

Name _____

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 1) The main role of marketing is to create customers and keep them coming back.

Answer: True ☒ False

- 2) Competitive advantage is when a firm is able to capture a large share of the market and earn higher than average profits.

Answer: ☒ True False

- 3) Two of the most important competencies are brand and scarce resources.

Answer: True ☒ False

- 4) Value chain activities are those that are undertaken by an organization in order to transform raw material into the final product or service that the customer buys.

Answer: ☒ True False

- 5) High quality = high prices

Answer: True ☒ False

- 6) The dimensions that define quality can be abbreviated RATAR.

Answer: True ☒ False

- 7) Efficiency is when the whole process of production is designed to minimize the cost of production.

Answer: ☒ True False

- 8) An example of customer responsiveness is when a firm develops an elaborate database so that it can track the likes and dislikes of the customer.

Answer: ☒ True False

- 9) Innovation is where a company copies what the competitor is doing.

Answer: True ☒ False

- 10) Competitive advantage is defined as the ability of a firm to develop and maintain distinctive competencies that enable it to capture a larger share of the market and earn higher than average profits.

Answer: ☒ True False

- 11) An example of size (in competitive advantage) is the total number of hotel properties in one chain.

Answer: ☒ True False

- 12) One role of marketing is to determine the price point at which customers are willing to buy and then design a quality product or service to match that price point.

Answer: ☒ True False

- 13) Customer responsiveness is used to determine what the individual customer wants and then make sure he or she receives it.

Answer: ☒ True False

14) Innovation is one of the building blocks of marketing.

Answer: ☒ True ☐ False

15) According to Drucker, the purpose of a business is to first create customers and then create value for these customers.

Answer: ☒ True ☐ False

16) Marketing is the integration of all the professional disciplines required to determine the price and location of company services.

Answer: ☐ True ☒ False

17) The definition of marketing is identifying the customer's preferences, and then using this to create, deliver, and promote products.

Answer: ☒ True ☐ False

18) Sales-oriented companies and sales-oriented people are the ones who are truly successful in the highly competitive hospitality marketplace.

Answer: ☐ True ☒ False

19) Non-traditional marketing oriented management thinks in terms of the entire buying process.

Answer: ☒ True ☐ False

20) Promotions get the customers to purchase the product once and keep coming back.

Answer: ☐ True ☒ False

21) Providing customers with outstanding value may be the only reliable way to achieve sustained customer satisfaction and loyalty.

Answer: ☒ True ☐ False

22) Knowledge-based marketing means spending time with customers, constantly monitoring competitors, and developing a feedback system that turns this information into new product/service intelligence.

Answer: ☐ True ☒ False

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

23) Which one of these is not an example of competence?

- A) Management knowledge
- B) Value chain
- C) Skills
- D) Location
- E) Special patents

Answer: B

24) The value chain consists of the following:

- A) Quality
- B) Innovation
- C) Infrastructure
- D) Marketing
- E) Both C & D

Answer: E

- 25) The building blocks of competitive advantage are:
- A) Quality, innovation, marketing, customer responsiveness and location
 - B) Efficiency, quality, innovation and customer responsiveness
 - C) Innovation, customer responsiveness, quality, location and efficiency
 - D) Efficiency, innovation, customer responsiveness, quality and size

Answer: D

- 26) The RATER system is in which building block?
- A) Customer responsiveness
 - B) Size
 - C) Efficiency
 - D) Quality
 - E) Innovation

Answer: D

- 27) Competencies that lead to competitive advantage include:
- A) Brand name
 - B) Location
 - C) Creativity
 - D) Knowledge
 - E) All of the above

Answer: E

- 28) Functional areas of a firm include all but:
- A) Production
 - B) Human resources
 - C) Pricing
 - D) Infrastructure
 - E) Marketing

Answer: C

- 29) The building blocks of competitive advantage include:
- A) Efficiency
 - B) Innovation
 - C) Size
 - D) Customer responsiveness
 - E) All of the above

Answer: E

- 30) The acronym RATER stands for:
- A) Reliability, advertising, teaching, empathy and responsiveness
 - B) Reliability, assurance, tangible, empathy and research
 - C) Reliability, assurance, tangible, empathy and responsiveness
 - D) Reliability, accountability, tangible, empathy and responsiveness
 - E) Reasoning, assurance, tangible, empathy and responsiveness

Answer: C

31) The process that is designed to minimize the cost of production is:

- A) Size
- B) Quality
- C) Efficiency
- D) Innovation
- E) None of the above

Answer: C

32) The building block of competitive advantage that focuses on the individual customer is:

- A) Size
- B) Quality
- C) Efficiency
- D) Customer responsiveness
- E) Innovation

Answer: D

33) The purchase of Promus Hotels by Hilton Corporation is an example of:

- A) Size
- B) Innovation
- C) Customer responsiveness
- D) Quality
- E) None of the above

Answer: A

34) Size can represent:

- A) Big
- B) Number of rooms
- C) Number of properties
- D) Small
- E) All of the above

Answer: E

35) Which of the following is not considered a type of orientation for an organization?

- A) Selling orientation
- B) Marketing orientation
- C) Profit orientation
- D) Product/service orientation
- E) Operations orientation

Answer: C

36) Marketing's role in creating value includes:

- A) Keeping the customer coming back
- C) Operational advice to management

- B) Bringing the customer into the organization
- D) Both A & B

Answer: D

37) In the trade-off problems-solutions graph, at the top would be:

- A) Marketing/solutions
- C) Want/desire
- B) Price/sacrifice
- D) Need/problem

Answer: D

38) Which of the following is not a building block of marketing?

- A) Size
- B) Value
- C) Efficiency
- D) Quality
- E) All of the above

Answer: E

39) The ability to develop new products and services that change the way an industry does business is _____.

- A) Customer responsiveness
- B) Change
- C) Innovation
- D) Quality

Answer: C

40) _____ oriented companies and _____ oriented people are the ones who are truly successful in a competitive hospitality marketplace.

- A) Business; success
- B) Profit; marketing
- C) Success; profit
- D) Marketing; marketing
- E) Customer; success

Answer: D

41) A _____ marketing oriented management thinks in terms of the entire buying process, from understanding the customer's needs when designing the service or product to delivering the service and supporting the product after the sale is over.

- A) Traditional
- B) Non-traditional
- C) Successful
- D) Good
- E) None of the above

Answer: B

42) The _____ of marketing is to create and keep a customer.

- A) Idea
- B) Two-fold purpose
- C) Concept
- D) Trade-off

Answer: B

43) Having created expectation, marketing needs to reduce perceived _____.

- A) Experience
- B) Value
- C) Risk
- D) Time

Answer: C

44) A(n) _____ orientation is categorized by its emphasis on a "smooth operation."

- A) Management
- B) Business
- C) Marketing
- D) Operations

Answer: D

45) Why do customers buy products?

- A) The product provides a solution to a problem.
- B) They hope the product will help them achieve certain images, aspirations, and dreams.
- C) They are attracted to specific features of a product.
- D) All of the above.

Answer: D

- 46) Heightening an interest or desire of a customer induces _____.
 A) Excitement B) Impulse buying C) Repeat business D) None of the above
 Answer: B
- 47) A(n) _____ orientation emphasizes a "smooth operation."
 A) Selling B) Product/service C) Marketing D) Operations
 Answer: D
- 48) A(n) _____ orientation markets according to the concept of "build it and they will come."
 A) Selling B) Product/service C) Operations D) Bottom line
 Answer: B
- 49) A(n) _____ orientation is only concerned with profitability and ROI.
 A) Product/service B) Selling C) Bottom line D) Marketing
 Answer: C
- 50) Where there is a problem, there is a(n) _____.
 A) Plan B) Control C) Opportunity D) All of the above
 Answer: C

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 51) What are the 5 building blocks of competitive advantage? Provide examples of hospitality firms whose strategy focuses on one or more of these building blocks.

Answer: Competitive advantage is the ability to do something better than the competition. The five building block competitive advantage are efficiency, quality, innovation, customer responsiveness and size. By employing five elements, organizations can gain or maintain a competitive edge and make their product and/or service the consumer's choice.

Efficiency is the ability to keep production costs to a minimum. Southwest Airlines was known in the industry for only providing limited beverage and snack service, long before it became cost containment for airlines.

Quality is a product's ability to do what it was designed to do. Again, Southwest shows quality when consistently provides on-time flights. The flight schedules are made and kept — a display of consistency and quality.

Innovation is the ability to create and re-create products to keep them cutting edge — that is one step ahead of other products. With the airline, lack of a hub system might be considered innovative. It is different from the rest of the industry and has proven quite successful.

Customer responsiveness ensures that there is individual attention paid to consumer's needs. This means not only on the positive, like listening to a customer, but also the negative. Take for example a passenger who was bumped off a flight. An employee uses customer responsiveness to place, quickly and without hassle, that customer on another flight. Even though the service may not be what the customer expected, the outcome still be positive.

Size, either as it relates to a specific product or the organization as a whole, can be a competitive advantage. The fact that Southwest has planes that are all the same size and interchangeable works to its advantage (i.e., broken down planes/replacement planes and parts).

52) What are the different management orientations? Discuss the pros and cons of each one. Provide examples of hospitality firms that follow each of the different management orientations.

Answer: Firms and organizations all operate with an underlying basic philosophy or orientation. Orientations discussed in the text include: operations, product/service, selling, bottom line and marketing.

An operations orientation provides a direction or script for every foreseeable circumstance to ensure a "smooth operation." Pro: Consistent service, particularly in large or franchised organizations. Con: Some forgets the customer if there is no room for change or deviation. Customer can be left out of the equation in the name of cost.

A product/service orientation puts the emphasis on having the finest product/service available for the customer. Pro: Focus on providing the best for the customer. Con: They may not have "the best" product/service; they may not offer what the customer actually wants.

A selling orientation focuses on finding customers to come to the product or service. Pro: Generates customers for the product/service. Con: The customer may be too much to meet a "quota" and may not be your target or optimal customer. Sales tactics are usually heavily promotional based.

A bottom line orientation focuses on profitability and ROI. Pro: This aspect of concern is needed for a business to survive. Con: A company cannot survive solely with this orientation. All decisions are made in the name of profit, at the expense of the customer relationship.

A marketing orientation follows the basic marketing concept that the best way to create a thriving business is to serve the customer better and put them as a focus when making business decisions. Pro: Will create a self-sustaining and profitable business if the customer is always "king." Con: The firm must *practice* the marketing concept for this to be effective.