

Student name: _____

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

1) Strategic planning is a process that is done only once, when the firm is defining its objectives and setting a course for achieving those objectives.

- ☐ true
- ☐ false

2) The mission statement should be focused on the firm's product and how that product can generate a profit.

- ☐ true
- ☐ false

3) An action-oriented document or playbook that guides the analysis, implementation, and control of the firm's

marketing strategy is the marketing plan.

- ☐ true
- ☐ false

4) Each component of a marketing plan should be grounded in the firm's overall mission.

- ☐ true
- ☐ false

5) The executive summary should be the first item of the marketing plan that is created.

- ☐ true
- ☐ false

6) The situation

analysis section of the marketing plan consists of a market summary, a SWOT analysis, and a competition analysis.

- ☐ true
- ☐ false

7) The *zone* is the group of consumers or organizations that are interested in and able to buy a particular product.

- ☐ true
- ☐ false

8) The projection of how many units of a product the company expects to sell during a specific time period is contained in the sales forecast.

- ☐ true
- ☐ false

9) The BCG Matrix divides products into four categories: stars, question marks, cows, and skunks.

- ☐ true
- ☐ false

10) The group of products on the BCG Matrix that represents products that have a small market share in industries with low growth rates is called dogs.

- ☐ true
- ☐ false

11) The external considerations of a SWOT analysis are opportunities and threats.

- ☐ true
- ☐ false

12) The latest Surgeon General warning regarding diets high in fat, calories, and sodium would be considered a threat to fast-food restaurants like McDonald's and Burger King.

- ☐ true
- ☐ false

13) Positioning refers to the activities a firm undertakes to create a certain perception of its product in the eyes of the target market.

- ☐ true
- ☐ false

14) Market penetration strategies focus on selling existing goods and services to existing customers.

- ☐ true
- ☐ false

15) A marketing strategy that involves creating new goods and services for existing markets is a product development strategy.

- ☐ true
- ☐ false

16) The fact that Procter & Gamble has broadened its product offerings to include household cleaning products, laundry products, snack products, and hair care products is an example of diversification.

- ☐ true
- ☐ false

17) Nora thinks that

Pantene is the best brand of shampoo on the market and refuses to buy any other brand. For Nora, Pantene has

established a competitive advantage over the competing products.

- ☐ true
- ☐ false

18) Selling domestically produced products to foreign markets is the least-risky option for entering international markets.

- ☐ true
- ☐ false

19) The use of licensing to enter international markets has increased significantly in recent years due to several factors, including more regulation and rising research and development costs.

- ☐ true
- ☐ false

20) Franchising is an attractive method of entering foreign markets because franchisors assume the majority of the

capital costs and human resource issues.

- ☐ true
- ☐ false

21) Licensing is the riskiest method of entering an international market.

- ☐ true
- ☐ false

22) Marketing strategy becomes more accountable when organizations base decisions on analytics.

☐ true

☐ false

23) Return on marketing investment (ROMI) indicates the rate at which spending on marketing contributes to expenses.

☐ true

☐ false

24) If a firm wanted to know how it is performing relative to its competitors, it would conduct a revenue analysis.

☐ true

☐ false

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

25) The process of thoughtfully defining a firm's

A) functional planning.

B) business development.

C) marketing development.

objectives and developing a method for achieving those objectives is called

D) strategic planning.

E) business planning.

26) Zhao owns a calligraphy service. She is thinking about how she wants to move forward in her business—whether to keep it small or expand into other areas. By thinking about her firm's objectives and developing a method for achieving those

objectives, Zhao is engaged in

A) functional planning.

B) business development.

C) marketing development.

D) strategic planning.

E) business planning.

27) How often should firms undertake the task of strategic

planning?

- A) on a continual basis as conditions change
- B) only once, when determining the firm's objectives
- C) only once, when developing the marketing plan
- D) two or three times, to make sure all items are

covered

E) never; it is unnecessary to develop a strategic plan

28) Read the following statements regarding strategic planning to determine which is accurate.

- A) The strategic plan is shaped by the organization's marketing mix.
- B) Strategic planning, even if done well, does not increase the likelihood of success.
- C) Strategic planning helps ensure marketers will select the right marketing mix strategies.
- D) Strategic planning principles are applicable only

to business situations.

E) Strategic planning is best used as a one-time process completed when a firm outlines its objectives.

29) A concise affirmation of a firm's long-term purpose is known as its

- A) executive summary.
- B) long-range plan.
- C) mission statement.

D) organizational directive.

E) marketing plan.

30) A good mission statement should be oriented around the company's

- A) marketing plan.
- B) financial plan.

C) customer.

D) industry.

E) product.

31) A good mission statement should

- A) be company-oriented.
- B) focus on when to market the product.
- C) ask the question "What is our product?"
- D) contain as many goals as possible.

E) provide motivation for the employees of the firm.

32) What element will ensure a business never strays too far from its core goals and values, especially if the marketing

plan needs to be modified to fit the changing times?

- A) a concise executive summary
- B) a solid strategic plan
- C) a complete SWOT analysis

D) a developed organizational plan
E) a sound mission statement

33) What primary strategic planning tool is used for directing and coordinating the marketing effort and helps to

guide the firm's marketing strategy?

- A) the mission statement
- B) the executive summary
- C) the situation analysis

D) the business plan
E) the marketing plan

34) What is the *overall* purpose of a marketing plan?

- A) to define the target market and promotion strategies to be used on that market
- B) to identify both existing and potential competitors of the firm
- C) to determine whether or not a firm has enough capital to pursue its objectives

D) to define the company's strengths and weaknesses
E) to guide the analysis, implementation, and control of the firm's marketing strategy

- A) executive summary, situation analysis, positioning, financials, and implementation.
- B) executive summary, situation analysis, marketing strategy, financials, and controls.
- C) executive summary, market positioning, marketing strategy, financials, and implementation.
- D) mission statement, situation analysis, marketing

strategy, financials, and controls.

E) mission statement, situation analysis, promotion strategy, financials, and controls.

36) An action-oriented document or playbook that guides the analysis, implementation, and control of the firm's

marketing strategy is known as the

- A) marketing plan.
- B) organizational plan.
- C) promotional plan.

- D) business plan.
- E) strategic plan.

37) What document provides a one- to two-page summary of the marketing plan's main points?

- A) the mission statement
- B) the SWOT analysis
- C) the organizational summary

- D) the strategic plan
- E) the executive summary

38) Read the actions of each person to determine which one is preparing an executive summary.

- A) Nathan is reading through the marketing plan to create a synopsis of the plan's main points.
- B) Based on the firm's target market, Cassandra is developing strategies to reach that market.
- C) Javier is creating a report outlining how many units of product the firm expects to sell along with the expenses the firm will incur to do so.

D) Drake is outlining exactly how the marketing plan will be carried out.

E) Walter is creating a report on the firm's weaknesses and strengths.

39) What element of the marketing plan helps firms understand where they are currently and how best to move forward?

- A) the executive summary
- B) the marketing strategy
- C) the financials

- D) the situation analysis
- E) the controls

40) The situation analysis is composed of which three subsections?

- A) market summary, financials, and controls
- B) SWOT analysis, competition analysis, and financials
- C) market summary, competition analysis, and financials

- D) market summary, SWOT analysis, and competition analysis
- E) SWOT analysis, target market, and controls

41) Gloria wants to perform a situation analysis of her business to help her make strategic decisions for the future. While the situation analysis will help Gloria identify many

things, it won't address which area?

- A) current competitive forces
- B) market conditions
- C) the firm's strengths and weaknesses

- D) the firm's financial projections

42) As it pertains to a situation analysis, the term *market* refers to

- A) the group of consumers that are interested in and able to buy a particular product.
- B) the environment in which a particular product will be sold.

- C) the entire product offering of a firm that must be promoted.
- D) the competitive forces that

impact how a product will be sold.

- E) the collective form of promotions for any given

product.

43) Once the situation analysis is complete, marketers focus on defining their

- A) strategic plan.
- B) marketing strategy.
- C) mission statement.

- D) competition.
- E) SWOT analysis.

44) The actions a firm must take to accomplish the marketing objectives established in its mission statement and

- A) marketing strategy.
- B) situation analysis.
- C) organizational plan.

strategic planning process are outlined in the

- D) market summary.
- E) executive summary.

45) A loan officer is reading the marketing plan for Nellie's New York Style Bagels—a new firm looking to secure a business loan. What section of the marketing plan will give the loan officer a bottom-line numerical estimate of the firm's profitability?

- A) the financials section
- B) the executive summary
- C) the situation analysis

- D) the control section
- E) the market summary

46) According to your text, what three elements should be contained within a company's financial projections?

- A) short-term debt, long-term debt, and sales

- forecast
- B) balance sheet,

profit and loss statement, and net worth

C) sales forecast, expense forecast, and break-even analysis

D) sales forecast, profit and loss statement, and

balance sheet

E) expense forecast, sales forecast, and net worth

47) Which forecast projects how many units of a product the company expects to sell during a specific time period?

A) distribution forecast

B) production forecast

C) sales forecast

D) expense forecast

E) break-even analysis

48) What information does a break-even analysis provide for a firm?

A) a bottom-line estimate of the firm's profitability

B) how much profit a firm needs to make before diversification can take place

C) what market share the company needs to attain to surpass its competitors

D) the length of time that it will take for a company to pay off all its debts

E) how much the company needs to sell to cover its expenses

49) What two forecasts are used in a break-even analysis?

A) sales and expense

B) revenue and production

C) market share and sales

D) production and sales

E) profit and loss

50) Determine which description accurately depicts what is contained in an expense forecast.

- A) an estimate of the costs the company will incur to create, communicate, and deliver the product
- B) an estimate of how many units of product the company expects to sell during a specific time period
- C) the total amount of debt owed by the company, both short-term and long-term
- D) the amount of money the company must pay

suppliers to warehouse and ship the product to stores

E) an estimate of the market share for any given product and the cost incurred to reach that market

51) The final section in most marketing plans is the

- A) situation analysis.
- B) financial section.
- C) marketing strategy.

D) executive summary.

E) controls section.

52) The controls section of the marketing plan should contain which of the following?

- A) implementation, organizational structure, and contingency planning
- B) implementation, feedback, and review
- C) marketing strategy, organizational structure, and feedback
- D) implementation, evaluation, and contingency

planning

E) organizational structure, administrative oversight, and evaluation

53) Why is it necessary to have an outline of the organizational structure in the controls section of the marketing plan?

- A) because it specifies how the marketing plan affects each and every department in the organization
- B) because it helps to identify what the weak links are in the organization
- C) because it helps hold specific departments and

individuals responsible for the parts of the plan that fall under their control

D) because it shows how the company will be affected if the

marketing plan does not achieve results

E) because it provides a detailed account of how the specific actions of the plan will be carried out and who will be

responsible for carrying them out

54) What element of the control section of the marketing plan defines the actions the company will take if the initial

- A) the contingency plan
- B) the organizational structure
- C) the situation analysis

marketing strategy does not achieve results?

- D) the implementation plan
- E) the strategic plan

55) Davis Manufacturing estimated that it would sell 20 percent more of its most popular product this year. However, economic conditions in the country that supplies some of the component parts for the product caused the cost of these parts to almost double. Davis Manufacturing, therefore, changed course and focused instead on selling more of its domestic

- A) contingency plan.
- B) organizational structure.
- C) situation analysis.

products that do not use these component parts. This change of course for the company would be outlined in the firm's

- D) implementation plan.
- E) strategic plan.

56) What two elements are combined on the BCG matrix to produce its four unique product categories?

- A) market growth and relative market share
- B) market size and product demand
- C) market growth and number of competitors
- D) supply and demand

E) relative market share and number of competitors

57) According to the BCG matrix, products that are typically new to the

market and require significant marketing investment in promotion, product management, and distribution are classified as

- A) question marks.
- B) skunks.
- C) dogs.
- D) stars.
- E) cash cows.

58) Which product would *most likely* be considered a *dog*?

- A) microwave oven
- B) compact disc
- C) lawn mower
- D) laptop
- E) iPod

59) According to the BCG Matrix, what defines a *cash cow*?

- A) products that have a large market share in an industry with high growth rates
- B) products that have a small market share in an industry with low growth rates
- C) products that have a small market share in an industry with steady growth rates
- D) products that have a small market share in an industry with high growth rates
- E) products that have a large market share in an industry with low growth rates

60) The internal considerations in a SWOT analysis are

- A) a firm's revenue and market share.
- B) the firm's current and future competition.
- C) a firm's strengths and weaknesses.
- D) a firm's market share and growth potential.
- E) a firm's opportunities and threats.

61) According to your text, perhaps the most common mistake a firm makes when conducting a SWOT analysis is

- A) looking at only the firm's strengths.
- B) failing to separate internal issues from external issues.
- C) failing to involve all departments in the analysis.
- D) not looking at the firm's financial statements.

E)
underestimating the competitive environment.

62) Rico's Stuffed Subs is a late-night sandwich shop located on a college campus. Rico recently conducted a SWOT analysis. Compare each of the following to determine

- A) Rico finds it hard to staff the late-night shifts, which are his busiest times.
- B) Rico is worried about the push for healthier eating.
- C) A graduate of the college, Rico is well liked in the community.

which one is a *weakness* for Rico's Stuffed Subs.

D) A new sandwich shop has opened up down the street.

E) Rico is concerned that the weak economy will lead to fewer students dining out.

63) Consider the following findings from a recent SWOT analysis performed by Yolanda's flower shop. Which finding represents a *threat*?

- A) Yolanda has a good business relationship with local catering companies.
- B) The summer drought has produced fewer flowers.
- C) A new funeral home just opened up in town.
- D) Yolanda has to spend a lot of time training her employees on how to care for the flowers and plants.

E) Yolanda has a hard time finding good employees after the summer staff goes back to school.

64) In a SWOT analysis, current and potential external factors that may challenge the firm's short- and long-term performance are referred to as

- A) hazards.
- B) threats.

- C) opportunities.
- D) obstacles.
- E) weaknesses.

65) Nico owns a gift and card shop and is currently preparing a market summary. To be most effective, the

- A) list only indirect competitors.
- B) focus only on competitors that sell the same product as he.
- C) list possible tactics to obtain a larger market

competition section of his market summary should

share.

- D) list only direct competitors.
- E) list both direct and indirect competitors.

66) Compare the following marketing objectives to determine which meets the criteria of being specific, measurable, and realistic.

- A) Over the next year, Big Deal Records hopes to sign new artists to its recording label.
- B) Ted has told all his sales representatives that they need to sell more product in the next six months.
- C) Tilly thinks her ice cream store should be able to decrease its expenses this year.
- D) The sales representatives at Wonder Autos are

told they must each sell 100 more cars in the next two weeks.

- E) Bill's Boat Shop wants to sell 9 more fishing boats in the next 12 months.

67) The three basic characteristics of a quality marketing objective is that it be

- A) far reaching, thorough, and measurable.
- B) specific, tailored, and recognizable.
- C) broad, detailed, and measurable.
- D) vague, simplistic, and easy to understand.

- E) specific, measurable, and realistic.

68) The activities a firm undertakes to create a certain perception of its product in the eyes of the target market are referred to as

- A) leveraging.
- B) zoning.

- C) positioning.
- D) targeting.
- E) labeling.

69) The marketing strategy that emphasizes selling more of existing goods and services to existing customers is called

- A) product development.
- B) market penetration.
- C) market development.

- D) diversification.
- E) positioning.

70) Think about the various marketing strategies as you read the following choices to determine which one describes a

market penetration strategy.

- A) Precious Gems is selling its new line of necklaces to a new market overseas.
- B) Toys for Boys sells its toys in California, but now it wants to sell them all over the United States.
- C) Luxury Lighting wants to sell its existing products in new retail outlets.
- D) The Exotic Fishbowl is now adding a line of aquarium accessories to sell to its existing customers.

- E) Rita's Taco Barn is thinking of how it can sell more of its current menu to the regular customers that dine in her restaurant at lunchtime.

71) When the makers of Grove orange juice noticed that sales of its product were stabilizing, they decided to offer a new product, one that also contained pineapple juice. They called the product PineGrove and they marketed it to their original orange juice customers in hopes of increasing sales. This is an example of what kind of marketing strategy?

- A) positioning
- B) product development
- C) market development

- D) diversification
- E) market penetration

72) Which of the following best describes a market development strategy?

- A) selling unrelated products to existing customers
- B) selling new products to new customers
- C) selling more of current products to existing customers

- D) selling existing products to new customers
- E) selling new products to existing customers

73) Which marketing strategy is being employed by a firm that is seeking to expand in foreign markets?

- A) market penetration
- B) positioning
- C) product development

- D) diversification
- E) market development

74) Which marketing strategy would Dunkin' Donuts be using if it decided to begin selling its doughnuts in Puerto Rico for the first time?

- A) product development
- B) market development
- C) market penetration

- D) positioning
- E) diversification

75) As a marketing strategy, what is diversification?

- A) selling more of existing goods and services to

- existing customers
- B) selling

existing goods and services to new customers

- C) selling new goods and services to new customers
- D) offering new products that are unrelated to the existing products produced by a company

E) creating new goods and services for existing markets

76) If Energizer batteries began selling t-shirts featuring its infamous Energizer bunny to try to capitalize on its brand

- A) market development.
- B) product development.
- C) diversification.

name, this would be an example of

- D) positioning.
- E) market penetration.

77) The superior position a product enjoys over competing products if consumers believe it has more value than other

- A) value proposition.
- B) marketing advantage.
- C) competitive advantage.

products in its category is referred to as a

- D) product plus.
- E) strategic edge.

78) If J.D. Power Cars ranked the Toyota Prius as the best hybrid cars for the money, this would represent a(n) _____ for Toyota.

- A) core benefit
- B) value edge
- C) marketing tactic

- D) competitive advantage
- E) market position

79) Which element of the marketing mix relates to services like warranties and guarantees that accompany a good or service?

- A) place

- B) promotion
- C) product

D) position

E) price

80) Which element of the marketing mix details how the organization will communicate the value of its product?

A) place

B) product

C) price

D) position

E) promotion

81) The activities that an organization uses to reach its target market such as advertising, personal selling, and public relations are all part of the marketing mix element known as

A) position.

B) place.

C) product.

D) price.

E) promotion.

82) Which element of the marketing mix includes the distribution activities necessary to get the product in the hands of the customer?

A) price

B) promotion

C) place

D) position

E) product

83) Typically the *least* risky option for entering international markets is

A) exporting.

B) licensing.

C) joint venture.

D) direct
ownership.

E) franchising.

- 84)** Selling domestically produced products to foreign markets is called
- A) franchising.
 - B) exporting.
 - C) licensing.
 - D) international marketing.
 - E) countertrade.
- 85)** The greatest percentage of U.S. exporters come from
- A) distributors.
 - B) small companies.
 - C) the top three largest U.S. firms.
 - D) Fortune 500 companies.
 - E) multinational corporations.
- 86)** A legal process in which one firm pays to use or distribute another firm's resources, including products, trademarks, patents, intellectual property, or other proprietary knowledge is called
- A) licensing.
 - B) contract manufacturing.
 - C) joint venture.
 - D) franchising.
 - E) branding.
- 87)** Why has the use of licensing to enter international markets increased significantly in recent years?
- A) less regulation
 - B) rising research and development costs
 - C) less competition
 - D) increased viewership of sporting events
 - E) longer product life cycles
- 88)** Which statement identifies a risk of licensing in an international market?
- A) The licensor

doesn't know enough about the brand.

- B) The licensor may misuse trademarks.
- C) The licensor has to pay the licensee money to enter the arrangement.
- D) The licensor may end up creating its own

competition.

- E) Locally owned licensees don't know much about the local customers.

89) For a fee, Greta can open a Subway shop in her hometown of Munich. The parent company has agreed to let Greta use its company name and will give her marketing and

- A) direct ownership
- B) joint venture
- C) contract manufacturing

operational support. What type of arrangement is this?

- D) franchising
- E) licensing

90) Why is franchising an attractive method of entering a foreign market?

- A) because the franchisor does not have to put up any capital to get the business off the ground
- B) because the franchisor has no liability if the business fails
- C) because the franchisee assumes the majority of the capital costs and human resource issues

D) because there are very few risks involved in franchising

- E) because the franchisee has no liability if the business fails

91) An arrangement in which a domestic firm partners with a foreign company to create a new entity, thus allowing the domestic firm to enter the foreign company's market, is known as

- A) direct ownership.
- B) exporting.
- C) contract manufacturing.

- D) licensing.
- E) a joint venture.

92) Compare each descriptor to determine which one accurately characterizes a

A) a contractual arrangement in which a fee is paid to have the right to open a business using the parent company's business name and to receive marketing and operational support

B) a contractual arrangement where a foreign firm agrees to manufacture products for a domestic firm

C) an arrangement where a domestic firm partners with a foreign company to create a new entity, thus allowing the domestic firm to enter the foreign company's market

D) a legal process in which one firm pays to use or distribute another firm's resources, including products, trademarks, patents, intellectual property, or other proprietary knowledge

E) an arrangement in which a domestic firm actively manages a foreign company or overseas facilities

93) Which method of entering a foreign market has a domestic firm actively managing a foreign company or overseas facility?

- A) contract manufacturing
- B) direct ownership

- C) joint venture
- D) exporting
- E) licensing

94) Which method of entering a foreign market carries with it the *most* risk?

- A) licensing
- B) direct ownership
- C) exporting

- D) joint venture
- E) contract manufacturing

95) Compare the actions of the following companies to determine which one represents a direct ownership strategy.

A) A U.S. clothing firm, Modern Threads, builds and operates an assembly plant in Vietnam.

B) A U.S. pharmaceutical company partners with a French cosmetic company to create a new entity, selling anti-aging products.

C) High Tea allows would-be entrepreneurs to use its name and marketing and operational support in exchange for a fee.

D) A U.S.-based manufacturer of pipe fittings sells

its products to companies located in China.

E) Taste-T Ice Cream has set up a legal agreement with Big Burgers to sell its ice cream in all Big Burger restaurants.

96) Which form of entering a foreign market requires the greatest commitment?

- A) exporting
- B) licensing

- C) contract

manufacturing

D) joint venture

E) direct ownership

97) Review the following statements to determine which one is *not* accurate regarding the direct ownership method of entering a foreign market.

- A) Direct ownership requires more commitment than any other method of entering a foreign market.
- B) Direct ownership is a good option when there is very little political risk.
- C) Direct ownership is the riskiest method of entering a foreign market.
- D) Direct ownership does not allow the firm much

control over its intellectual property.

E) Direct ownership is a good option when there are similarities between the foreign and domestic cultures.

98) The practice of measuring, managing, and analyzing marketing performance is referred to as

- A) diversification.
- B) situation analysis.
- C) marketing analytics.

D) positioning.
E) market segmentation.

99) The measure of a firm's effectiveness in using the resources allocated to its marketing effort is called

- A) gross margin.
- B) marketing revenue analysis.
- C) gross expenditures.

D) return on marketing investment.
E) market share analysis.

100) In calculating return on marketing investment (ROMI), gross margin represents

- A) the difference between price and cost.
- B) the amount of money spent on marketing activities during a specific time.

C) the difference between sales and expenses.
D) the amount of

money generated for each \$1 of marketing expense.

E) the number of times an ad is run multiplied by the

cost of running the ad.

101) Which metric is a measure of actual revenue relative to the objectives of the organization?

- A) profit margin
- B) gross margin
- C) profit analysis

- D) revenue analysis
- E) sales analysis

102) What measure allows marketers to analyze the success of specific products and regions to pinpoint what is working and what is not?

- A) marketing expenditures
- B) gross margin
- C) profit margin

- D) return on marketing investment
- E) revenue analysis

103) Weston recently took a marketing job with a new firm. His first order of business is to find out how his new company performs relative to its competitors. Which of the following

would Weston use to do this?

- A) return on marketing investment
- B) profitability analysis
- C) market share analysis

- D) gross margin
- E) revenue analysis

104) Which marketing analytics tool is used to measure the percentage of total market sales captured by a brand, product, or firm?

- A) return on marketing investment
- B) revenue analysis

- C) gross margin

- D) profitability analysis
- E) market share analysis

105) To be most effective, market share data should be analyzed

- A) relative to marketing expenditures.
- B) in isolation, apart from other measurements.
- C) along with gross margin.

- D) relative to revenue and profitability.
- E) along with historical sales data.

106) What term is used for the positive gain from a business operation after all of the expenses have been subtracted?

- A) earnings
- B) total sales

- C) gross margin
- D) revenue
- E) profit

107) The measure of how much profit the firm generates as well as how much profit certain aspects of the firm, including regions, channels, and customer segments, contribute is referred to as

- A) profitability analysis.
- B) revenue analysis.
- C) profit margin.

- D) profitability return on investment.
- E) market share analysis.

108) What two important metrics do marketers use to evaluate profitability?

- A) gross margin and marketing expenditures
- B) customer acquisition and continuing sales to established customers
- C) new lines of business and individual customer

- profitability
- D) continuing sales to established customers and new sales from expanding markets

E) customer acquisition and individual customer

profitability

109) Star Industries is in the process of revising the firm's long-term purpose, so it has rewritten its _____ in order to better align with the firm's goals, its customer's needs, and to motivate employees.

- A) long-range plan
- B) organizational directive
- C) executive summary

- D) marketing plan
- E) mission statement

110) Trina's pet grooming business is booming. She is wondering whether it would be a good business move to open a second location across town. What part of the marketing plan would help Trina identify the market trends, conditions,

and competitive forces that would help her make a decision?

- A) a control strategy
- B) a situation analysis
- C) the executive summary

- D) a marketing strategy
- E) a financial overview

111) In 1996 McDonald's started offering the Arch Deluxe. From the beginning the product failed to sell well, further compounded by low growth in fast food sales McDonald's discontinued the product. Under the BCG Matrix the Arch

Deluxe would be considered a

- A) question mark.
- B) cash cow.

- C) skunk.
- D) dog.
- E) star.

112) You currently work for the Burlington Bruins,

a minor league baseball team. The team's attendance is down this year even though the team is playing better than it ever has before. What part of the promotional mix would you

- A) price
- B) position

suggest the team adjust in order to increase attendance?

- C) product
- D) promotion
- E) place

113) As it relates to profitability, customer acquisition measures

- A) the profit the firm earned from each customer.
- B) the time it takes for new customers to become repeat customers.
- C) how much the firm spent to gain new customers.
- D) how much the firm spent to keep loyal

customers.

- E) the increase in market share due to an increase in a firm's customer base.

114) A good mission statement should

- A) focus on the product.
- B) have less than 10 goals.
- C) focus on satisfying organizational needs.
- D) try to highlight every goal of the company.

- E) emphasize the firm's weaknesses.

115) The manager of a local sushi place in town is asked by his owner to develop a situational analysis of the business. The owner is sure that this type of analysis is pertinent in helping to make strategic decisions that will need to be made within the next year. This situational analysis will have a

section that will help the owner of the business understand

- A) the firm's financial projections.
- B) how the firm implements its strategy.
- C) the firm's strengths and weaknesses.

- D) information on past business experiences.

116) Sanjay's Smoothie Shoppe noticed that its sales were declining. Sanjay decided to add a line of fresh salads to the menu in order to boost sales. This is an example of what type of marketing strategy?

- A) positioning
- B) diversification
- C) market penetration

- D) market development
- E) product development

117) For a cost, Huma can open up a Jimmy John's store in her hometown of Detroit, Michigan. The parent company has agreed to let Huma use its company name. Additionally, the company will give her support for her operational and

- A) licensing
- B) franchising
- C) joint venture

marketing efforts. What type of market entry strategy is this?

- D) direct ownership
- E) contract manufacturing

FILL IN THE BLANK. Write the word or phrase that best completes each statement or answers the question.

118) The process of thoughtfully defining a firm's objectives and developing a method for achieving those

objectives is referred to as _____.

119) A firm in the process of developing a _____ might ask these questions: What is our business? Who is our customer? What is our value to the customer? and

What should our business be?

120) A good _____ should be focused on a limited number of goals, be customer-oriented, and capture a shared purpose and provide information for the employees of the firm.

121) A good mission statement should focus on meeting the needs of the _____ rather than on specific products.

122) The primary strategic planning tool for guiding the firm's marketing strategy is the _____ plan.

123) An action-oriented document or playbook that guides the analysis, implementation, and control of the firm's marketing strategy is called the _____ plan.

124) While the specific format of the marketing plan differs from organization to organization, the number of components in most plans is _____.

125) The key component of the marketing plan that summarizes the plan's main points is called the _____.

126) The three subsections of the _____ are a market summary, SWOT analysis, and a competition analysis.

127) A firm looking to describe the current state of the market is most likely developing a _____.

128) The _____ component of the marketing plan lists the actions the firm must take to accomplish the marketing objectives it established in its mission statement and strategic planning process.

129) A(n) _____ - _____ analysis combines the data provided in the sales and expense forecasts to estimate how much the company needs to sell to cover its expenses.

130) An estimate of the costs the company will incur to create, communicate, and deliver the product is outlined in the _____ forecast.

131) _____ planning defines the actions the company will take if the initial marketing strategy does not achieve results.

132) On the BCG Matrix, products that have a large market share in an industry with low growth rates are referred to as _____.

133) On the BCG Matrix, products that have a low market share in an industry with high growth rates are referred to as _____.

134) Clive is considering opening a late-night pizza parlor on the local college campus. His SWOT analysis reveals that students want more late-night options for dining. This _____ represents a(n) _____ in the SWOT analysis.

135) In a SWOT analysis, threats are a(n) _____ consideration. (internal/external)

136) A quality marketing objective should have three basic characteristics. It should be specific, measurable, and _____.

138) _____ refers to the activities a firm undertakes to create a certain perception of its product in the eyes of the target market.

139) A marketing strategy that emphasizes selling more of existing goods and services to existing customers is a

_____ strategy.

140) Arm & Hammer baking soda is best known for its use in baking. The company, however, would like to increase its market share to include household and personal care products. By taking the original product and creating new products that

it can sell to its existing markets, the company is using a _____ strategy.

141) Tony's Fitness Club was originally geared toward men who primarily wanted to lift weights. Tony has developed an ad campaign designed to inform women of the benefits of weightlifting in hopes of increasing memberships at the club.

In this example, Tony is using a _____ strategy.

142) A firm is seeking to attract new customers by offering new products that are unrelated to the existing products produced by the organization. This strategy is called _____.

143) The _____ element of the marketing mix comprises a detailed description of not only the good or

service itself, but also any warranties or guarantees.

144) A product possesses a _____ when it enjoys a superior position over competing products because consumers believe it has more value than other products in its category.

145) A firm that is deciding whether it will use advertising, sales promotion, personal selling, or public relations is

concerned with the _____ element of the marketing mix.

146) Distribution strategies fall within the _____ marketing mix element.

147) Typically, the least-risky option for entering international markets is _____.

148) As a market entry strategy, _____ helps to overcome barriers such as increased regulation, rising research and development costs, and shortened product lifestyles, which is why the use of this market-entry strategy

has increased significantly in recent years.

149) If Janelle decided she wanted to open a Starbucks store overseas, and, for a fee, paid Starbucks to use its name and business format, she would be using the market-entry

strategy known as _____.

150) The market-entry strategy whereby a foreign company partners with a domestic firm to create a new entity and thus allows the domestic firm to enter the foreign company's

market is referred to as _____.

151) The riskiest method of entering an international market is _____.

152) The practice of measuring, managing, and analyzing marketing performance is called marketing _____.

153) Organizations use _____.

_____ to measure the firm's effectiveness in using the resources allocated to its marketing effort.

154) The percentage of the total market sales captured by a brand, product, or firm is called _____.

155) The positive gain from a business operation after subtracting all expenses is referred to as _____.

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

156) What are the three components that are analyzed as

part of the situation analysis section of the marketing plan?

157) How are target market and positioning connected?

158) List and describe the international market entry strategies.

159) Describe the marketing analytics tools of revenue analysis, market share analysis, and profitability analysis.

160) Using the four basic categories of marketing growth strategies, identify what strategy is being implemented for a fast-food hamburger restaurant that (1) introduces a breakfast menu, and (2) adds items such as chicken sandwiches to its

lunch/dinner menu to offer its existing customers more choices.

161) You started an energy drink company in the United States that has been very successful. Your sales and profits have leveled off lately, and you and your management team are now researching introducing your drinks outside the United States. What market-entry strategies will you analyze if you want to keep your risk and initial investment low?

162) Luxury Motors is an upscale auto dealership. The company is thinking of expanding its operations and has conducted a SWOT analysis which revealed the following:
Luxury Motors

has a good reputation in the market. Luxury Motors does not have enough sales staff to cover the weekend hours that the store is open. The recent downturn in the economy has caused many people to buy less expensive cars. Another luxury car dealer in town has just opened for business. The major brand

that Luxury Motors carries has recently come out with a luxury SUV that has received several awards.

163) Big Fun Bowling and Arcade increased the amount of money it spent on marketing and advertising in order to attract new customers. It is now reviewing its current profitability numbers and has found that its profit has not increased. What measure of profitability is the company looking at and does

increased advertising always lead to more profit?

164) Callie is thinking of opening a florist shop in her small town. Since there is only one florist in town now, Callie thinks that she won't have much competition. Based on what your text says regarding a competition analysis, do you think

Callie's assessment is true? What other types of competition might Callie face?

Answer Key

Test name: chapter 2

- 1) FALSE
- 2) FALSE
- 3) TRUE
- 4) TRUE
- 5) FALSE
- 6) TRUE
- 7) FALSE
- 8) TRUE
- 9) FALSE
- 10) TRUE
- 11) TRUE
- 12) TRUE
- 13) TRUE
- 14) TRUE
- 15) TRUE
- 16) TRUE
- 17) TRUE
- 18) TRUE
- 19) TRUE

20) FALSE

21) FALSE

22) TRUE

23) FALSE

24) FALSE

25) D

26) D

27) A

28) C

29) C

30) C

31) E

32) E

33) E

34) E

35) B

36) A

37) E

38) A

39) D

40) D

41) D

42) A

43) B

44) A

45) A

46) C

47) C

48) E

49) A

50) A

51) E

52) A

53) C

54) A

55) A

56) A

57) A

58) B

59) E

60) C

61) B

62) A

63) B

64) B

65) E

66) E

67) E

68) C

69) B

70) E

71) B

72) D

73) E

74) B

75) D

76) C

77) C

78) D

79) C

80) E

81) E

82) C

83) A

84) B

85) B

86) A

87) B

88) D

89) D

90) C

91) E

92) C

93) B

94) B

95) A

96) E

97) D

98) C

99) D

100) A

101) D

102) E

103) C

- 104) E
- 105) D
- 106) E
- 107) A
- 108) E
- 109) E
- 110) B
- 111) D
- 112) D
- 113) C
- 114) B
- 115) C
- 116) E
- 117) B
- 118) strategic planning
- 119) mission statement
- 120) mission statement
- 121) customer
- 122) marketing
- 123) marketing
- 124) five

- 125) executive summary
- 126) situation analysis
- 127) market summary
- 128) marketing strategy
- 129) break even
- 130) expense
- 131) Contingency
- 132) cash cows
- 133) question marks
- 134) opportunity
- 135) external
- 136) realistic
- 137) target
- 138) Positioning
- 139) market penetration
- 140) product development
- 141) market development
- 142) diversification
- 143) product
- 144) competitive advantage
- 145) promotion

146) place

147) exporting

148) licensing

149) franchising

150) joint venture

151) direct ownership

152) analytics

153) return on marketing investment

154) market share

155) profit

156) The market summary describes the current state of the market that is made up of the consumers that are interested and able to purchase a product and/or service. The SWOT analysis evaluates a firm's internal strengths and weaknesses, and its external opportunities and threats. The competition analysis identifies the company's competitors, which

157) After segmenting the markets, a business chooses specific customer groups to direct its marketing activity toward. Target groups are considered the best customer segments to market and sell to. Successful targeting of markets is dependent on the success a firm has in positioning to these customer groups.

consist of businesses that compete directly in its industry, as well as indirect competitors that grab market share.

Positioning is how the business uses the marketing mix to get consumers to perceive that they need the product or service.

158) A company can produce products domestically and then ship them outside the United States, which is exporting. Licensing is where a firm pays a fee to use or distribute another firm's resources, such as designs, trademarks, patents, and other intellectual property. A contractual arrangement that involves a franchisee that gets the right to use a brand and/or product of a franchisor for a fee is a franchise. A joint venture is where a domestic firm partners with a foreign company to create a new firm, allowing the

159) Revenue analysis measures and evaluates revenue from specific products or regions. This information can help the firm's marketers select what merchandise to sell and how to allocate promotional resources. Market share analysis indicates market share, which is the percentage of the total market sales captured by a brand, product, or firm. Market share provides marketers with a quick look at how they are performing relative to their competitors. Profitability analysis measures

160) A fast-food hamburger restaurant that adds a breakfast menu is using diversification to attract new markets with new products but is also engaged in product development by creating new goods and services for its existing market. When the fast-food chain

domestic firm to enter the foreign company's market. A company can directly manage a foreign subsidiary, which establishes a position in a foreign market through direct ownership.

how much profit the firm generates. It can also be broken down to measure the profit contribution of regions, channels, or customer segments.

adds new items, such as chicken sandwiches, to its menu, it is again using product development and

diversification strategies. The restaurant is seeking to sell its existing customer base new products and also entices new customers by changing its menu.

161) The least-risky strategies that do not involve a large investment and have a higher chance for success are exporting, licensing, and franchising. Exporting involves producing the product in the United States and then selling the products overseas through a distribution network. The energy drink company can license its formula to a foreign company for a fee and then the foreign company can produce and sell the drink in its

162) What is a SWOT analysis? Identify each of the findings of Luxury Motors' SWOT analysis. A SWOT analysis is an evaluation of a firm's strengths, weaknesses, opportunities, and threats. Luxury Motors' good reputation represents a strength for the company. The fact that the company cannot cover its busy weekends with ample staff is a weakness. The weak economy represents a threat to Luxury Motors as customers may forego purchasing a luxury vehicle for a less expensive option elsewhere. Having another luxury car dealer in the same market is a threat for Luxury Motors, as this company has the potential to steal

163) Marketers often use two important

marketplace. A franchisee in a foreign country can use the name, marketing, and product for a royalty payment, and then sell the product in its market.

business away from Luxury Motors. The fact that one of Luxury Motors' brands has introduced a new SUV with high ratings is an opportunity for Luxury Motors to sell more of this item and reap the profits.

metrics to evaluate

profitability: customer acquisition and customer profitability. In this case, the company is looking at customer acquisition which measure how much a firm spent to gain new customers. Customer-acquisition costs typically include spending on marketing advertising, public relations, and sales. It's important to measure customer-acquisition costs, because sometimes additional customers don't equal additional profit—which seems to

164) A thorough competition analysis will take into consideration both direct and indirect competitors. Direct competitors would be in the same business as Callie—such as the other florist in town. While, at first, this may seem like Callie will have little competition, she must also consider that flowers may be purchased directly from a variety of florists on the Internet and that flowers are often available in grocery and convenience stores. In thinking about indirect competition, Callie must consider businesses who may not be in the flower business but who could still compete with her. For example, a garden center that sells flowering plants might be a competitor if it convinces customers to grow their own flowers rather than buy them.

have happened in this case. The firm's goal should be to allocate marketing resources to obtain additional customers at a low cost.

Likewise, a business that sells candy might convince customers that candy is a better gift than flowers for Valentine's Day. A good study of the competition provides a thoughtful analysis of both the direct and indirect competitors.