Products. Her job focuses on decisions involving customer service, package design, brand names, and warranties. In this scenario, Jenny is closely associated with the _____ dimension of the marketing planning.

a. product strategy
b. resource valuation and pricing
c. retailing and distribution
d. target market

166. Which of the following best describes the activity of promotion?

a. Making new products available to meet consumer demand
b. Finding a convenient location to sell the products in
c. Maintaining a high level of regulation in production
d. Communicating between buyers and sellers

167. Promotional schemes like frequent shopper programs provide incentives to loyal buyers. Considering Porter's Five Forces model, such offers will:

a. reduce the threat of new entrants.
b. decrease the rivalry among competitors.
c. decrease the bargaining power of the supplier.
d. increase the threat of substitute products.

168. A certain social networking corporation has the highest number of users in the social networking industry. This is an example of the firm's:

a. opportunity.
b. constraint.
c. strength.
d. threat.

169. In terms of the BCG Matrix, which of the following SBUs are characterized by earning only low market shares in low-growth markets?

a. Stars
b. Question marks
c. Dogs
d. Cash cows

170. As chief executive of Stalwart Shipfitting Company, a diversified producer of marine supplies and equipment, John needs a method for spotting promising product lines that warrant commitment of additional resources, as well as those that should be removed from the firm's product portfolio. A good choice for this firm at this stage would be to use:

a. computer models.
b. strategic business units.
c. a marketing audit.

d. an industry analysis.

171. DK Motors' difficulty in competing with other car makers due to its lack of responsiveness to changing consumer preferences constitutes a:

a. strategic window.
b. leveraged situation.
c. threat from the environment.
d. constraint on its activity.

172. Which of the following statements is true of tactical planning?

a. It is conducted exclusively by the supervisory personnel.
b. It is used to generate weekly plans, unit budgets, departmental rules and procedures.
c. It is designed to determine annual budgets and long-range strategic goals.
d. It is performed to substitute the strategic planning process in large organizations.

173. You are about to launch a digital advertising startup. Your former marketing professor warns you to get the first element in the marketing strategy right -- because otherwise, your new company is doomed to failure. Which is this essential element?

a. Target market
b. Promotion
c. Price
d. Distribution
e. Product

174. Jose is the social media manager for a children's museum and is making decisions about the best mix of social media tools to utilize in order to achieve the objective of increasing the number of family memberships by 10% during the year. Jose likes to use Twitter, Instagram, Facebook and Pinterest to reach the museum's desired target market but he spends most of his time developing the appropriate content and determining the frequency of posts. Which term best describes Jose's activity related to determining the use of social media?

a. tactical planning
b. media scheduling
c. strategic planning
d. operations planning

175. Jose is part of a team that is analyzing current demographic trends. The team will make a recommendation concerning the groups of consumers toward whom the firm should direct its new marketing effort. Jose's team is involved in which of the following elements of the firm's marketing strategy?

a. Target market
b. Distribution
c. Product
d. Promotion

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176. Employees of Popsie Inc., a small grocery store chain, are working on its tactical plans. The personnel most involved in this level of its planning process would be its:
   a. top management, such as the owner.
   b. middle management, such as the merchandising and advertising managers.
   c. store managers.
   d. supervisory management, such as shift managers and night auditors.

177. The marketing mix decisions which are closely regulated and subject to public scrutiny usually relate to a company's _____ strategy.
   a. short-term
   b. resource
   c. distribution
   d. pricing

178. Marketing planning establishes the:
   a. resource base provided by the firm's strategy.
   b. economic impact of additional sales.
   c. daily and weekly schedules for individual employees.
   d. basis for any marketing strategy.

179. Matching an internal strength with an external opportunity produces a situation known as:
   a. leverage.
   b. constraint.
   c. vulnerability.
   d. plateau.

180. Atari, a consumer electronics and video games company, observed the innovations of Nintendo Co., the most powerful video game company at that time, and destroyed the market share of Nintendo eventually. This implies that Atari:
   a. followed a first-mover strategy.
   b. created a new product indigenously.
   c. remained uninfluenced by Nintendo.
   d. applied a second-mover strategy.

181. ADA Inc. stopped its production of oral care goods after determining apparel production to be its new primary objective. This is a direct result of the _____ planning process at ADA Inc.
   a. tactical
   b. research
   c. strategic
   d. economic

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182. Carmen is a marketer for a global consumer products company. She is designing a promotional campaign for a foreign market and wants to ensure that the promotional campaign is clearly understood by the target consumers. She is also taking special care to see that the campaign is free from controversies and does not inadvertently offend anyone. In this scenario, Carmen is specifically trying to take into account variables of the country's _____ environment.

a. social-cultural
b. political-legal
c. competitive
d. economic

183. Jamie is the regional sales manager for Sherwin Williams paint company and oversees a team of 40 outside sales representatives. She meets with her sales managers on a monthly basis to review budgets and track the team's progress in meeting its sales quotas in order to reach company objectives. Jamie requires that each sales manager collaborate with their individual sales representatives to develop weekly call schedules and account plans. What type of planning is Jamie and her sales managers engaged in?

a. operational planning
b. strategic planning
c. tactical planning
d. constructive planning

184. The rule of three refers to the theory that in any industry, the three strongest competitors dominate between _______________ percent of the competitive market.

a. 60 and 80
b. 20 and 80
c. 70 and 90
d. 60 and 90
e. 50 and 95

185. When a massive fuel hike affected the expenses of users of Cadmia significantly, Flare Inc. introduced automobiles that run on solar energy. The introduction of such automobiles indicates that Flare Inc.:

a. switched over to less sustainable fuels.
b. recognized its competitive constraints.
c. applied a second-mover advantage.
d. made the best of a strategic window.

186. An example of a threat to a firm discovered by a SWOT analysis might be:

a. the presence of cost advantages due to advanced technology.
b. the chance to acquire firms with the needed technology.
c. the entry of new competitors in the industry.
d. the narrow product line produced by the firm.

187. The rule of three states that the three leading firms in an industry will control _____ percent of the market.

a. less than 25
b. less than 50
c. between 70 and 90
d. 100

188. A bill passed by the government stipulates the mandatory use of revised engine mapping and particulate filters in the automobile industry. Which of the following factors of the marketing environment has affected the automobile industry in this scenario?
a. competitive
b. political-legal
c. economic
d. social-cultural

189. Product lines, pricing decisions, selection of appropriate distribution channels, and decisions relating to promotional campaigns are____.
a. fixed and unchanging
b. independent of the impact of external factors
c. dynamic in today's boundaryless business environment
d. determined from a purely retrospective viewpoint

190. All planning strategies have the goal of creating:
a. sustainable competitive advantage.
b. undifferentiated markets.
c. a market with no distinct segments.
d. barriers to market entry.

Indicate one or more answer choices that best complete the statement or answer the question.

191. When you open an organic food store, you intend to follow a second mover strategy. Choose the benefit(s) of this approach.
a. You can observe and avoid the mistakes of Whole Foods and other innovative retailers.
b. You can be the first to enter this market.
c. You may be able to improve upon the innovations of first movers.
d. You can promote this strategy in your advertising.
e. Second movers can charge less than first movers.

192. You are explaining the elements of your bookstore's marketing strategy to a summer intern. Which of the following do you include?
a. A target market of adults 18-62
b. A wide array of bestselling fiction and nonfiction titles
c. Prices competitive with online sellers
d. Low employee turnover

e. Advertising in local newspapers

193. Within your diversified processed-food firm, there are SBUs for fruits, vegetables, dairy products, and baked goods. Each SBU has its own:

a. Managers
b. Resources
c. Objectives
d. Competitors
e. Portfolios

194. As the marketing director for a public health advocacy group, you recently obtained approval from the board to pursue a new set of strategic objectives. Among them: to achieve 80% community awareness of the group's name and purpose. Now you must turn to tactical planning. Which of the following tasks should you undertake

a. Develop a five-year funding allocation plan.
b. Reserve advertising space in local newspapers for the next six months.
c. Recruit an assistant to write press releases.
d. Improve the visibility of your headquarters building.

Match each definition to the corresponding term.

a. planning
b. marketing planning
c. strategic planning
d. tactical planning
e. cash cows
f. first mover strategy
g. SWOT analysis
h. strategic window
i. marketing mix
j. product strategy
k. strategic business units
l. Porter’s Five Forces
m. marketing strategy
n. dogs
o. stars
p. annual growth rate

195. _____ is the process of anticipating future events and conditions and determining the best way to achieve organizational objectives.

196. The _____ process involves implementing planning activities devoted to achieving marketing objectives.

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197. The process of determining an organization's primary objectives and adopting courses of action that will achieve these objectives is known as _____.

198. Strategic planning is complemented by _____ which guides the implementation of activities specified in the strategic plan.

199. A _____ is the overall, companywide program for selecting a particular target market and then satisfying consumers in that market through the marketing mix.

200. The _____ is the blending of the four strategy elements to fit the needs and preferences of a specific target market.

201. _____ identifies five competitive forces that influence planning strategies.

202. A firm that adopts a _____, attempts to capture the greatest market share and develop long-term relationships by being the pioneer to enter the market with a good or service.

203. _____ is a review that helps planners compare internal organizational strengths and weaknesses with external opportunities and threats.

204. Limited periods during which the key requirements of a market and the resources and skills of an organization best fit together are called the _____.

205. _____ primarily involves decisions concerning the goods and services to be offered by a firm.

206. _____ are key business units within diversified firms.

207. _____ represent units with high market shares in high-growth markets.

208. In the BCG matrix, the position of an SBU along the vertical axis indicates the _____ of the market.

209. _____ command high market shares in low-growth markets.

210. SBUs in the category of _____ promise poor future prospects, and marketers should withdraw from these businesses or product lines as quickly as possible.

211. What is a marketing strategy? Explain the process of implementing the marketing strategy into action.

212. What is a strategic window? Give an example of a strategic window that exists today.

213. Describe the aspects of strategic and tactical planning.

214. What is a marketing mix? In order for a product to succeed, what can be said about the variables in the marketing mix?

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215. Explain the forces that influence the rivalry among competitors in Porter's Five Forces Model.

216. Describe the market share/market growth matrix.

217. Distinguish between an organization's mission and its objectives. Provide an example of each.

218. Describe the basic elements of a marketing strategy.

219. Define SWOT analysis and explain its importance.

220. Define marketing planning.

221. Describe the strategic business unit concept.

222. Describe the structure and dynamics of Porter's Five Forces model. How has the Internet affected the operation of this model?

223. Discuss pricing strategy in the marketing mix and its relevance in the changing economy.

224. What does a distribution strategy involve? Define two marketing channels.

225. How does planning differ at various levels of organizational management?

226. Explain the difference between a first-mover and a second-mover strategy. Give examples of companies that have followed each strategy.

227. List the environmental characteristics that influence strategic decisions. What is the "rule of three?" Provide an example of this phenomenon.

228. Define and explain the term "planning" in the context of marketing.

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Answer Key

1. True

2. True

3. True

4. False

5. True

6. True

7. False

8. True

9. False

10. False

11. True

12. True

13. True

14. False

15. False

16. False

17. True

18. True

19. True

20. False

21. True

22. False

23. True

24. False

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25. False

26. False

27. False

28. False

29. False

30. True

31. False

32. True

33. True

34. False

35. True

36. True

37. True

38. True

39. True

40. True

41. False

42. False

43. True

44. False

45. False

46. False

47. True

48. True

49. False

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50. True

51. False

52. True

53. False

54. False

55. True

56. True

57. True

58. True

59. True

60. True

61. False

62. False

63. True

64. True

65. True

66. False

67. True

68. False

69. True

70. False

71. a

72. d

73. b

74. c

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75. a

76. d

77. c

78. a

79. a

80. c

81. c

82. c

83. a

84. c

85. c

86. a

87. a

88. b

89. d

90. b

91. a

92. c

93. b

94. b

95. e

96. b

97. b

98. c

99. a

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100. b

101. a

102. d

103. e

104. a

105. b

106. a

107. a

108. c

109. e

110. a

111. c

112. c

113. b

114. d

115. d

116. c

117. a

118. c

119. a

120. b

121. e

122. c

123. d

124. b

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125. c

126. b

127. b

128. d

129. c

130. b

131. c

132. a

133. b

134. b

135. d

136. d

137. d

138. b

139. b

140. c

141. b

142. a

143. d

144. a

145. d

146. d

147. a

148. d

149. a

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150. d

151. a

152. a

153. e

154. e

155. d

156. e

157. c

158. b

159. a

160. a

161. b

162. d

163. c

164. a

165. a

166. d

167. a

168. c

169. c

170. b

171. d

172. c

173. a

174. a

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175. a

176. b

177. d

178. d

179. a

180. d

181. c

182. a

183. a

184. c

185. d

186. c

187. c

188. b

189. c

190. a

191. a, c

192. a, b, c, e

193. a, b, c, d

194. b, c, d

195. a

196. b

197. c

198. d

199. m

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200. i

201. l

202. f

203. g

204. h

205. j

206. k

207. o

208. p

209. e

210. n

211. A marketing strategy is an overall, companywide program for selecting a particular target market and then satisfying consumers in that market through a careful blending of the elements of the marketing mix—product, distribution, promotion, and price—each of which is a component of the overall marketing strategy.
In the two final steps of the planning process, marketers put the marketing strategy into action; then they monitor performance to ensure that objectives are achieved. Sometimes strategies need to be modified if the product's or company's actual performance is not in line with expected results.

212. A strategic window is a limited period during which the key requirements of a market and the particular competencies of a firm best fit together.

The growth of China has increased the number of strategic windows as their demand for products increases. The auto industry, in particular, is facing a strategic window as the demand for automobiles rises in the Chinese market.

213. Strategic planning is the process of determining an organization's primary objectives and adopting courses of action that will achieve these objectives.
Strategic planning has a critical impact on the organization's destiny because it provides long-term direction for its decision makers.
Tactical planning guides the implementation of activities specified in the strategic plan.
Tactical plans are usually shorter in duration than strategic plans and focus on current and near-future activities that a firm must complete to implement the larger strategies.

214. The marketing mix variables - product, distribution, promotion, and price - are combined to satisfy the needs of the target market. Product is a broad concept encompassing goods, services and ideas, but also including the satisfaction of all consumer needs with respect to the relevant good, service, or idea. Distribution refers to getting products to consumers in the right quantities, at the right place, and at the right times.

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Promotion refers to the communications that link buyers and sellers. Pricing deals with the means of setting justifiable and profitable prices.
Successful products have a marketing mix where all variables are on target. Great pricing, product, and promotion mean nothing if the customer cannot find the product. Lack of promotion could leave a great product gathering dust on retail shelves.

215. The four forces of Porter Five Forces Model including potential new entrants, bargaining power of buyers, bargaining power of suppliers, and threat of substitute products influence the rivalry among competitors. In addition, issues such as cost and differentiation or lack of differentiation of products—along with the Internet—influence the strategies that companies use to stand out from their competitors. With increased availability of information, which tends to level the playing field, rivalry heats up among competitors who try to differentiate themselves from the crowd.

216. The market share/market growth matrix places business units in a four-quadrant chart that plots market share - the percentage of the market the firm controls - against market growth potential.
Stars are units with high market shares and high growth potential. The firm should invest more funds for future growth.
Cash cows are units with high market shares but low growth potential. They generate strong cash flows that should be used to finance the growth of stars.
Question marks are units with low market shares but high growth potential. The firm needs to watch these units carefully, making prudent investment decisions. These units typically use more cash than they generate.
Dogs are units with low market shares and low growth potential. These units are least attractive and the firm should consider withdrawal.

217. An organization's mission is its essential purpose that differentiates it from other organizations. An example of a mission statement is: "To be regarded as the quality and market leader of the hotel industry worldwide."
Objectives are organizational goals and guide the development of supporting marketing objectives and plans. Well-conceived objectives should state relatively specific intentions. An example of an objective is: "attain a 20 percent share of the market by 2018."

218. Success for a product in the marketplace—whether it is a tangible good, a service, a cause, a person, a place, or an organization—depends on an effective marketing strategy. An effective marketing strategy reaches the right buyers at the right time, persuades them to try the product, and develops a strong relationship with them over time. The basic elements of a marketing strategy consist of (1) the target market and (2) the marketing mix variables of product, distribution, promotion, and price that combine to satisfy the needs of the target market.

219. SWOT analysis is an important strategic planning tool that assists planners in their planning task.

a) SWOT stands for strengths, weaknesses, opportunities, and threats. The analysis provides managers with a critical view of an organization's internal and external environment and helps them evaluate the firm's fulfillment of its basic mission.
b) The analysis allows planners to match the firm's internal strengths with external opportunities to secure organizational leverage in the marketplace.
c) It further assists the firm in recognizing internal weaknesses that might prevent capitalizing on opportunities, which would constrain its activities.
d) SWOT analysis aids in the identification of environmental threats to the firm's strengths that could lead to

vulnerabilities.

e) Finally, SWOT analysis helps spot internal weaknesses that environmental threats might attack, which would present the firm with problems.

220. Marketing planning is the process of implementing planning activities devoted to achieving the marketing objectives. It establishes the basis for a marketing strategy. Product lines, pricing decisions, selection of appropriate distribution channels, and decisions relating to promotional campaigns all depend on plans formulated within the marketing organization.

221. Strategic business units (SBUs) are key business units within diversified firms. Each SBU has its own managers, resources, objectives, and competitors. A division, product line, or single product may define the boundaries of an SBU. Each SBU pursues its own distinct mission and often develops its own plans independently of other units in the organization. Strategic business units, also called categories, focus the attention of company managers so that they can respond effectively to changing consumer demand within limited markets. Companies may have to redefine their SBUs as market conditions dictate.

222. Michael E. Porter identified five competitive forces that influence planning strategies in a model called Porter's Five Forces. They are potential new entrants, the bargaining power of buyers, the bargaining power of suppliers, threat of substitute products, and rivalry among competitors. The first four forces influence the fifth force.
Potential new entrants are sometimes blocked by the cost or difficulty of entering a market. The Internet has reduced the barriers to market entry in many industries. If customers have considerable bargaining power, they can greatly influence a firm's strategy. The Internet can increase a customer's buying power by providing information that might not otherwise be easily accessible. The number of suppliers available to a manufacturer or retailer affects their bargaining power. If customers have the opportunity to replace a company's products with goods or services from a competing firm or industry, the company's marketers may have to find a new market, change prices, or compete in other ways to maintain an advantage. The four previous forces influence the rivalry among competitors. In addition, issues such as cost and differentiation or lack of differentiation of products—along with the Internet—influence the strategies that companies use to stand out from their competitors. With increased availability of information, which tends to level the playing field, rivalry heats up among competitors, who try to differentiate themselves from the crowd.
The Internet has increased the speed and availability of information that the customers, suppliers, and competitors can use to make decisions. This leads to leveling of the competitive playing field which, in turn, increases the marketing challenge to stand out from the pack of competitors.

223. Pricing strategy deals with the methods of setting profitable and justifiable prices. It is closely regulated and subject to considerable public scrutiny. One of the many factors that influence a marketer's pricing strategy is competition.
A good pricing strategy should create value for customers, building and strengthening their relationship with a firm and its products. But sometimes conditions in the external marketing environment cause difficulties in pricing strategies. Political unrest overseas, the soaring price of fuel, or a freeze that destroys crops could all affect the price of goods and services.
If the economy is booming, consumers generally have more confidence and are willing to shop more often and pay more for discretionary goods. But when the economy takes a downturn, consumers look for bargains—they want high quality at low prices. It is a challenge for marketers to strike the right balance in order to make enough profits to survive and grow.

chapter 2

224. Marketers develop distribution strategies to ensure that consumers find their products in the proper quantities at the right times and places. Distribution decisions involve modes of transportation, warehousing, inventory control, order processing, and selection of marketing channels. Marketing channels are intermediaries that may be involved in a product's movement from the producer to the final consumers. Technology continually opens new channels of distribution in many industries. The Internet has caused the biggest revolution in distribution since the mail-order catalog.
Two important types of marketing channels are wholesalers and retailers.

225. a) Top managers spend greater proportions of their time engaged in strategic planning than managers at middle and supervisory levels.
b) Middle-level managers tend to focus on operational planning, which involves creating and implementing tactical plans for their own departments.
c) Supervisory personnel engage in developing daily and weekly programs for meeting the goals in their areas of responsibility.

226. The first-mover strategy is based on the notion that the company who is first to offer a product in the marketplace will capture the greatest market share and be the long-term winner. Being the first can also refer to entering new markets with existing products or creating significant innovations that effectively turn an old product into a new one. An example of a successful first mover is eBay. The second-mover strategy, on the other hand, is based on the notion that the best way to gain advantage in the marketplace is to closely observe the innovations of first movers and then improve on them. Microsoft is famous for adopting a second-mover strategy.

227. Marketers do not make decisions about target markets and marketing mix variables in a vacuum. They must take into account the dynamic nature of the five dimensions of the marketing environment, i.e., competitive, political-legal, economic, technological, and social-cultural factors.
In the competitive environment, some experts have coined the phrase "rule of three," meaning that in any industry, the three strongest, most efficient companies dominate between 70 and 90 percent of the competitive market. For example, the pharmaceutical industry is dominated by Merck, Pfizer, and Bristol-Myers Squibb.

228. Planning is the process of anticipating future events and conditions and determining the best way to achieve organizational objectives. Planning is a continuous process that includes identifying objectives and then determining the actions through which a firm can attain those objectives. The planning process creates a blueprint for marketers, executives, production staff, and everyone else in the organization to follow for achieving organizational objectives. It also defines checkpoints so that people within the organization can compare actual performance with expectations to indicate whether current activities are moving the organization toward its objectives. Before marketing planning begins, an organization must define its objectives.

