Chapter 02

Developing Successful Organizational and Marketing Strategies

Multiple Choice Questions

1. Ben & Jerry's mission to make the world a better place is linked to various organizational and marketing strategies, one of which is

   A. supporting farmers who agree to use sustainable farming practices, implementing fair working standards, and investing in local communities.
   B. the intent of making modest profits without sacrificing high product quality standards.
   C. ingredients that are all completely organic and are available only in Vermont to ensure freshness and contribute to the local economy.
   D. a commitment to donating a percentage of profits to Teach for America.
   E. ingredients that come exclusively from developed countries promoting Fair Trade practices.

2. Ben & Jerry's mission-driven approach led the company to successfully implement many highly creative organizational and marketing strategies. One example includes

   A. ISO 9000, promoting the quality concept through its commitment to making the finest ice cream from the best ingredients.
   B. "linked prosperity," which encouraged the success of all constituents including employees.
   C. Regeneration Nation, generating enough revenue for the firm to be a completely nonprofit organization.
   D. Give and Go, donating 10 percent of its net profits to local charitable causes and an additional 5 percent to support producers that practice sustainable farming.
   E. PartnerShops, Ben & Jerry scoop shops that are independently owned and operated by community-based nonprofit organizations.

3. Ben & Jerry's has earned B-Corp certification from B-Lab, which means it has

   A. reached the goal of generating enough revenue to be a completely nonprofit organization.
   B. a sustainable financial basis of profitable growth, increasing value for stakeholders and expanding opportunities for development and career growth for employees.
   C. the goal of making profits for selected charitable organizations such as Fair Trade.
   D. been recognized for its efforts to use the power of business to solve social and environmental problems.
   E. been instrumental in expanding into international markets by creating dairies for developing nations.

4. Which of the following statements regarding Ben & Jerry's is most accurate?

A. Ben & Jerry's is owned by Unilever, the market leader in the global ice cream industry.
B. Ben & Jerry's is a privately owned ice cream producer.
C. Ben & Jerry's prides itself on offering more ice cream flavors than its competitors.
D. Ben and Jerry are not real people; the names were a clever reference to Tom and Jerry cartoon characters in order to capitalize on childhood nostalgia.
E. Ben & Jerry's has only been in business for 20 years and is already the industry leader in premium ice cream.

5. A(n) __________ is a legal entity that consists of people who share a common mission.

A. department
B. organization
C. SBU
D. industry
E. market

6. In marketing, an organization refers to

A. a legal entity that consists of people who share a common mission.
B. a group of people united through contractual or corporate ownership.
C. a legal entity engaged in business activities solely with the intent of making a profit.
D. a legal entity engaged in business activities solely with the intent of serving its employees without the intent of making a profit.
E. a privately owned entity that serves its customers to earn a profit so that it can survive.

7. A(n) __________ is a good, service, or idea that creates value for both the organization and its customers by satisfying their needs and wants.

A. organization
B. business firm
C. nonprofit
D. offering
E. industry

8. In marketing, an offering refers to

A. the formal designation of a publicly traded stock for a specific product, service, or idea.
B. a form of currency used by buyer and seller to minimize the tax burden for both parties.
C. a good, service, or idea that creates value for both the organization and its customers by satisfying their needs and wants.
D. the manufacturer's suggested retail price of a product or service to the general public or the wholesale price to distributors and retailers.
E. the service suppliers and distributors provide to help manufacturers bring a product to market.

9. Today's organizations can be divided into three groups, which are __________ organizations.

A. company, nonprofit, and cooperative
B. corporation, employee-owned, and interest
C. for-profit, nonprofit, and governmental
D. employee, distributor, and customer
E. public, private, and international

10. A(n) __________ is a privately owned organization that serves its customers to earn a profit so that it can survive.

A. agency
B. for-profit organization
C. institution
D. nonprofit organization
E. cooperative

11. A for-profit organization refers to

A. a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers.
B. a legal entity engaged in business activities solely with the intent of serving its employees without the intent of making a profit.
C. a privately owned organization that serves its customers to earn a profit so that it can survive.
D. a group of people united through contractual or corporate ownership.
E. a publicly owned organization that serves the general population.

12. __________ the reward to a business firm for the risk it undertakes in marketing its offerings.

A. Shareholders' equity is
B. Profit is
C. Assets are
D. Contribution margin is
E. Goodwill is

13. Profit refers to

A. the point at which a company's assets equal its liabilities plus shareholder equity.
B. the difference between the list and final price of a product or service.
C. the money earned when the economic order quantity is minimized.
D. the money left over after a business firm's total expenses are subtracted from its total revenues.
E. the total amount of revenue accrued through product sales or service distribution.

14. A nonprofit organization is

A. a nongovernmental organization that serves its customers but does not have profit as an organizational goal.
B. a legal entity engaged in business activities solely with the intent of serving its employees without the intent of making a profit.
C. a publicly owned organization that serves the general population.
D. a group of people united through contractual or corporate ownership.
E. a privately owned organization that serves its customers to earn a profit so that it can survive.

15. A __________ is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.

A. business firm
B. subchapter S corporation
C. service agency
D. cooperative
E. nonprofit organization

16. A __________ is a federal, state, county, or city unit that provides a specific service to its constituents.

A. business firm
B. subchapter S corporation
C. government agency
D. cooperative
E. nonprofit organization

17. Social entrepreneurs who start new ventures such as Teach for America and SIRUM are usually structured as __________ rather than business firms.

A. business agencies
B. nonprofit organizations
C. government agencies
D. cooperatives
E. social service agencies

18. Which statement best describes the most significant difference between a for-profit organization or a business firm and a nonprofit organization?

A. Business firms operate with larger budgets than nonprofits.
B. Nonprofit organizations do not carry on economic activities while business firms do.
C. Nonprofit organizations are concerned with social issues and business firms are not.
D. Both serve customers, but business firms seek a profit while nonprofit organizations do not.
E. Nonprofit organizations are publicly owned and business firms are privately owned.

19. An example of a nonprofit organization is

A. the Food and Drug Administration.
B. CVS Pharmacies.
C. the medical technology company Medtronic, Inc.
D. the pharmaceutical company Pfizer, Inc.
E. Teach for America.

20. Cree markets LED (light-emitting diode) bulbs that replace the traditional incandescent bulb. The Cree LED 60w bulb consumes 85 percent less energy and lasts for 25,000 hours. Cree is an example of

A. a cooperative.
B. an industry.
C. a nonprofit organization.
D. a business firm.
E. a government agency.

21. Cree markets LED (light-emitting diode) bulbs that replace the traditional incandescent bulb. Cree's bulb is more energy efficient and lasts much longer than traditional incandescent bulbs, and thus is more environmentally friendly. Cree is an example of

A. a cooperative.
B. an industry.
C. a nonprofit organization.
D. a business firm.
E. a government agency.

22. __________ starts new ventures that address important social needs and issues. These new enterprises are often organized as nonprofit organizations.

A. Corporate welfare
B. A social entrepreneur
C. Sustainable development
D. Cause marketing
E. Societal capitalism

23. Social entrepreneurs' ventures are usually structured as

A. business firms.
B. subchapter S corporations.
C. nonprofit organizations.
D. governmental agencies.
E. 501(c)(3) for-profit organizations.

24. Teach for America works to solve which societal problem?

A. It provides new college graduates as teachers in urban and rural public schools in the United States.
B. It works to end corneal blindness worldwide by finding cornea donors and creating tissue banks.
C. It provides education and small business loans to women in impoverished areas so that they can help themselves.
D. It offers free rehabilitation services for injured U.S. veterans returning from overseas conflict.
E. It offers tax credits to small businesses to employ at-risk youth in their communities.

25. Teach for America is an example of

A. an entrepreneurial business firm.
B. a subchapter S corporation.
C. a creative nonprofit organization.
D. a public value agency.
E. a 501(c)(3) for-profit organization.

26. According to the textbook, the terms *firm, company,* and *organization*

A. refer to for-profits, nonprofits, and government agencies, respectively.
B. refer to nonprofits, government agencies, and for-profits, respectively.
C. refer to government agencies, for-profits, and nonprofits, respectively.
D. refer to for-profits, government agencies, and nonprofits, respectively.
E. can be used interchangeably to cover both profit and nonprofit organizations.

27. Organizations that develop similar offerings, when grouped together, create

A. a conglomerate.
B. a merger.
C. an industry.
D. a sector.
E. a monopoly.

28. An industry refers to

A. organizations that develop similar offerings.
B. organizations that manufacture identical products to meet ISO 9000 specifications.
C. companies that are active in the production of materials used in finished products.
D. a group of people or firms united through strategic alliances.
E. the economic activity concerned with the selling of finished products to wholesalers and retailers.

29. Which of the following is *not* an example of an industry?

A. the computer industry
B. the automobile industry
C. the landscaping industry
D. the government industry
E. the television programming industry

30. The term used to identify an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals is referred to as a

A. marketing strategy.
B. policy.
C. strategy.
D. plan.
E. tactic.

31. Strategy refers to

A. an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals.
B. an organization's corporate tactical or action plan.
C. statement of an accomplishment of a task to be achieved by a certain time.
D. a statement of the organization's function in society, often identifying its customers, markets, product, and technologies.
E. a road map for the entire organization for a specified future period of time, such as one or five years.

32. Which of the following statements about strategy is most accurate?

A. An organization can be all things to all people because it has access to all the resources it needs to discover and satisfy the needs and wants of its target markets.
B. The marketing department helps to both set an organization's direction and move it there.
C. The American Marketing Association (AMA) recently has established the definition of strategy.
D. Strategy is an organization's short-term course of action designed to deliver a specific customer experience while achieving its internal standards.
E. Only start-up organizations must develop strategies to help them raise capital as well as focus and direct their efforts to accomplish their goals.

33. Large organizations are extremely complex, and usually consist of __________ organizational levels whose strategies are linked to marketing.

A. two
B. three
C. five
D. six
E. seven or more

34. A board of directors of an organization

A. represents the functional level.
B. oversees the three levels of strategy.
C. represents the corporate level.
D. represents the CEO.
E. represents the strategic business unit level.

35. The corporate level of an organization is the

A. functional level.
B. proxy for the board of directors.
C. level where top management directs overall strategy.
D. most important level of the business.
E. strategic business unit level.

36. The CEO of an organization

A. is usually at the strategic business unit level.
B. is usually a member of the board of directors.
C. outranks the corporate level.
D. does not oversee the daily operations.
E. is the CMO.

37. The specialists within an organization who actually create value are usually a member of the

A. strategic business unit level.
B. functional level.
C. corporate level.
D. board of directors.
E. CMO.

38. The key role of marketing includes

A. supporting the board of directors.
B. operating at the corporate level.
C. looking outward by listening to customers.
D. managing executives.
E. delivering strategic business decisions.

39. The level in an organization where top management directs overall strategy for the entire organization is referred to as

A. corporate level.
B. functional level.
C. directive level.
D. strategic level.
E. tactical level.

40. The corporate level refers to the level in an organization where top management

A. develops marketing strategies and tactics for the marketing department to implement.
B. directs overall strategy for the entire organization.
C. executes all marketing program actions to ensure consistency of performance.
D. develops overall sales projections not only for the short term but also for a period of at least two to five years.
E. supervises the hiring, firing, and training of all marketing department personnel.

41. The corporate level in an organization is where

A. the department heads direct overall strategy for the entire organization.
B. groups of specialists actually create value for the organization.
C. a small number of people from different departments are mutually accountable to accomplish a task or a common set of performance goals.
D. a subsidiary, division, or unit of an organization markets a set of related offerings to a clearly defined group of customers.
E. top management directs overall strategy for the entire organization.

42. The highest-ranking person in an organization who oversees the organization's daily operations and spearheads its strategy planning efforts is often referred to as

A. the corporate executive overseer.
B. the chief executive officer.
C. the corporate executive official.
D. the chief marketing officer.
E. the coordinating executive official.

43. __________ have an increasingly important role in top management because of their ability to think strategically, bringing with them to the job multi-industry backgrounds, cross-functional management expertise, analytical skills, and intuitive marketing insights.

A. Chief marketing officers (CMOs)
B. Chief financial officers (CFOs)
C. Chief executive officers (CEOs)
D. Chief human resource officers (CHROs)
E. Chief operating officers (COOs)

44. The CEO of SAP, which sells expensive enterprise resource planning software to large and mid-sized companies, operates at the __________ level of his organization.

A. business unit
B. functional
C. corporate
D. strategic
E. tactical

45. Overseeing strategic marketing efforts at the corporate level would most likely be the responsibility of the

A. CEO.
B. CMO.
C. CPM.
D. CPO.
E. COO.

46. In recent years, many large firms have changed the title of the head of marketing from vice president of marketing to

A. chief executive officer.
B. corporate marketing official.
C. coordinating marketing officer.
D. chief marketing officer.
E. corporate marketing executive.

47. A strategic business unit (SBU) refers to

A. a single product or service identification code used to identify items for strategic marketing planning purposes.
B. a small number of people from different departments in an organization who are mutually accountable to accomplish a task or common set of performance goals.
C. a strategic product that has a unique brand, size, or price.
D. a privately owned franchise under the auspices of a larger group or organization bearing the same name.
E. a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers.

48. A subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers is referred to as a

A. strategic business unit.
B. strategic industry level.
C. private corporation.
D. product grouping.
E. marketing department.

49. The level at which managers set a more specific strategic direction for their businesses to exploit value-creating opportunities is referred to as the

A. marketing department level.
B. strategic business unit level.
C. corporate level.
D. functional level.
E. board of directors level.

50. The strategic business unit level

A. works most directly with the organization's target customers.
B. directs the overall strategy for the organization.
C. is most likely to change substantially over time.
D. provides more end-user analysis in order to design more customer-directed products.
E. is the level at which managers set a more specific strategic direction for their businesses to exploit value-creating opportunities.

51. Which of the following statements regarding an organization's strategic business unit level is most accurate?

A. The strategic business unit level is the level that works most directly with an organization's targeted customers.
B. The overall strategy for the organization is directed at the strategic business unit level.
C. In the most complex organizations, the corporate level and the strategic business unit level may merge.
D. More end-user analysis is provided at the strategic business unit level than at the functional level.
E. The strategic direction is more specific at the strategic business unit level than at the corporate level.

52. Each strategic business unit has marketing and other specialized activities (e.g., finance, manufacturing, or research and development) at the ___________ level, where groups of specialists actually create value for the organization.

A. strategic
B. corporate
C. functional
D. business unit
E. compartmental

53. The functional level in an organization is where

A. groups of specialists actually create value for the organization.
B. employees perform assigned tasks without actually having input into the decision making process.
C. all financial outlays are made.
D. all company hiring and firing occurs.
E. the strategic planners in SBUs make all decisions regarding which product benefits will be promoted during a promotional campaign.

54. People in the finance and the human resources departments traditionally operate at what organizational level?

A. corporate level
B. top management level
C. strategic business unit level
D. functional level
E. stakeholder level

55. At the functional level, the organization's strategic direction becomes

A. much more manageable since its offerings have been finalized.
B. the most specific and most focused in terms of implementing the company's goals.
C. broader since for less complex firms, the corporate and functional levels may merge.
D. more general to avoid the "not invented here syndrome" that could result in missed opportunities.
E. the sole responsibility of the CEO.

56. Which of the following statements would most likely be heard at the functional level of an organization?

A. "We need to divest our Canadian operations that are performing poorly."
B. "How large a budget can we allot to the marketing department?"
C. "We plan to implement a Facebook advertising initiative within 90 days."
D. "We should hire the most culturally diverse cross-functional team possible in order to generate the best new-product ideas."
E. "What dividends should we pay stockholders next quarter?"

57. Specialized functions such as marketing and finance are generally referred to as

A. teams.
B. groups.
C. divisions.
D. departments.
E. business units.

58. At the functional level, the marketing department

A. solicits talent from all levels of the organization for strategic corporate planning sessions.
B. promotes its goals to the organization's stakeholders.
C. looks outward, in part by listening to customers.
D. develops the corporate culture.
E. defines the overall strategic direction of the organization.

59. A key role of the marketing department is to "look outward." This is accomplished by

A. allocating financial resources across strategic business units.
B. communicating the vision of the marketing department forcefully enough to be incorporated into the overall mission of the company.
C. forming cross-functional teams to help solve the organization's marketing problems.
D. implementing new accounting methods passed by Congress.
E. listening to customers, developing and producing offerings, and implementing marketing program activities.

60. Groups of a small number of people from different departments in an organization who are mutually accountable to accomplish a task or a common set of performance goals are referred to as

A. designated teams.
B. strategic business units.
C. cross-functional teams.
D. business committees.
E. venture squads.

61. Cross-functional teams refer to

A. members of an organization who have been trained in multiple disciplines so they can easily move from one job to another as needed.
B. situations where two departments within the same company have opposing views about how a product should be developed and managed.
C. departments within an organization that carryout multiple functions due to financial constraints within the company.
D. a small number of people from different departments in an organization who are mutually accountable to accomplish a task or a common set of performance goals.
E. departments within an organization that manage the same product with distinctly different marketing programs to reach different target markets.

62. When developing marketing programs for new offerings, marketing may provide staff to serve as part of __________, which consists of a small number of people from different departments who are mutually accountable to accomplish a task or a common set of performance goals.

A. a cross-functional team
B. a department
C. a strategic business unit
D. an organization
E. a business consortium

63. On the northern tip of Goose Island in the Chicago River sits the William Wrigley Jr. Company's Global Innovation Center. Here, Wrigley creates new products using a joint effort by some 250 full-time food scientists, researchers, and marketers. The people who work in this center are most likely members of

A. an innovation squad.
B. a business consortium.
C. a multiple strategic directional team.
D. a strategic evaluation team.
E. a cross-functional team.

64. IBM regularly creates what it calls global action teams, which take people from functional groups and bring them together to work on large client projects. These global action teams are a type of

A. innovation group.
B. business consortium.
C. tactical group.
D. SWOT team.
E. cross-functional team.

65. Successful organizations must be visionary, which includes the ability to

A. develop strategies based on those that were successful in the past.
B. be backward-looking, examining the past carefully to learn from mistakes.
C. anticipate future events and respond quickly and effectively.
D. hire the most culturally diverse team possible in order to generate the best new ideas.
E. involve all stakeholders of the organization when defining its business mission.

66. In general, a visionary organization asks which three types of questions to specify its foundation, set a direction, and formulate strategies?

A. why, when, where
B. what, by whom, how
C. how, when, where
D. why, what, how
E. who, why, when

67. Today's visionary organization uses three key elements to __________, set a direction, and formulate strategies.

A. set financial goals
B. specify its foundation
C. establish detailed marketing tactics
D. assign job responsibilities
E. establish an organizational chart

68. Today's visionary organization uses three key elements to specify its foundation, __________, and formulate strategies.

A. set a direction
B. establish detailed marketing tactics
C. assign job responsibilities
D. set financial goals
E. establish an organizational chart

69. Today's visionary organization uses three key elements to specify its foundation, set a direction, and

A. set financial goals.
B. assign job responsibilities.
C. formulate strategies.
D. establish production parameters.
E. establish detailed marketing tactics.

70. The ________ represent(s) the "why" element of a visionary organization.

A. organizational foundation
B. organizational tactics
C. organizational mission
D. organizational direction
E. organizational strategies

71. The _________________ represent(s) the "what" element of a visionary organization.

A. organizational tactics
B. organizational mission
C. organizational foundation
D. organizational direction
E. organizational strategies

72. The __________ represent(s) the "how" element of a visionary organization.

A. organizational tactics
B. organizational mission
C. organizational foundation
D. organizational direction
E. organizational strategies

73. The philosophical reason for an organization's existence is referred to as its organizational

A. strategy.
B. direction.
C. foundation.
D. goal.
E. business.

74. An organization's foundation can be broken into three key elements:

A. products, services, and ideas.
B. business definition, long-term goals, and short-term objectives.
C. board of directors, top management, and stakeholders.
D. corporate-level strategies, SBU-level strategies, and functional-level strategies.
E. core values, mission/vision, and organizational culture.

75. Which of the following statements regarding organizational foundation is most accurate?

A. An organizational foundation specifies its goals.
B. An organizational foundation defines the business that it is in.
C. An organization's foundation empowers stakeholders to have a voice in the strategic marketing process.
D. An organization's foundation is its philosophical reason for being—why it exists.
E. An organization's foundation is the company, its product, and its customers.

76. An organization's foundation includes all of the following *except*

A. organizational culture.
B. business definition.
C. vision.
D. core values.
E. mission.

77. An organization's foundation includes which of the following?

A. core values
B. business definition
C. goals
D. strategic levels
E. offerings

78. An organization's __________ are the fundamental, passionate, and enduring principles that guide its conduct over time.

A. goals
B. cultures
C. strategies
D. core values
E. mission statements

79. Core values refer to

A. the cultural ethos of an organization.
B. proprietary values of a firm.
C. written mission statements that express an organization's goals and objectives.
D. the personal moral and ethical codes of a firm's stakeholders.
E. the fundamental, passionate, and enduring principles that guide an organization's conduct over time.

80. A firm's __________ are timeless, capturing its heart and soul, and serve to inspire and motivate its stakeholders.

A. core values
B. strategic goals
C. offerings
D. corporate culture
E. corporate ethos

81. An organization's core values are most effective when communicated to and supported by

A. competitors.
B. top management and employees.
C. suppliers.
D. resellers.
E. government regulators.

82. Which of the following statements regarding an organization's core values is most accurate?

A. Core values are developed by cross-functional teams for all levels of an organization.
B. Core values are important to the founders but rarely motivate a firm's stakeholders.
C. Core values change as an organization's offerings change.
D. Core values guide the organization's conduct.
E. Core values cannot be separated from the financial realities of an organization.

83. According to Mark Zuckerberg, founder and CEO of Facebook, "We have a saying: ‘Move fast and break things.' The idea is that if you never break anything, you're probably not moving fast enough." Moving fast to build more things and learn faster is one of Facebook's

A. sustainability doctrines.
B. goals and objectives.
C. core values.
D. moral imperatives.
E. functional strategy.

84. The Ben & Jerry's website states: "Central to the mission of Ben & Jerry's is the belief that all three parts [product mission, economic mission, social mission] must thrive equally in a manner that commands deep respect for individuals in and outside the company and supports the communities of which they are a part." This statement reflects Ben & Jerry's

A. sustainability doctrine.
B. goals and objectives.
C. core values.
D. moral distinctives.
E. functional strategy.

85. An organization's employees, shareholders, board of directors, suppliers, distributors, creditors, unions, government, local communities, and customers are referred to as its

A. stakeholders.
B. stockholders.
C. competitors.
D. target audience.
E. organizational society.

86. All of the following are examples of stakeholders *except*

A. government.
B. competitors.
C. shareholders.
D. suppliers.
E. customers.

87. Which of the following statements regarding stakeholders is most accurate?

A. Employees are typically not classified as a stakeholder group because they are internal to the organization.
B. There are only three types of stakeholders: customers, suppliers, and distributors.
C. All stakeholders are external to the organization.
D. Stakeholders are a varied group; all are in some way affected by how well a company performs.
E. Stakeholders are only those that have an ownership stake in an organization.

88. By understanding its core values, an organization can take steps to define its __________, a statement of the organization's function in society that identifies its customers, markets, products, and technologies.

A. customer value proposition
B. doctrine
C. philosophy
D. mission
E. code of ethics

89. An organization's mission refers to

A. the target goal it sets for current profits based on enacting a comprehensive strategic plan.
B. the target objective it projects for future market share based on enacting a comprehensive strategic plan.
C. the fundamental, passionate, and enduring principles that guide its conduct over time.
D. specific strategies and tactics that will be used to counteract any competitor's advantages.
E. a statement of the organization's functions in society that identifies its customers, markets, products, and technologies.

90. The terms __________ and a mission statement are often used interchangeably.

A. idea
B. objective
C. vision
D. goal
E. protocol

91. Often used interchangeably with the term *vision,* a __________ frequently has a meaningful theme and a long-term orientation.

A. point of difference
B. mission statement
C. business definition
D. customer value proposition
E. marketing plan

92. A mission statement should be all of these *except*

A. short-term.
B. inspirational.
C. clear.
D. meaningful.
E. concise.

93. A mission statement should be

A. short-term.
B. inspirational.
C. fact-based.
D. complex.
E. permanent.

94. A mission statement should be

A. short-term.
B. long-term.
C. fact-based.
D. complex.
E. permanent.

95. The __________ for the American Red Cross is "to prevent and alleviate human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors."

A. core benefit proposition
B. business definition
C. sustainability doctrine
D. mission statement
E. customer value proposition

96. The __________ for Facebook is "To give people the power to share and make the world more open and connected."

A. sustainability doctrine
B. core benefit proposition
C. mission statement
D. corporate philosophy
E. code of ethics

97. "HowAboutWe is the fastest, easiest, most fun way to go on awesome dates" is the __________ for the online dating service that focuses on setting up actual activities as dates for its users.

A. sustainability doctrine
B. core benefit proposition
C. corporate philosophy
D. mission statement
E. code of ethics

98. Recently, many organizations have added __________ to their mission statements.

A. a business definition
B. a social element to reflect an ideal that is morally right and worthwhile
C. an economic element to promote profit maximization
D. an expanded definition of stakeholders to include its competitors
E. their level of pricing and product quality

99. A set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization is referred to as its

A. mission statement.
B. core value proposition.
C. organizational culture.
D. corporate philosophy.
E. core benefit proposition.

100. Organizational culture refers to

A. the personal moral and ethical codes of ethics of an organization's top management.
B. a written statement expressing an organization's goals and objectives to be achieved through enacting a comprehensive strategic plan.
C. the fundamental, passionate, and enduring principles that guide an organization's conduct over time.
D. the ethos of an organization that excludes its core values.
E. a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization.

101. Which of the following statements regarding organizational culture is most accurate?

A. Organizational culture exists only at the corporate level of an organization.
B. Organizational culture involves communicating and connecting with all of the firm's stakeholders.
C. Organizational culture is best used only at the functional level for the most effective results.
D. Organizational culture cannot be learned or taught.
E. Organizational culture is a statement of the organization's function in society.

102. George Zimmer, the former CEO of Men's Wearhouse, was known to the public as the bearded company pitchman who sells suits and sport coats on TV declaring, "You'll like the way you look. I guarantee it!" He also said that to be successful, "You've got to have a company that starts with trust and fairness." Zimmer was attempting to establish ___________ for Men's Wearhouse.

A. a vision
B. a mission statement
C. a pathos
D. a behavioral protocol
E. an organizational culture

103. Recently, St. Joseph Hospital was named one of the "Best Places to Work in Indiana" for the sixth consecutive year. The hospital touts universal values to "keep health care human" and employees consistently put patients first, which unites them in a common goal. Hospital President Kathy Young believes that St. Joseph's __________ makes both her employees and patients happier in her hospital.

A. vision
B. service offerings
C. organizational culture
D. pathos
E. behavioral protocol

104. The organizational __________ answers the question, "What will we do?"

A. foundation
B. direction
C. culture
D. strategy
E. mission

105. In the context of organizational direction, the term *business* refers to

A. the daily operational decisions that must be implemented for an organization to remain viable.
B. exchange transactions between seller and buyer in order for the seller to make sales and earn profits.
C. the clear, broad, underlying industry or market sector of an organization's offering.
D. an organization that develops an offering.
E. the objectives of a firm and the strategies and tactics that will allow it to achieve them.

106. The clear, broad, underlying industry or market sector of an organization's offerings is referred to as its

A. business.
B. commerce.
C. marketing.
D. competitive set.
E. product grouping.

107. __________ argued that senior managers of 20th century American railroads defined their business too narrowly, thus failing to create strategies to compete with airlines, barges, pipelines, and trucks.

A. Earl Bakken
B. Mark Zuckerberg
C. Reed Hastings
D. Theodore Levitt
E. Steve Jobs

108. In terms of an organization's business, railroads lost market share in the 20th century because they

A. had less flexible routes than trucking.
B. defined their business too narrowly.
C. tried to create a business that appealed equally to all people.
D. priced their services too high.
E. were simply an outmoded form of transportation.

109. In the 20th century, managers of railroads let airlines, barges, pipelines, and trucks take business away from them because their strategies were developed only for the railroad business, rather than a broader definition of the __________ business.

A. transportation
B. transcontinental shipping
C. passenger travel
D. product delivery
E. bulk cargo

110. The strategies an organization develops to provide value to the customers it serves is called

A. a mission statement.
B. an objective goal.
C. a vision statement.
D. a business model.
E. a protocol.

111. A business model

A. is a road map for the marketing activities of an organization for a specified future time period.
B. consists of the strategies an organization develops to provide value to the customers it serves.
C. is a measure of the quantitative value or trend of a marketing activity or result.
D. consists of the detailed day-to-day operational decisions for an organization.
E. is the means by which organizational goals are to be measured and documented.

112. Many local and national chain bookstores, such as Borders and Bookstar, have closed over the past few years. This is due in part to competition from e-book readers such as Amazon's Kindle and Apple's iPad, which permit the online purchase and download of digital books from their websites. Moreover, subscribers to newspapers and magazines have cancelled their print subscriptions in favor of online news. These trends have caused the StarTribune newspaper to offer online content for $1.99 per week and Newsweek to suspend its print edition in favor of an online only weekly edition. These companies had to change their __________, an action triggered by the technological and social changes in their marketing environments.

A. organizational cultures
B. marketing tactics
C. business models
D. strategic marketing processes
E. goals or objectives

113. Statements of an accomplishment of a task to be achieved, often by a specific time are referred to as

A. plans.
B. procedures.
C. strategies.
D. core values.
E. goals.

114. Objectives refer to

A. the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program designed to reach it.
B. criteria or standards used in evaluating proposed solutions to a marketing problem.
C. statements of an accomplishment of a task to be achieved, often by a specific time.
D. a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
E. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.

115. __________ convert an organization's mission and business into long- and short-term performance targets.

A. Plans
B. Tactics
C. Strategies
D. Goals
E. Visions

116. Regarding goals and objectives, which of the following statements would be most accurate?

A. Objectives convert an organization's mission and business into long- and short-term performance targets.
B. Goals and objectives are actually the detailed day-to-day activities necessary to implement a marketing program.
C. A company's goals and objectives are often worthy in intent, but unrealistic in practice because they are never accomplished during the specified time period.
D. Goal-setting only applies to business firms; nonprofit organizations typically do not set goals because they don't earn a profit.
E. The terms *goal* and *objective* should not be used interchangeably. Goals are philosophical while objectives are performance-based.

117. Most firms seek to maximize their long-run __________, achieving as high a financial return on their investments as possible.

A. quality
B. market share
C. employee welfare
D. social responsibility
E. profits

118. A new company projects that its sales will exceed its expenses within the first year of operation. This is an example of which type of goal?

A. dollar sales revenue
B. profit
C. market share
D. unit sales
E. quality

119. Seeking to obtain as high a financial return on their investments (ROI) as possible, firms will often set __________ goals.

A. sales
B. quality
C. market share
D. profit
E. employee welfare

120. If profits are acceptable, a firm that has set sales as its goal may elect to __________, even though profits may not be maximized.

A. advertise more frequently
B. reduce its sales force
C. maintain or increase its sales
D. decrease its sustainability efforts
E. maximize customer satisfaction

121. A small-business owner was preparing her staff for the upcoming holiday season. Her women's apparel retail store had a great year—sales and profits were up 20 percent. In a meeting with her sales staff before opening the store on Black Friday, the day after Thanksgiving, she said, "We want to move as much inventory as possible. Not only can we highlight our holiday items, why don't we also mark down some of our other seasonal items while people are in a shopping mood?" From this statement, she is concerned with a __________ goal.

A. profit
B. sales
C. market share
D. customer satisfaction
E. survival

122. Ben & Jerry's uses two marketing metrics to assess how it is doing in the super premium ice cream market, dollar __________ and dollar market share.

A. profit
B. ROI
C. sales
D. customer satisfaction
E. survival

123. Market share refers to

A. the ratio of the profit of the firm to the total profits of all firms in the industry, excluding the firm itself.
B. the ratio of the profit of the firm to the total profits of all firms in the industry, including the firm itself.
C. the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, excluding the firm itself.
D. the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself.
E. the ratio of the profits of all firms in an industry to the profits of the firm.

124. The ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself, is referred to as

A. a sales proportionality.
B. a marketing metric.
C. an industry potential.
D. a contribution margin.
E. a market share.

125. Market share is the ratio of sales revenue of the firm to the total sales revenue of all __________, including the firm itself.

A. firms in the industry
B. firms in the competitive set
C. firms in the WTO
D. product groupings
E. domestic firms in a country

126. If Dr. Pepper plans to grow its proportion of the flavors segment of the carbonated soft drink industry to 45 percent, it has set __________ goal.

A. a sales proportionality
B. a company sales
C. an industry potential
D. a contribution margin
E. a market share

127. A firm may have a goal to offer its customers the highest __________, as Medtronic does with its implantable medical devices.

A. innovation
B. quality
C. service
D. value
E. warranty

128. Complaints about one of Microsoft's Xbox video game consoles began immediately after its introduction. These complaints ranged from missing parts to incorrect programming. Microsoft should have adopted a more rigorous __________ goal.

A. profit
B. sales revenue
C. customer satisfaction
D. employee welfare
E. quality

129. Toyota had some difficulty recovering from a recall crisis several years ago when it was forced to recall about 6 million vehicles due to a variety of problems, most notably one with the accelerator pedal. To "polish" its brand, it implemented stricter __________ goals to improve the safety and reliability of its vehicles.

A. profit
B. sales revenue
C. customer satisfaction
D. quality
E. employee welfare

130. Motorola, a pioneer firm in the mobile communications space, invented a program known as Six Sigma, that sets as a goal no more than one defect in one million parts manufactured. This is an example of __________ goal.

A. a profit
B. a sales revenue
C. a quality
D. a market share
E. an employee welfare

131. Customers' perceptions are of vital importance to an organization. Customer __________ can be measured with surveys or by the number of customer complaints an organization receives.

A. satisfaction
B. welfare
C. lifetime benefit
D. value
E. responsibility

132. The top consumer complaint about bananas is how soon they start getting brown spots. Dole, a multinational agricultural company, most likely set __________ goal when it recently began adding stickers to bananas to promote the use of overripe bananas in the Yonanas machine (Dole owns 30 percent of the firm) to make a creamy, guilt-free dessert.

A. a profit
B. a market share
C. an employee welfare
D. a customer satisfaction
E. a social responsibility

133. Suppose L. L. Bean, a catalog retailer, has set a goal to reduce merchandise returns by 20 percent for the holiday season. The firm would most likely have set __________ goal.

A. a profit
B. a customer satisfaction
C. a market share
D. an employee welfare
E. a social responsibility

134. Lands' End, an American apparel and outerwear firm, ships each order within 48 hours and its guarantee is said to be the best in the world, as exemplified by its tagline "Guaranteed Period." These marketing actions by Lands' End most likely reflect its __________ goals.

A. profit
B. market share
C. employee welfare
D. social responsibility
E. customer satisfaction

135. When a firm recognizes the critical importance of its employees by attempting to provide good conditions and opportunities, it sets an employee __________ goal.

A. satisfaction
B. responsibility
C. compensation
D. core value
E. welfare

136. Howard Schultz, the founder of the American coffee chain Starbucks, provides health care for all employees who work over 20 hours per week. He says, "The companies that are doing the right thing by covering their employees [with health care coverage] are paying for the companies who don't do the right thing." This is an example of one of Starbucks' __________ goals.

A. profit
B. market share
C. employee welfare
D. customer satisfaction
E. sales

137. Some universities provide retirement benefits by matching the percentage an employee pays into a retirement account up to a certain percentage. This encourages a larger percentage of employees to participate in retirement planning. This is an example of __________ goal.

A. a satisfaction
B. a sales revenue
C. a market share
D. a quality
E. an employee welfare

138. Businesses sometimes pursue __________ goal to balance the conflicting goals of stakeholders to promote their overall welfare, even at the expense of profits.

A. a customer satisfaction
B. a shareholder
C. a profit minimization
D. a social responsibility
E. an employee welfare

139. American Express, the credit card and travel organization, has a long history of working for the good of all in its New York community. In 1885, it engaged its employees to help raise money to build the pedestal of the Statue of Liberty. Today, it has a program to help restore, preserve, and revitalize historic sites in New York City. These actions by American Express are partial fulfillment of the __________ the firm has established for itself as a corporate citizen.

A. unit sales goals
B. market share goals
C. sales revenue goals
D. customer satisfaction goals
E. social responsibility goals

140. Hasbro is a more than $4 billion global toy company that prides itself on donating to organizations that help children, since this group and their parents comprise the target market for its business. This is an example of a

A. unit sales goal.
B. market share goal.
C. social responsibility goal.
D. sales revenue goal.
E. customer satisfaction goal.

141. The organizational foundation sets the __________ of organizations, the organization direction sets the __________, and organizational strategies are concerned with the __________.

A. when; why; what
B. why; what; how
C. what; how; why
D. what; where; how
E. how; where; what

142. Organizational strategies vary in two ways, depending on

A. the strategy's level in the organization and the offerings an organization provides to its customers.
B. the corporate level and the SBU level in the organization.
C. whether an offering is a product or a service.
D. whether they are mission statements or core values.
E. the organizational culture and its core values.

143. A marketing plan refers to

A. the long-term decisions made to implement the marketing program and the monitoring of those decisions.
B. a technique that marketing managers use to quantify performance measures and growth targets to analyze their firm's strategic business units (SBUs) as though they were a collection of separate investments.
C. a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
D. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.
E. a road map for the entire organization for a specified future period of time, such as one year or five years.

144. A road map for the marketing activities of an organization for a specified future time period, such as one year or five years, is referred to as a

A. business plan.
B. marketing objective.
C. marketing plan.
D. marketing strategy.
E. marketing program.

145. A marketing plan is developed during which phase of the strategic marketing process?

A. implementation
B. control
C. development
D. planning
E. evaluation

146. A(n) __________ is the visual computer display of the essential information related to achieving a marketing objective.

A. marketing metric
B. output report
C. marketing dashboard
D. information screen
E. corporate dashboard

147. A marketing dashboard refers to

A. a "report card" prepared by the marketing department regarding its performance in terms of environmental and social responsibility.
B. the display of information found on a car's dashboard.
C. an "app" that uses a car navigation device metaphorically to indicate the specific direction in which a company wishes to grow based on its annual marketing plan.
D. information about an organization's marketing metrics presented orally so marketers can quickly spot deviations from plans and take corrective actions.
E. the visual computer display of the essential information related to achieving a marketing objective.

148. With a marketing dashboard, a marketing manager can glance at all of the following *except*

A. the time frame for which the data are presented.
B. a graph.
C. a table.
D. a printed report.
E. a map.

149 Which of the following statements regarding a marketing dashboard is most accurate?
.

A. The more text (words) that is displayed, the better it is for a marketing manager to identify trends, interpret the data, and take corrective actions.
B. A marketing dashboard very often includes 20 or more marketing metrics on the computer screen.
C. Marketing dashboards provide graphic displays of a product's performance, such as sales, website traffic, etc.
D. For accuracy, the marketing dashboard should be updated weekly.
E. Marketing dashboards often show key measures such as human resource turnover, strategy success, and societal well-being.

150 A measure of the quantitative value or trend of a marketing activity or result is referred to as
.

A. trend analysis.
B. a marketing measurement.
C. a marketing dashboard.
D. a marketing metric.
E. value analysis.

151 A marketing metric refers to
.

A. a measure of the quantitative value or trend of a marketing activity or result.
B. a form of linear trend analysis used to project future profits based on existing marketing plans.
C. one of a series of mathematical formulas used to calculate potential profits based upon different scenarios of the forces in the marketing environment.
D. information about an organization's core values and code of ethics so marketers can quickly spot deviations and take corrective actions.
E. the value of a product in terms of its contribution to employee welfare.

152 The primary purpose of a marketing metric is to
.

A. assign qualitative values to quantitative data.
B. allow the sharing of information across product lines.
C. measure the quantitative value of a marketing activity.
D. forecast potential product/service opportunities over a period of five years.
E. provide a numerically precise measurement of management judgment for an industry's growth.

153. Data visualization

A. is the visual computer display of the essential information related to achieving a marketing objective.
B. is a road map for the marketing activities of an organization for a specified future time period.
C. is the process of continuously collecting information about customers' needs, sharing this information across departments, and using it to create marketing metrics.
D. is a measure of the quantitative value or trend of a marketing activity or result.
E. presents information about an organization's marketing metrics graphically so marketers can quickly spot deviations from plans and take corrective actions.

154. Consider the following Ben & Jerry's dollar sales and market share details. A marketing manager for Ben & Jerry's has been provided with a marketing dashboard display. She notices that dollar sales for 2014 were $240 million and in 2015 they were $250 million. What was the formula used to calculate the dollar sales for each of these two years?

A. Dollar sales ($) = Average price × Quantity manufactured in each year.
B. Dollar sales ($) = Average cost of goods sold - Fixed costs in each year.
C. Dollar sales ($) = Average price - Shrinkage rate in each year.
D. Dollar sales ($) = Average price × Quantity sold in each year.
E. Dollar sales ($) = Average cost of goods sold - Variable costs in each year.

155. Consider the following Ben & Jerry's dollar sales and market share details. A marketing manager for Ben & Jerry's has been provided with a marketing dashboard display. He notices that dollar market share for 2014 was 18.4 percent and for 2015 it was 20.0 percent. What simple formula was used to calculate the dollar market share percentages for each of these two years?

A. Dollar market share (%) = Ben & Jerry's sales ($)/Total industry sales, including Ben & Jerry's sales ($).
B. Dollar market share (%) = Total industry sales, including Ben & Jerry's sales ($)/Ben & Jerry's sales ($).
C. Dollar market share (%) = Total industry sales, including Ben & Jerry's sales ($)/Ben & Jerry's unit sales ($).
D. Dollar market share (%) = Total industry sales, including Ben & Jerry's sales ($)/Ben & Jerry's net profit ($).
E. Dollar market share (%) = Ben & Jerry's sales ($)/Gross domestic product ($).

156. An organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and provide customer value, are referred to as

A. points of differences.
B. sustainable advantages.
C. core values.
D. points of similarity.
E. competencies.

157. An organization's competencies include all of the following *except*

A. profit.
B. customer service.
C. technologies.
D. resources.
E. employee skills.

158. Rhone-Poulenc is an international French company that produces and markets a variety of chemicals and pharmaceuticals. Due to the resources it makes available to its scientists and researchers, the company has a number of Nobel Prize winners working in its laboratories. This ability to employ some of the finest minds in the world is an example of a

A. point of similarity.
B. competency.
C. sustainable advantage.
D. product development strategy.
E. human resource strategy.

159. Designing a car is expensive and time-consuming even with the use of computers because of the difficulty of getting all the varied departments to work together. Mercedes-Benz created a unique centralized web-based system that cuts the design and production process by at least two years, thus providing customer value. This is an example of

A. a point of similarity.
B. an innovation-oriented mission.
C. an action program.
D. an operational goal implementation.
E. a competency.

160. Evergreen Air Center is the world's biggest parking lot for unwanted aircraft. Airlines pay a monthly fee from $750 to $5,000 to mothball their unneeded airplanes there. Its location is on 1,600 acres of Arizona desert near Tucson. The Southwest climate of dry, warm air serves as a cheap and effective airplane preservative against rust. Evergreen's location is

A. a competency.
B. a sustainable advantage.
C. a competitive identity.
D. a core benefit proposition.
E. an innovative distinction.

161. A competitive advantage refers to

A. the cluster of benefits that an organization promises customers to satisfy their needs.
B. those characteristics of a product that make it superior to competitive substitutes.
C. a unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.
D. actions taken by a firm with the sole intent of putting a competitor out of business.
E. the added value given to a product beyond the functional benefits provided.

162. A unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation, is referred to as a

A. creative advantage.
B. marketing edge.
C. distinctive competency.
D. competitive advantage.
E. core benefit.

163. Weight Watchers is a weight-management company with operations in about 30 countries. Consumers buy almost $5 billion of Weight Watchers-branded products each year, and every week approximately 1.3 million people attend Weight Watchers meetings. The company's brand recognition and meeting infrastructure are difficult for competitors to match, providing a

A. viable mission.
B. competitive advantage.
C. tactical innovation.
D. core benefit.
E. sales orientation.

164. St. Jude Medical makes cardiovascular medical devices, including the world's most widely used mechanical heart valve. Its products include tissue heart valves, pacemakers, and implantable cardiovascular defibrillators. St. Jude's innovation in cardiac devices helps it outperform rivals, and thus provides it with a

A. competitive advantage.
B. set of core values.
C. core benefit proposition.
D. marketing edge.
E. viable mission.

165. Netflix is a company that rents DVD movies and television either by mail or streaming over the Internet. It jumped into an industry where there were many competitors, both local and national video stores. Initially, it established a loyal clientele by providing a service that was not available—reliable and fast shipment. Its delivery system created Netflix's

A. viable mission.
B. competitive advantage.
C. tactical innovation.
D. core benefit.
E. sales orientation.

166. Men's Wearhouse caters to the man who doesn't necessarily enjoy shopping. Its stores are in free-standing locations (not inside the mall) so customers can get in and out quickly. Additionally, Men's Wearhouse targets the budget-conscious consumer with suit prices ranging from $150 to $850. The location of its stores and its pricing strategy both are part of Men's Wearhouse's

A. competitive advantage.
B. core values.
C. core benefit proposition.
D. marketing edge.
E. viable mission.

167. The online retailer Lands' End communicates a remarkable commitment to its __________ with these unconditional words: "We accept any return, for any reason. Guaranteed Period."

A. competitive advantage
B. core values
C. core benefit proposition
D. customers
E. mission statement

168. <no longer> Lands' End is primarily known as a catalog retailer. This means that traditional department stores, mass merchandisers, specialty shops, and other catalog retailers are considered to be Lands' End's

A. consideration set.
B. industry.
C. competitors.
D. target market.
E. stakeholders.

169. All of the following retailers are principal or direct competitors to Lands' End *except*

A. Amazon.com.
B. Sears.
C. L. L. Bean.
D. Target.
E. Pierre Cardin.

170. Two commonly used techniques to aid mangers with important decisions for setting a direction and allocating resources include __________ and __________ analysis strategies.

A. micromarketing; macromarketing
B. business portfolio; diversification
C. investment; divestment
D. dashboards; metrics
E. subjective; objective

171. The Boston Consulting Group uses __________ to quantify performance measures and growth targets to analyze its clients' strategic business units as though they were a collection of separate investments.

A. target marketing
B. synergy analysis
C. market-product grids
D. business portfolio analysis
E. diversification analysis

172. The Boston Consulting Group uses business portfolio analysis to quantify performance measures and growth targets to analyze its clients' strategic business units

A. as if each were a separate investment.
B. to establish their worth to society at large.
C. to determine which would be suited for a SWOT analysis.
D. to determine which units are candidates for diversification analysis.
E. to determine which units can be divided into smaller, tactical business units.

173. Business portfolio analysis refers to

A. a tool that helps a firm search for growth opportunities from among current and new markets as well as current and new products.
B. a technique that managers use to graphically track their firm's strategic business units as though they were a single expense in order to identify cost-cutting measures.
C. a technique that managers use to quantify performance measures and growth targets to analyze their firm's strategic business units as though they were a collection of separate investments.
D. an analysis that uses percentage points of market share as the common basis of comparison to allocate marketing resources effectively for different product lines within the same firm.
E. a tool that seeks opportunities by finding the optimum balance between marketing efficiencies versus R&D-manufacturing efficiencies.

174. A technique that managers use to categorize strategic business units as question marks, stars, cash cows, or dogs is referred to as

A. an investment (ROI) analysis.
B. a synergy analysis.
C. a marketing audit.
D. a diversification analysis.
E. a business portfolio analysis.

175. The purpose of business portfolio analysis is to

A. add or delete product line and brand extensions.
B. search for growth opportunities from among current and new markets as well as current and new products.
C. alter a product's characteristic, such as its quality, performance, or appearance, to increase its value to customers and increase sales.
D. determine the appeal of each strategic business unit or offering and then determine the amount of cash each should receive.
E. seek opportunities by finding the optimum balance between marketing efficiencies versus R&D-manufacturing efficiencies.

176. In the Boston Consulting Group (BCG) model for analysis of a firm's strategic business units, or SBUs, the vertical axis reflects

A. market growth rate.
B. marketing efficiencies.
C. industry attractiveness.
D. market segment size.
E. relative market share.

177. The Boston Consulting Group (BCG) business portfolio analysis requires an organization to locate the position for each of its strategic business units (SBUs) on a growth-share matrix. In a growth-share matrix, the vertical axis of the matrix indicates

A. the annual rate of growth of the firm's largest competitor.
B. the relative dollar market share of the largest competitor.
C. the annual rate of growth of the SBU's industry.
D. the relative unit market share of the largest competitor.
E. the annual rate of growth of the firm itself.

178. The Boston Consulting Group (BCG) business portfolio analysis requires an organization to locate the position for each of its strategic business units (SBUs) on a growth-share matrix. In a growth-share matrix, the horizontal axis of the matrix indicates

A. the annual rate of growth of the SBU's industry.
B. the relative dollar market share of the largest competitor.
C. the annual rate of growth of the firm's largest competitor.
D. the relative unit market share of the smallest competitor.
E. the annual rate of growth of the firm itself.

179. In the Boston Consulting Group (BCG) model for analysis of a firm's strategic business units, or SBUs, the horizontal axis reflects

A. market growth rate.
B. marketing efficiencies.
C. industry attractiveness.
D. market segment size.
E. relative market share.

180. In a BCG growth-share matrix, a relative market share of 10 × at the left end of the scale on its horizontal axis means that the SBU has 10 times the share of its largest competitor, whereas a relative market share of 0.1 × at the right end of the scale on its horizontal axis means that

A. the SBU has only 10 percent of the share of its average competitor.
B. the SBU has 100 percent of the share of its largest competitor.
C. the growth rate between the SBU and the next largest competitor is actually identical.
D. the SBU has only 10 percent of the share of its largest competitor.
E. the industry growth rate is declining.

181. All of the following are names the Boston Consulting Group (BCG) has given to describe the four quadrants in its growth-share matrix *except*

A. dogs.
B. stars.
C. question marks.
D. cash cows.
E. hedgehogs.

182. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Cash cows are SBUs that are classified as having

A. high market growth rates and high relative market shares.
B. low market growth rates but high relative market shares.
C. low market growth rates and low relative market shares.
D. high market growth rates but low relative market shares.
E. medium market growth rates and medium relative market shares.

183. Strategic business units (SBUs) with dominant shares of slow-growth markets that provide cash to cover the organization's overhead and to invest in other SBUs are referred to as

A. cash cows.
B. stars.
C. question marks.
D. dogs.
E. hedgehogs.

184. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Cash cows are located in which quadrant of the BCG growth-share matrix?

A. upper left quadrant
B. upper right quadrant
C. center of the four quadrants
D. lower right quadrant
E. lower left quadrant

185. Several years ago, Black & Decker purchased General Electric's small appliances product line. Black & Decker purchased the line because it needed the cash generated from a product line that had a dominant market share in the slow-growth small appliance industry. GE's small appliances product line is most likely a __________ for Black & Decker.

A. dog
B. cash cow
C. question mark
D. star
E. hedgehog

186. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Stars are SBUs that are classified as having

A. high market growth rates and high relative market shares.
B. low market growth rates but high relative market shares.
C. low market growth rates and low relative market shares.
D. high market growth rates but low relative market shares.
E. medium market growth rates and medium relative market shares.

187. Strategic business units (SBUs) with a high share of high-growth markets that may not generate enough cash to support their own demanding needs for future growth are referred to as

A. dogs.
B. cash cows.
C. question marks.
D. stars.
E. hedgehogs.

188. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Stars are located in which quadrant of the BCG growth-share matrix?

A. upper left quadrant
B. upper right quadrant
C. center of the four quadrants
D. lower right quadrant
E. lower left quadrant

189. Solarcom is a 30-year-old information technology company that owns several subsidiaries. One of its subsidiaries is Atlantix Global Systems, which is one of the leading wholesalers for refurbished computer equipment. It has a large share of an industry that is growing worldwide. According to the BCG business portfolio analysis framework, Atlantix Global would most likely be classified as a

A. dog.
B. cash cow.
C. question mark.
D. hedgehog.
E. star.

190. Strategic business units with a low share of high-growth markets that may require large cash injections of cash just to maintain market share are referred to as

A. dogs.
B. cash cows.
C. question marks.
D. stars.
E. hedgehogs.

191. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Question marks are SBUs that are classified as having

A. high market growth rates and high relative market shares.
B. low market growth rates but high relative market shares.
C. low market growth rates and low relative market shares.
D. high market growth rates but low relative market shares.
E. medium market growth rates and medium relative market shares.

192. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Question marks are located in which quadrant of the BCG growth-share matrix?

A. upper left quadrant
B. upper right quadrant
C. center of the four quadrants
D. lower right quadrant
E. lower left quadrant

193. Strategic business units (SBUs) with a low share of slow-growth markets that may generate enough cash to sustain themselves but do not hold the promise of ever becoming real winners for the organization are referred to as

A. dogs.
B. cash cows.
C. stars.
D. question marks.
E. hedgehogs.

194. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Dogs are SBUs that are classified as having

A. high market growth rates and high relative market shares.
B. low market growth rates but high relative market shares.
C. low market growth rates and low relative market shares.
D. high market growth rates but low relative market shares.
E. medium market growth rates and medium relative market shares.

195. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Dogs are located in which quadrant of the BCG growth-share matrix?

A. upper left quadrant
B. upper right quadrant
C. center of the four quadrants
D. lower right quadrant
E. lower left quadrant

196. In its business portfolio analysis, an organization's strategic business units (SBUs) often start as __________ and eventually become __________.

A. dogs; question marks
B. question marks; stars
C. stars; question marks
D. stars; dogs
E. question marks; dogs

197. While hybrid vehicles are very fuel-efficient, they are also expensive to purchase. Still, hybrid vehicles sales have a compound annual growth rate of 88.6 percent in recent years. Several years ago, the Honda Motor Co. unveiled the hybrid version of the Honda Civic. Sales of the Civic eventually surpassed those of the Toyota Prius, making it the top-selling hybrid car in the United States. For years, Honda has experienced tremendous success with its Accords; these Honda cars are the top-selling automobiles in the United States. Where would the Honda Civic (hybrid version) and the Honda Accord fall in the BCG business portfolio analysis matrix?

A. The hybrid Civic is a star; the Accord is a cash cow.
B. The hybrid Civic is a cash cow; the Accord is a star.
C. Due to the overwhelming success of Honda cars, both the Accord and the hybrid Civic are cash cows.
D. The hybrid Civic is a dog; the Accord is a cash cow.
E. The hybrid Civic is a dog; the Accord is a star.

198. In the BCG growth-share matrix, SBUs found in the high growth rate-high relative market share quadrant would be called

A. cash cows.
B. question marks.
C. dogs.
D. hedgehogs.
E. stars.

199. In the BCG growth-share matrix, SBUs found in the high growth rate-low relative market share quadrant would be called

A. cash cows.
B. stars.
C. question marks.
D. dogs.
E. hedgehogs.

200. In the BCG growth-share matrix, SBUs found in the low growth rate-low relative market share quadrant would be called

A. cash cows.
B. stars.
C. question marks.
D. dogs.
E. hedgehogs.

201. In the BCG growth-share matrix, SBUs found in the low growth rate-high relative market share quadrant would be called

A. cash cows.
B. stars.
C. question marks.
D. dogs.
E. hedgehogs.

202. To move an SBU from its current position on a BCG business portfolio analysis, a manager should concentrate mostly on

A. influencing the relative market share.
B. enhancing employee motivation to move a low-valued SBU to a higher one.
C. adding a variety of new SBUs that will force out older ones.
D. influencing the market growth rate.
E. simplifying its offerings by removing features.

203. Because an organization has limited influence on market growth rate, its main alternative for moving an SBU on the portfolio analysis matrix is to try to change its relative market share. The most likely way for a company to turn a question mark into a star rather than a dog is to

A. divert funds to other SBUs.
B. reduce advertising for it.
C. inject cash into it.
D. reduce the feature set for it.
E. decrease the market growth rate.

204. With the arrival of tablet devices, such as Apple's iPad in 2010, growth in the global PC industry has slowed considerably and sales were expected to be declining by 2016. If a firm offering a range of PCs had slightly increased its global unit market share of PC sales from 10 to 12 percent, the company should be concerned that this product is becoming a

A. question mark.
B. star.
C. hedgehog.
D. cash cow.
E. dog.

205. Apple entered the music player market with its iPod in 2001 and by 2014 it had a 70 percent share of this market. However, global MP3 music player unit sales over the past few years have fallen dramatically and were expected to decline further by 2016, as Apple announced it is discontinuing the iPod Classic while it will continue to sell three iPod product lines. Currently, Apple's iPod SBU appears to be a

A. question mark.
B. star.
C. hedgehog.
D. cash cow.
E. dog.

206. Apple launched its revolutionary Apple watch in 2015 as the first wearable technology that used a multi-touch user interface. The wearable technologies market grew at a rate of more than 100 percent in 2015. Apple sales were substantial despite a relatively high price and short battery life. The Apple watch enters the market as a

A. question mark.
B. raptor.
C. hedgehog.
D. cash cow.
E. dog.

207. Apple launched the iPhone in 2007, and unit sales reached an astonishing 47.7 percent market share in the smartphone industry by 2015. The global smartphone market is expected to grow at an annual rate of 9.8 percent through 2018 due to the growth in China and other markets. Currently, Apple's iPhone SBU appears to be a

A. question mark.
B. star.
C. hedgehog.
D. cash cow.
E. dog.

208. One of the strengths inherent in the use of the BCG business portfolio analysis is that it

A. is based solely on company perception rather than actual data.
B. considers all factors that might impact an SBU's value to an organization.
C. acts as a strong motivational tool for employees in SBUs that have been labeled "dogs" or "question marks."
D. forces a firm to place each of its SBUs in the growth-share matrix, which in turn suggests which SBUs will be cash producers or cash users in the future.
E. identifies specific marketing strategies and marketing tactics on how to solve SBU shortcomings.

209. One of the weaknesses inherent in the use of the BCG business portfolio analysis is that it

A. causes dissension between different divisions when one is labeled a "star" and another a "dog."
B. reduces employee motivation to move a low valued SBU to a higher one.
C. considers too many SBU factors beyond market growth rate and relative market share.
D. does not require sales forecasts in order to be implemented.
E. is often difficult to obtain the needed information to correctly place SBUs in the matrix.

210. A technique that helps a firm search for growth opportunities from among current and new markets as well as current and new products is referred to as

A. diversification analysis.
B. business portfolio analysis.
C. a market-product grid framework.
D. synergy analysis.
E. market segmentation.

211 Diversification analysis refers to
.

A. a technique that seeks opportunities by finding the optimum balance between marketing efficiencies versus R&D-manufacturing efficiencies.
B. a framework to relate the market segments of potential buyers to products offered or potential marketing actions by an organization.
C. a technique that helps a firm search for growth opportunities from among current and new markets as well as current and new products.
D. a technique used to determine the appeal of each SBU or offering and then the amount of cash, if any, each should receive.
E. a framework that identifies four "generic" strategies to achieve a competitive advantage.

212 Which of the following statements regarding diversification analysis is most accurate?
.

A. Companies should only use diversification analysis if they are well-established; new companies that use this process run the risk of trying to do too much too soon.
B. For any product, there is both a current and a new market; for any market, there is both a current and a new product.
C. Most companies discover that there is at least one product that is targeted to the wrong market.
D. Diversification analysis is only effective for consumer products.
E. Diversification analysis is used to forecast and calculate industry sales for new products.

213 A marketing strategy to increase sales of current products in current markets is referred to as
.

A. market penetration.
B. market development.
C. product development.
D. diversification.
E. marketing synergy.

214 Market penetration refers to the marketing strategy of
.

A. selling current products to new markets.
B. selling new products to new markets.
C. selling new products to current markets.
D. selling the same brands in both current and new markets.
E. increasing sales of current products in current markets.

215 One way a company can benefit from implementing a market penetration strategy would be to
.

A. sell more products at a lower price in new markets.
B. sell the same amount of product at a higher price in the same market.
C. find a new market and sell the product at a much higher price.
D. alter the product and sell it to a new market.
E. reduce promotion and distribution costs to improve production efficiencies for the product in reaching new markets.

216. When using a __________ strategy, there is no change in either the basic product line or the markets served. Instead, increased sales are generated by selling either more products through better promotion or distribution or the same number of products at a higher price.

A. product development
B. market development
C. diversification
D. market saturation
E. market penetration

217. If Ben & Jerry's sold more units of its Bonnaroo Buzz Fair Trade-sourced super premium ice cream to U.S. consumers as a result of increased promotion while keeping its price per pint the same, it would be using a __________ strategy.

A. product development
B. market development
C. market penetration
D. diversification
E. market saturation

218. If sales revenues for Starbucks VIA Ready Brew instant coffee sold to U.S. consumers increased as a result of a slight price increase of $0.25 per pack, it would be using a __________ strategy.

A. product development
B. market development
C. market penetration
D. diversification
E. market saturation

219. The marketing strategy to sell current products to new markets is referred to as

A. market penetration.
B. market infiltration.
C. market development.
D. product development.
E. diversification.

220. Market development refers to the marketing strategy of

A. increasing sales of current products in current markets.
B. selling new products to new markets.
C. selling new products to current markets.
D. selling the same brands in both current and new markets.
E. selling current products to new markets.

221. If Ben & Jerry's starts selling Bonnaroo Buzz Fair Trade-sourced super premium ice cream in Brazil for the first time, it will be using a __________ strategy.

A. product development
B. market development
C. diversification
D. market saturation
E. market penetration

222. Part of the growth strategy for Yum! Brands, the parent company of KFC, Pizza Hut, and Taco Bell, is expansion of its current fast-food businesses into new markets, such as China, Russia, and India. This type of expansion would be a __________ strategy.

A. product development
B. market penetration
C. diversification
D. market development
E. market saturation

223. The marketing strategy of selling new products to current markets is referred to as

A. product penetration.
B. product development.
C. market development.
D. diversification.
E. market penetration.

224. Product development refers to the marketing strategy of

A. increasing sales of current products in current markets.
B. selling current products to new markets.
C. selling new products to new markets.
D. selling new products to current markets.
E. selling the same brands in both current and new markets.

225. If Ben & Jerry's sold a line of new "Get the Dough Out of Politics" T-shirts targeted to college students in the United States, it would be using a __________ strategy.

A. product development
B. market development
C. market penetration
D. diversification
E. market saturation

226. When Starbucks announced that it would release a new single-serve Verismo high-pressure brewing machine in its U.S. outlets, it was using a __________ strategy.

A. product development
B. market development
C. market penetration
D. diversification
E. market saturation

227. The marketing strategy of developing new products and selling them in new markets is referred to as

A. product penetration.
B. product development.
C. market development.
D. market penetration.
E. diversification.

228. Diversification refers to the marketing strategy of

A. increasing sales of current products in current markets.
B. selling current products to new markets.
C. selling new products to new markets.
D. selling new products to current markets.
E. selling the same brands in both current and new markets.

229. Which of the marketing strategies for expanding sales revenue presents the most risk for an organization?

A. product development
B. product-market evolution
C. market development
D. market penetration
E. diversification

230. If Ben & Jerry's sold a line of new "Get the Dough Out of Politics" T-shirts targeted to college students in Latvia, it would be using a __________ strategy.

A. product development
B. market development
C. market penetration
D. diversification
E. market saturation

231. The current markets-current products quadrant in a diversification analysis matrix represents the marketing strategy of

A. market penetration.
B. product development.
C. market development.
D. product penetration.
E. diversification.

232. A family owns a gelato business next to a small town's park, a favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. He experiments by purchasing large take-home containers so customers can not only consume gelato in the park but also enjoy it after dinner at home. Sales of gelato soar and profits begin to rise. This is an example of a __________ strategy.

A. product penetration
B. market penetration
C. product development
D. market development
E. market evolution

233. The current markets-new products quadrant in a diversification analysis matrix represents the marketing strategy of

A. market penetration.
B. product penetration.
C. market development.
D. product development.
E. diversification.

234. A family owns a gelato business next to a small town's park, a favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. Customers frequently compliment his unusual gelato flavor selections. He decides to package his special flavorings into small packets that can be used at home for drinks. Sales of the packets soar and profits rise. This is an example of a __________ strategy.

A. market penetration
B. product development
C. market development
D. diversification
E. product-market addition

235. The new markets-current products quadrant in a diversification analysis matrix represents the marketing strategy of

A. product development.
B. market penetration.
C. market development.
D. product penetration.
E. diversification.

236. The new markets-new products section in a diversification analysis matrix represents the marketing strategy of

A. market penetration.
B. product penetration.
C. market development.
D. product development.
E. diversification.

237. A family owns a gelato business next to a small town's park, a favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. In addition to running his store, he begins selling hand-made flies on the Internet for professional sports fishermen. This is an example of a __________ strategy.

A. market penetration
B. product development
C. market development
D. product-market expansion
E. diversification

238. If Ben & Jerry's were to sell children's clothing under the Ben & Jerry's brand to Brazilians for the first time, this would be an example of a __________ strategy.

A. market penetration
B. product development
C. diversification
D. market development
E. product-market expansion

239. Which two marketing strategies would be used if a firm were *not* willing to find new markets?

A. product development and market penetration
B. product development and diversification
C. market development and product development
D. market development and market penetration
E. market development and diversification

240. The strategic marketing process

A. involves taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it.
B. is a technique to quantify performance measures and growth targets to analyze its clients' strategic business units as though they were a collection of separate investments.
C. describes an organization's appraisal of its internal strengths and weaknesses and its external opportunities and threats.
D. is an approach whereby an organization allocates its marketing mix resources to reach its target markets.
E. seeks opportunities by finding the optimum balance between marketing efficiencies versus R&D-manufacturing efficiencies.

241. An approach whereby an organization allocates its marketing mix resources to reach its target markets is referred to as

A. the tactical marketing process.
B. situational analysis.
C. diversification analysis.
D. synergy analysis.
E. the strategic marketing process.

242. An organization uses the strategic marketing process to answer all of the following questions *except*

A. "How do our results compare with our plans?"
B. "How do we allocate our resources to get where we want to go?"
C. "Where do we want to go?"
D. "Do deviations require new plans?"
E. "How do we convert our plans into actions?"

243. Within the strategic marketing process, the __________ is the result of the planning phase that proceeds to the implementation phase where it is carried out.

A. marketing tactics
B. business plan
C. product protocol
D. marketing plan
E. marketing strategy

244 The key steps of planning, implementation, and evaluation are part of
.

A. gap analysis.
B. the strategic marketing process.
C. situational analysis.
D. synergy analysis.
E. diversification analysis.

245 What are the three steps involved in the planning phase of the strategic marketing process?
.

A. Step 1: situation (SWOT) analysis; Step 2: market-product focus and goal setting; and Step 3: the marketing program
B. Step 1: analysis; Step 2: planning; and Step 3: implementation
C. Step 1: set market and product goals; Step 2: select target markets and find points of difference; and Step 3: position the product
D. Step 1: identify industry trends; Step 2: analyze competitors; and Step 3: assess own organization
E. Step 1: Why do we exist?; Step 2: What will we do?; and Step 3: How will we do it?

246 The initial step in the strategic marketing process is to begin planning by conducting a
.

A. business portfolio analysis.
B. market-product analysis and setting goals.
C. marketing program.
D. situation (SWOT) analysis.
E. diversification analysis.

247 Step 1 in the planning phase of the strategic marketing process involves
.

A. establishing the budget.
B. developing the marketing program.
C. setting goals.
D. auditing the marketing plan.
E. conducting a situation (SWOT) analysis.

248 Step 2 in the planning phase of the strategic marketing process consists of
.

A. the situation (SWOT) analysis.
B. market-product focus and goal setting.
C. the marketing program.
D. business portfolio analysis.
E. diversification analysis.

249. Step 3 in the planning phase of the strategic marketing process consists of

A. diversification analysis.
B. the situation (SWOT) analysis.
C. the marketing program.
D. the market-product focus and goal setting.
E. business portfolio analysis.

250. Taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it is referred to as

A. tactical planning.
B. market planning.
C. goal setting.
D. environmental scanning.
E. situation analysis.

251. A situation analysis refers to

A. taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it.
B. an appraisal of an organization's cash flow and financial ratios to access its health and the potential for new investment.
C. the process of continually acquiring information on events occurring outside the organization to identify and interpret potential trends.
D. a technique that managers use to quantify performance measures and growth targets to analyze its clients' strategic business units as though they were separate investments.
E. the process where a firm searches for growth opportunities from among current and new markets as well as current and new products.

252. A situation analysis requires a firm to consider the external forces and trends that affect it. Some of these may be favorable to the organization while others may be unfavorable. Which of the following is an example of an external force?

A. The firm buys its own fleet of trucks, so it no longer needs to hire a trucking company for distribution.
B. A hiring freeze is put into place. Although no one is fired, no one can be hired.
C. A goal is set to close the gap between production costs and profits.
D. A local government requires that all businesses within the city limits must recycle or be fined.
E. Shareholders are rewarded with a sizable dividend check.

253. The acronym SWOT, as in SWOT analysis, stands for

A. strengths, weaknesses, opportunities, and tactics.
B. strengths, weaknesses, options, and tactics.
C. strengths, weaknesses, opportunities, and threats.
D. simple, workable, optimal, and timely.
E. state the problem, work out a strategy, organize your team, and take action.

254. An effective summary tool for an organization's situation analysis is referred to as

A. SWOT analysis.
B. strategic management planning.
C. environmental scanning.
D. market-product grid analysis.
E. marginal analysis.

255. In the 1980s, a lapse in production quality and an increase in Japanese imports drove the Harley-Davidson motorcycle company to the brink of bankruptcy. The company's share of the U.S. super heavyweight market segment—motorcycles with engine capacity of 850 cubic centimeters or more—had shrunk from over 40 percent in the mid-1970s to 23 percent in 1983. But by 1989, Harley-Davidson controlled some 65 percent of this market segment. From a marketing perspective, what was the most likely first step in Harley-Davidson's resurgence?

A. developing a new mission statement
B. repositioning its products in the minds of super heavyweight motorcycle buyers
C. performing a SWOT analysis to assess the firm's internal and external environments
D. selling new models of super heavyweight motorcycles in both the United States (current) and foreign (new) markets
E. improving the quality of its products and communicating this to motorcycle buyers

256. Ben & Jerry's is an ice cream producer owned by Unilever. Ben & Jerry's prestigious well-known brand name, and the fact that it complements Unilever's other ice cream brands, allows the firm to find specific efficiencies in distribution with its parent company's existing brands. A SWOT analysis for Ben & Jerry's would indicate its brand name and distribution efficiencies are __________ for the firm.

A. a strength
B. a weakness
C. a threat
D. an opportunity
E. a problem

257. Ben & Jerry's is an ice cream producer owned by Unilever. If the firm identified that its managers lacked the expertise to create additional growth for the firm's products, a marketing manager would likely incorporate this knowledge into its SWOT analysis as

A. a weakness if the company has a strong working relationships with Unilever.
B. an opportunity if the company shares this information directly with its competitors.
C. a weakness if the company does not seek to gain that additional expertise.
D. a threat if Ben & Jerry's does not have resources to develop additional expertise.
E. part of a marketing plan; this information would not be part of a SWOT analysis.

258. All of the following form the foundation upon which a firm builds its marketing program during the strategic marketing process *except*

A. research the organization's present and prospective customers.
B. determine what business the organization is in.
C. assess the organization itself.
D. identify trends in the organization's industry.
E. analyze the organization's competitors.

259. The goal of a SWOT analysis is to

A. identify market research questions in order to develop new products for new market segments.
B. determine how raises, bonuses, and dividends will be paid.
C. reorganize the firm's marketing department.
D. identify the critical strategy-related factors that can impact the firm.
E. fairly allocate governmental resources and financial aid across the industry.

260. All of the following are marketing actions that can be taken as a result of a SWOT analysis *except*

A. exploit an opportunity.
B. correct a weakness.
C. avoid a disaster-laden threat.
D. build on a strength.
E. secure the necessary resources (financial, human, technological) to fund new SBUs.

261. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that result in power outages. The firm is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits (consisting of food bars, a water filtration system, first aid supplies, etc.). Before going ahead with this decision, several factors had to be considered: (1) The firm has a great reputation with its flashlights and does not want to ruin it. (2) Its physical plant could be refitted relatively easily to make small generators, but it would be rather costly. (3) It would have to rely on another firm to manufacture and package the survival kits. (4) Although there are nine named hurricanes anticipated for the upcoming year, no one really can predict what will happen. The company's reputation would fall in which quadrant(s) of the SWOT analysis grid?

A. internal-favorable
B. internal-unfavorable
C. external-favorable
D. external-unfavorable
E. both internal-favorable and external-favorable

262. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that result in power outages. The firm is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits (consisting of food bars, a water filtration system, first aid supplies, etc.). Before going ahead with this decision, several factors had to be considered: (1) The firm has a great reputation with its flashlights and does not want to ruin it. (2) Its physical plant could be refitted relatively easily to make small generators, but it would be rather costly. (3) It would have to rely on another firm to manufacture and package the survival kits. (4) Although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The company's need to refit its factory would fall in which quadrant(s) of the SWOT analysis grid?

A. internal-favorable
B. internal-unfavorable
C. external-favorable
D. external-unfavorable
E. both internal-unfavorable and external-unfavorable

263. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that result in power outages. The firm is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits (consisting of food bars, a water filtration system, first aid supplies, etc.). Before going ahead with this decision, several factors had to be considered: (1) The firm has a great reputation with its flashlights and does not want to ruin it. (2) Its physical plant could be refitted relatively easily to make small generators, but it would be rather costly. (3) It would have to rely on another firm to manufacture and package the survival kits. (4) Although there are nine named hurricanes forecasted for the upcoming year, no one really can predict what will happen. The projected number of hurricanes would fall in which quadrant(s) of the SWOT analysis grid?

A. internal-favorable
B. internal-unfavorable
C. external-favorable
D. external-unfavorable
E. both external-favorable and external-unfavorable

264. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that result in a loss of power. The firm is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits. Before going ahead with this decision, several factors had to be considered: (1) The firm has a great reputation with its flashlights and doesn't want to ruin it. (2) Its physical plant could be refitted relatively easily to make small generators, but it would be rather costly. (3) It would have to rely on another firm to manufacture and package the survival kits. (4) Although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The need to rely on another company to supply the survival kits would fall in which quadrant(s) of the SWOT analysis grid?

A. internal-favorable
B. internal-unfavorable
C. external-favorable
D. external-unfavorable
E. both external-favorable and external-unfavorable

265. The internal-favorable quadrant represents __________ in a SWOT analysis.

A. a threat
B. a weakness
C. a strength
D. an opportunity
E. a market segment

266. The internal-unfavorable quadrant represents __________ in a SWOT analysis.

A. a threat
B. a weakness
C. a strength
D. an opportunity
E. a market segment

267. The external-favorable quadrant represents __________ in a SWOT analysis.

A. a threat
B. a weakness
C. a strength
D. an opportunity
E. a market segment

268. The external-unfavorable quadrant represents __________ in a SWOT analysis.

A. a threat
B. a weakness
C. a strength
D. an opportunity
E. a market segment

269. Aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action is referred to as

A. market aggregation.
B. market segmentation.
C. product sorting.
D. product grouping.
E. mass marketing.

270. Market segmentation refers to

A. identifying small groups of customers with dissimilar needs.
B. aggregating prospective buyers into groups and selecting only those whose needs cannot be met by competitors' products.
C. aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action.
D. aggregating different products into more reasonable product groupings to better serve consumers' needs.
E. those characteristics of a product that make it superior to competitive substitutes.

271. Market segmentation is a part of what step in the strategic marketing process?

A. situation analysis
B. market-product focus and goal setting
C. marketing program
D. implementation
E. evaluation

272. To develop a successful marketing plan for a soft drink, the process of __________ would most likely be used to group consumers on the basis of whether they wanted sugar-free and caffeine-free soda, caffeine-free sugared soda, or regular soda with sugar and caffeine.

A. market aggregation
B. product segmentation
C. customer grouping
D. mass marketing
E. market segmentation

273. During Step 2 of the strategic marketing process, firms such as Ben & Jerry's engage in all of the following marketing activities *except*

A. position the product.
B. set marketing and product goals.
C. develop the marketing program.
D. select target markets.
E. find points of difference.

274. In a marketing context, goal setting involves setting measurable __________ to be achieved.

A. marketing metrics
B. marketing objectives
C. marketing tactics
D. marketing plans
E. protocols

275. Those characteristics of a product that make it superior to competitive substitutes are referred to as

A. core benefit propositions.
B. marketing mix elements.
C. points of difference.
D. marketing attributes.
E. product protocols.

276. Points of difference refer to

A. the fundamental, passionate, and enduring principles of an organization that guide its conduct over time.
B. the cluster of benefits that an organization promises customers to satisfy their needs.
C. a unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.
D. those characteristics of a product that make it superior to competitive substitutes.
E. the use of percentage points of market share to allocate marketing resources effectively for different product lines within the same firm.

277. At which step of the planning stage of the strategic marketing process does a firm develop its marketing mix?

A. situation analysis
B. goal setting
C. marketing program
D. implementation
E. market segmentation

278 The marketing program, Step 3 in the strategic planning process, answers which question?
.

A. who
B. what
C. when
D. why
E. how

279 The __________ element of the marketing mix includes features and packaging.
.

A. product
B. price
C. promotion
D. place
E. people

280 The __________ element of the marketing mix includes discounts and allowances.
.

A. product
B. price
C. promotion
D. place
E. people

281 The __________ element of the marketing mix includes personal selling and sales promotion.
.

A. product
B. price
C. promotion
D. place
E. people

282 The __________ element of the marketing mix includes channels and transportation.
.

A. product
B. price
C. promotion
D. place
E. people

283. Offering a branded heart pacemaker with only the features needed by Asian patients is an example of that firm's

A. evaluation strategy.
B. price strategy.
C. place strategy.
D. promotion strategy.
E. product/service strategy.

284. Introducing a heart pacemaker at medical conventions across Asia to demonstrate its many beneficial features is an example of a medical device firm's

A. market segmentation and targeting strategy.
B. price strategy.
C. place strategy.
D. promotion strategy.
E. product/service strategy.

285. Searching out, using, and training reputable medical device distributors across Asia to call on cardiologists and medical clinics is an example of a firm's

A. market segmentation and targeting strategy.
B. price strategy.
C. place strategy.
D. promotion strategy.
E. product/service strategy.

286. The second phase of the strategic marketing process is the

A. tactics phase.
B. strategic phase.
C. planning phase.
D. implementation phase.
E. evaluation phase.

287. In which phase of the strategic marketing process does a firm obtain resources, design the marketing organization, develop schedules, and execute the marketing program?

A. planning phase
B. implementation phase
C. evaluation phase
D. strategic phase
E. tactics phase

288. All of the following are components of the implementation phase of the strategic marketing process *except*

A. defining precise tasks, responsibilities, and deadlines.
B. executing the marketing program.
C. designing the marketing organization.
D. conducting R and D.
E. obtaining resources.

289. The actions taken during the implementation phase of the strategic marketing process include: (1) __________; (2) design the marketing organization; (3) define precise tasks, responsibilities, and deadlines; and (4) execute the marketing program.

A. obtain resources
B. select target markets
C. position the product
D. find points of difference
E. develop the budget by estimating revenues, expenses, and profits

290. The actions taken during the implementation phase of the strategic marketing process include: (1) obtain resources; (2) __________; (3) define precise tasks, responsibilities, and deadlines; and (4) execute the marketing program.

A. select target markets
B. design marketing organization
C. position the product
D. find points of difference
E. develop the budget by estimating revenues, expenses, and profits

291. The actions taken during the implementation phase of the strategic marketing process include: (1) obtain resources; (2) design the marketing organization; (3) __________; and (4) execute the marketing program.

A. position the product
B. select target markets
C. define precise tasks, responsibilities, and deadlines
D. find points of difference
E. develop the budget by estimating revenues, expenses, and profits

292. The actions taken during the implementation phase of the strategic marketing process include: (1) obtain resources; (2) design the marketing organization; (3) define precise tasks, responsibilities, and deadlines; and (4)

A. position the product.
B. select target markets.
C. find points of difference.
D. execute the marketing program.
E. develop the budget by estimating revenues, expenses, and profits.

293. In a typical manufacturing firm, the structure of its marketing department is typically organized from top to bottom as follows:

A. CEO to CFO to product manager.
B. CEO to CMO to product manager.
C. product manager to marketing research manager to sales manager to promotion manager.
D. industry manager to market manager to product manager.
E. product manager to CMO to sales manager.

294. An aid to implementing a marketing plan and consisting of four columns: (1) the task; (2) the person responsible for completing that task; (3) the date to finish the task; and (4) what is to be delivered is referred to as

A. an output report.
B. a Gantt chart.
C. a market plan.
D. an action item list.
E. a marketing action memo.

295. An action item list refers to an aid to implement a marketing plan that consists of four columns: (1) __________; (2) the person responsible for completing that task; (3) the date to finish the task; and (4) what is to be delivered.

A. the task
B. the budget
C. the product or service
D. the points of difference
E. the promotional message

296. An action item list refers to an aid to implement a marketing plan that consists of four columns: (1) the task; (2) __________; (3) the date to finish the task; and (4) what is to be delivered.

A. the budget
B. the product or service
C. the points of difference
D. the promotional message
E. the person responsible for completing that task

297. An action item list refers to an aid to implement a marketing plan that consists of four columns: (1) the task; (2) the person responsible for completing that task; (3) __________; and (4) what is to be delivered.

A. the budget
B. the points of difference
C. the promotional message
D. the date to finish the task
E. the product or service

298. An action item list refers to an aid to implement a marketing plan that consists of four columns: (1) the task; (2) the person responsible for completing that task; (3) the date to finish the task; and (4)

A. the budget.
B. the points of difference.
C. what is to be delivered.
D. the promotional message.
E. the product or service.

299. When participating in major projects in college marketing classes, effective teams can use a __________ to be sure that each team member does a fair amount of work and that class projects are finished efficiently and on time.

A. market-product grid
B. project schedule
C. Plan-A-Gram
D. Gantt chart
E. sales response function

300. The key to all scheduling techniques is to

A. avoid scheduling tasks that can be done concurrently.
B. avoid tasks that must be done sequentially.
C. make sure to allow a 20 percent delay factor to account for contingencies.
D. assign responsibility for end results to the entire group rather than a single individual.
E. distinguish tasks that must be done sequentially from those that can be done concurrently.

301. A marketing __________ is defined as the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.

A. plan
B. tactic
C. strategy
D. concept
E. action

302. A marketing strategy refers to

A. the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.
B. the tactical decisions made to implement the marketing program.
C. a technique to quantify performance measures and growth targets of a firm's strategic business units (SBUs).
D. a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
E. the detailed day-to-day operational decisions.

303. The term *marketing strategy* is used to address both the __________ and the __________.

A. product groupings; target markets
B. target market; marketing program
C. subjective; objective
D. revenues generated; market share achieved
E. feasibility; time required to implement

304. A marketing strategy is the means by which a marketing goal is to be achieved. The two parts that usually characterize a marketing strategy are

A. specific organizational goals and objectives.
B. a detailed marketing plan and a marketing budget.
C. marketing strategies and marketing tactics.
D. a specified target market and a marketing program to reach it.
E. marketing metrics and marketing dashboards to track effectiveness.

305. Which of the following statements reflects the key elements in developing a marketing strategy for L. M. Schofield, Inc., a company that produces specialized concrete surfaces for heavily trafficked areas such as retail outlets and amusement parks?

A. Buy ads in all the major trade journals that explain the variety of surfaces available and what uses each has.
B. Communicate with contractors using direct mail about the various walking surfaces Schofield can create for riding and walking paths.
C. Design a sample ad and test it using visitors at a trade show.
D. Hire six new sales representatives for the Midwest regional office and train them on all aspects of concrete surfaces.
E. Conduct a focus group to decide on which surface to use for a theme park in Brazil.

306. Marketing tactics refer to the

A. long-term decisions made to implement the marketing program and the monitoring of those decisions.
B. detailed day-to-day operational decisions essential to the overall success of marketing strategies.
C. steps taken to develop an effective marketing plan.
D. development of marketing strategies to achieve the organization's marketing objectives.
E. refinement of the organization's mission based on the results obtained from a marketing audit.

307. The detailed day-to-day operational decisions essential to the overall success of marketing strategies are referred to as

A. marketing plans.
B. marketing programs.
C. marketing tactics.
D. marketing strategies.
E. marketing procedures.

308. Compared to marketing strategies, marketing tactics generally involve actions that

A. are detailed day-to-day operational decisions.
B. are long-term rather than short-term.
C. involve upper levels of management rather than front-line managers.
D. are general rather than specific in nature.
E. have been successfully implemented in the past.

309. If marketers at a large auto manufacturer created a little digital flip film out of some 200 photos to tout the prowess of their new truck, hoping it would be a clever way to get people to engage, this action would be an example of the firm's marketing

A. tactics.
B. missions.
C. visions.
D. strategies.
E. customer values.

310. Owners of a specialist olive oil production firm decided to offer their product in 5-ounce and 13-ounce sizes. They decided to sell the olive oil only through the mail and to price the smaller bottle at $6.50 and the larger bottle at $12.00. These actions consist of the firm's marketing

A. missions.
B. visions.
C. strategies.
D. tactics.
E. customer value.

311. The strategic marketing process involves three phases: planning, implementation, and

A. review.
B. execution.
C. evaluation.
D. goal revision.
E. correction.

312. The third and final phase of the strategic marketing process is the

A. tactics phase.
B. strategic phase.
C. planning phase.
D. implementation phase.
E. evaluation phase.

313. The two major aspects of the evaluation phase of the strategic marketing process are

A. segmenting the market and selecting target markets.
B. establishing a business mission and designing measurable goals and objectives.
C. designing the marketing mix and setting the budget.
D. comparing the results of the marketing program with the goals in the written plans to identify deviations and then to act on them.
E. executing the marketing plan and designing the marketing organization.

314. The actions taken during the evaluation phase of the strategic marketing process include (1) __________ and (2) correct negative deviations and exploit positive ones.

A. find points of difference
B. execute the marketing program
C. compare results with plans to identify deviations
D. track sales and revenues and compare with competitors
E. develop the budget by estimating revenues, expenses, and profits

315. The actions taken during the evaluation phase of the strategic marketing process include (1) compare results with plans to identify deviations and (2)

A. find points of difference.
B. execute the marketing program.
C. track sales and revenues and compare with competitors.
D. develop the budget by estimating revenues, expenses, and profits.
E. exploit positive deviations and correct negative ones.

316. The difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place is referred to as the

A. planning gap.
B. contribution margin.
C. point of difference.
D. break-even point.
E. sales response function.

317. The planning gap refers to

A. the difference between projected total costs and realized total revenues.
B. the difference between projected total costs and net profits.
C. the difference between marginal revenue and marginal cost.
D. the percentage point difference between a firm and its next largest competitor in terms of market share.
E. the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place.

318. When evaluations show that actual performance differs from expectations, firms typically attempt to

A. decide if the time horizon should be increased or decreased.
B. perform a SWOT analysis with their major competitor as the principal focus.
C. use statistical linear trend analysis to interpret the results.
D. exploit a positive deviation or correct a negative deviation.
E. adopt a market-product grid to analyze the sales results.

319. A *planning gap* is the difference between the projection of the path to reach a new sales revenue goal and the projection of the path of a plan already in place. The ultimate purpose of the firm's marketing program is to __________ this planning gap.

A. calculate the contribution margin of
B. calculate the marginal trend of
C. create the break-even point for
D. fill in
E. determine the sales differential of

320. Marana Aerospace Solutions is the world's largest parking lot for unwanted commercial aircraft. Airlines pay from $750 to $5,000 monthly for the storage services provided by Evergreen. Before September 2001, the company had 140 discarded airplanes at its Arizona facilities and was growing at a rate of about six planes monthly with about two per month sold for parts or scrap metal. After calamity struck the airline industry in September 2001, airlines retired over 1,000 planes, and the actual number of planes stored at Evergreen differed significantly from its earlier prediction. Marana has enacted a new goal, widening the

A. contribution margin.
B. planning gap.
C. marginal trend.
D. break-even point.
E. sales differential.

321. The marketing manager looks for two kinds of deviations, each triggering a different kind of action: (1) actual results fall short of goals and (2)

A. deviations that result from major shifts in customer needs.
B. actual results exceed goals.
C. there are no deviations but there should be.
D. deviations that result from executive mandates.
E. deviations that are blamed on insufficient marketing support (personnel or funding).

322. Alex has just completed measuring the results of her firm's product performance. Her next step will be to

A. do a profitability analysis.
B. take necessary corrective actions.
C. bring these to the marketing auditor.
D. proceed regardless of deviations from original plans.
E. compare the results against the goals specified in the marketing plan.

323. IBM's business strategy to help its clients be more efficient, productive, and responsive to the data generated from the revolution in the global marketplace concerning the instrumentation and integration of the world's processes and infrastructures is referred to as

A. "The IBM Way."
B. "Smarter Planet."
C. "Reinvent Business."
D. "The 2015 Road Map."
E. "Big Blue."

324. All of the following were strategic opportunities identified in IBM's 2015 road map *except*

A. the connected, "smarter planet."
B. cloud and smarter computing.
C. a shift from software and services to PCs and hard disk drives.
D. business analytics and optimization.
E. growth markets such as China, India, Brazil, and Africa.

325. Implementation of IBM's "Smarter Planet" strategy has resulted in all of the following *except*

A. a reduction in supply chain costs for retailers.
B. a reduction in traffic delays through coordinated signals.
C. a reduction in power usage for consumers using smart meters.
D. a reduction in inventory levels, as well as increased sales, for retailers.
E. a reduction in wasted coverage for advertising messages to increase its efficiency.

326. The marketing plan for IBM's "Smarter Planet" strategy included which of the following marketing tactics?

A. handing out "Smarter Planet" T-shirts on selected college campuses through the world
B. providing samples of new hard drives for New York City businesses
C. sponsoring the U.S. swim team for the 2012 Summer Olympics
D. including a strong message in an annual report from IBM's chairman of the board and CEO
E. garnering a celebrity endorsement from Jon Stewart, host of "The Daily Show"

Short Answer Questions

327. Briefly describe the five levels in a hierarchical organizational structure, including the three that are strategic in nature.

328. Describe the three strategic levels in an organization.

329. Apple, a multimarket, multiproduct firm, manufactures and markets Apple Watch, iPods, iPhones, and iPads as a portfolio of businesses. At what organizational level does Apple set the strategic direction for these businesses to create customer value?

330. What is a cross-functional team and how is it used?

331. Explain what a visionary organization is and the three questions (why, what, and how) that need to be answered to achieve success.

332. What are the three elements that today's visionary organization must do to be forward looking and successful within its marketing environment? What is the purpose of each of these elements?

333. Explain the concept of "linked prosperity" that was embraced by the founders of Ben & Jerry's, and describe how they set out to achieve this.

334. What is a mission?

335. What is an organization's mission? What are some elements of a well-written mission statement?

336. In 25 words or less, write a mission statement for a local community college.

337. The American railroad industry faced a serious decline in the 20^{th} century. What business did rail executives believe they were in at that time? What business is a railroad company really in? Why is the difference important?

338. Name and briefly describe the seven types of organizational goals or objectives.

339. The logistics industry has sales of $800 billion per year. If a third party logistics provider had sales of $8 billion, what would its market share be? Be sure to define market share and show your work in your answer.

340. Define *marketing dashboard* and *marketing metric* and explain how these terms are related.

341. Explain the difference between competencies and competitive advantage in an organizational setting.

342. The Boston Consulting Group's business portfolio analysis model can be used to analyze a firm's strategic business units. How is it used and what can it tell you?

343. One of the most recognized approaches to business portfolio analysis is the Boston Consulting Group's growth-share matrix. Describe this tool and the four quadrants of the matrix.

344. Identify and explain each of the four market-product strategies represented by each quadrant in the diversification analysis matrix.

345. List the three steps of the planning phase of the strategic marketing process. Briefly describe what goes on during each of the three steps.

346. Identify and describe the three phases of the strategic marketing process.

347. Identify and describe the three steps of the planning phase of the strategic marketing process.

348. Identify and describe the four factors in a SWOT analysis and give examples for Ben & Jerry's Ice Cream that help identify the critical strategy-related factors that could impact the firm.

349. A campus service organization annually raises money through the sale of T-shirts. How could it use market segmentation to increase sales of the shirts? Be sure to include a definition of market segmentation in your answer.

350. What are the marketing mix elements that make up a cohesive marketing program?

351. A campus service organization annually raises money through the sale of T-shirts. What are the major components of the marketing program it should use to increase sales? Give at least one example of each.

352 What are the four components of the implementation phase of the strategic marketing process?
.

353 Explain what a Gantt chart is and how it is used.
.

354 What is the difference between a marketing strategy and a marketing tactic?
.

355 Explain the steps in the evaluation phase of the strategic marketing process.
.

356. What is the purpose of the evaluation phase of the strategic marketing process? How is it accomplished?

357. Explain what a planning gap is and what is used to close it.

Chapter 02 Developing Successful Organizational and Marketing Strategies Answer Key

Multiple Choice Questions

1. Ben & Jerry's mission to make the world a better place is linked to various organizational and marketing strategies, one of which is

A. supporting farmers who agree to use sustainable farming practices, implementing fair working standards, and investing in local communities.
B. the intent of making modest profits without sacrificing high product quality standards.
C. ingredients that are all completely organic and are available only in Vermont to ensure freshness and contribute to the local economy.
D. a commitment to donating a percentage of profits to Teach for America.
E. ingredients that come exclusively from developed countries promoting Fair Trade practices.

Ben & Jerry's founders believe that farmers who grow ingredients for their ice cream products (such as cocoa, coffee, and vanilla) should receive a fair price for their harvest. In return farmers agree to use sustainable farming practices, implement fair working standards, and invest in local communities. See Chapter Opener Example: MAKING THE WORLD A BETTER PLACE, ONE SCOOP AT A TIME!

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: The Mission Statement

2. Ben & Jerry's mission-driven approach led the company to successfully implement many highly creative organizational and marketing strategies. One example includes

A. ISO 9000, promoting the quality concept through its commitment to making the finest ice cream from the best ingredients.
B. "linked prosperity," which encouraged the success of all constituents including employees.
C. Regeneration Nation, generating enough revenue for the firm to be a completely nonprofit organization.
D. Give and Go, donating 10 percent of its net profits to local charitable causes and an additional 5 percent to support producers that practice sustainable farming.
E. PartnerShops, Ben & Jerry scoop shops that are independently owned and operated by community-based nonprofit organizations.

Ben & Jerry's mission-driven approach led the company to successfully implement many highly creative organizational and marketing strategies, including the PartnerShop program. PartnerShops are Ben & Jerry scoop shops that are independently owned and operated by community-based nonprofit organizations. The shops employ youth and young adults who may face barriers to employment to help them build better lives. See Chapter Opener Example: MAKING THE WORLD A BETTER PLACE, ONE SCOOP AT A TIME!

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

3. Ben & Jerry's has earned B-Corp certification from B-Lab, which means it has

A. reached the goal of generating enough revenue to be a completely nonprofit organization.
B. a sustainable financial basis of profitable growth, increasing value for stakeholders and expanding opportunities for development and career growth for employees.
C. the goal of making profits for selected charitable organizations such as Fair Trade.
D. been recognized for its efforts to use the power of business to solve social and environmental problems.
E. been instrumental in expanding into international markets by creating dairies for developing nations.

Ben & Jerry's social mission has earned it B-Corp certification. This is a designation from B-Lab, a nonprofit organization whose purpose is to "use the power of business to solve social and environmental problems" in order to positively impact the community and environment within which the organization operates. See Chapter Opener Example: MAKING THE WORLD A BETTER PLACE, ONE SCOOP AT A TIME!

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

4. Which of the following statements regarding Ben & Jerry's is most accurate?

A. Ben & Jerry's is owned by Unilever, the market leader in the global ice cream industry.
B. Ben & Jerry's is a privately owned ice cream producer.
C. Ben & Jerry's prides itself on offering more ice cream flavors than its competitors.
D. Ben and Jerry are not real people; the names were a clever reference to Tom and Jerry cartoon characters in order to capitalize on childhood nostalgia.
E. Ben & Jerry's has only been in business for 20 years and is already the industry leader in premium ice cream.

Today, Ben & Jerry's is owned by Unilever, which is the market leader in the global ice cream industry—one that is expected to reach $74 billion by 2018. See Chapter Opener Example: MAKING THE WORLD A BETTER PLACE, ONE SCOOP AT A TIME!

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

5. A(n) __________ is a legal entity that consists of people who share a common mission.

A. department
B. organization
C. SBU
D. industry
E. market

Text term definition—organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

6. In marketing, an organization refers to

A. a legal entity that consists of people who share a common mission.
B. a group of people united through contractual or corporate ownership.
C. a legal entity engaged in business activities solely with the intent of making a profit.
D. a legal entity engaged in business activities solely with the intent of serving its employees without the intent of making a profit.
E. a privately owned entity that serves its customers to earn a profit so that it can survive.

Text term definition—organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

7. A(n) __________ is a good, service, or idea that creates value for both the organization and its customers by satisfying their needs and wants.

A. organization
B. business firm
C. nonprofit
D. offering
E. industry

Text term definition—offerings.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

8. In marketing, an offering refers to

A. the formal designation of a publicly traded stock for a specific product, service, or idea.
B. a form of currency used by buyer and seller to minimize the tax burden for both parties.
C. a good, service, or idea that creates value for both the organization and its customers by satisfying their needs and wants.
D. the manufacturer's suggested retail price of a product or service to the general public or the wholesale price to distributors and retailers.
E. the service suppliers and distributors provide to help manufacturers bring a product to market.

Text term definition—offerings.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

9. Today's organizations can be divided into three groups, which are __________ organizations.

A. company, nonprofit, and cooperative
B. corporation, employee-owned, and interest
C. for-profit, nonprofit, and governmental
D. employee, distributor, and customer
E. public, private, and international

Today's organizations can be divided into three groups, which are for-profit, nonprofit, and government agencies.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

10. A(n) __________ is a privately owned organization that serves its customers to earn a profit so that it can survive.

A. agency
B. for-profit organization
C. institution
D. nonprofit organization
E. cooperative

Text term definition—for-profit organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

11. A for-profit organization refers to

A. a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers.
B. a legal entity engaged in business activities solely with the intent of serving its employees without the intent of making a profit.
C. a privately owned organization that serves its customers to earn a profit so that it can survive.
D. a group of people united through contractual or corporate ownership.
E. a publicly owned organization that serves the general population.

Text term definition—for-profit organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

12. __________ the reward to a business firm for the risk it undertakes in marketing its offerings.

A. Shareholders' equity is
B. Profit is
C. Assets are
D. Contribution margin is
E. Goodwill is

Key term definition—profit.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

13. Profit refers to

A. the point at which a company's assets equal its liabilities plus shareholder equity.
B. the difference between the list and final price of a product or service.
C. the money earned when the economic order quantity is minimized.
D. the money left over after a business firm's total expenses are subtracted from its total revenues.
E. the total amount of revenue accrued through product sales or service distribution.

Key term definition—profit.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

14. A nonprofit organization is

A. a nongovernmental organization that serves its customers but does not have profit as an organizational goal.
B. a legal entity engaged in business activities solely with the intent of serving its employees without the intent of making a profit.
C. a publicly owned organization that serves the general population.
D. a group of people united through contractual or corporate ownership.
E. a privately owned organization that serves its customers to earn a profit so that it can survive.

Text term definition—nonprofit organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Nonprofit Marketing Environment

15. A __________ is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.

A. business firm
B. subchapter S corporation
C. service agency
D. cooperative
E. nonprofit organization

Text term definition—nonprofit organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Nonprofit Marketing Environment

16. A __________ is a federal, state, county, or city unit that provides a specific service to its constituents.

A. business firm
B. subchapter S corporation
C. government agency
D. cooperative
E. nonprofit organization

Text term definition—government agency.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Nonprofit Marketing Environment

17. Social entrepreneurs who start new ventures such as Teach for America and SIRUM are usually structured as __________ rather than business firms.

A. business agencies
B. nonprofit organizations
C. government agencies
D. cooperatives
E. social service agencies

Each year a growing number of "social entrepreneurs" start new ventures that address important social needs and issues. These new enterprises are often organized as nonprofit organizations that combine traditional approaches for generating revenue with the pursuit of social goals.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Nonprofit Marketing Environment

18. Which statement best describes the most significant difference between a for-profit organization or a business firm and a nonprofit organization?

A. Business firms operate with larger budgets than nonprofits.
B. Nonprofit organizations do not carry on economic activities while business firms do.
C. Nonprofit organizations are concerned with social issues and business firms are not.
D. Both serve customers, but business firms seek a profit while nonprofit organizations do not.
E. Nonprofit organizations are publicly owned and business firms are privately owned.

A business firm is a privately owned organization that serves its customers in order to earn a profit so that it can survive. A nonprofit organization is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Nonprofit Marketing Environment

19. An example of a nonprofit organization is

A. the Food and Drug Administration.
B. CVS Pharmacies.
C. the medical technology company Medtronic, Inc.
D. the pharmaceutical company Pfizer, Inc.
E. Teach for America.

Teach for America is an example of a creative nonprofit organization, focused on developing teachers who become lifelong leaders in expanding educational opportunity. It is a nonprofit, nongovernmental organization that serves its customers but does not have profit as an organizational goal.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 3 Hard
Topic: Nonprofit Marketing Environment

20. Cree markets LED (light-emitting diode) bulbs that replace the traditional incandescent bulb. The Cree LED 60w bulb consumes 85 percent less energy and lasts for 25,000 hours. Cree is an example of

A. a cooperative.
B. an industry.
C. a nonprofit organization.
D. a business firm.
E. a government agency.

Today's organizations can be divided into three groups, which are for-profit, nonprofit, and government agencies. Cree is a for-profit organization because it is a privately owned organization that serves its customers in order to earn a profit so that it can survive.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 3 Hard
Topic: Strategic Marketing Planning

21. Cree markets LED (light-emitting diode) bulbs that replace the traditional incandescent bulb. Cree's bulb is more energy efficient and lasts much longer than traditional incandescent bulbs, and thus is more environmentally friendly. Cree is an example of

A. a cooperative.
B. an industry.
C. a nonprofit organization.
D. a business firm.
E. a government agency.

Today's organizations can be divided into three groups, which are for-profit, nonprofit, and government agencies. Cree is a for-profit organization because it is a privately owned organization that serves its customers in order to earn a profit so that it can survive.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 3 Hard
Topic: Strategic Marketing Planning

22. __________ starts new ventures that address important social needs and issues. These new enterprises are often organized as nonprofit organizations.

A. Corporate welfare
B. A social entrepreneur
C. Sustainable development
D. Cause marketing
E. Societal capitalism

Each year a growing number of "social entrepreneurs" start new ventures that address important social needs and issues. These new enterprises are often organized as nonprofit organizations that combine traditional approaches for generating revenue with the pursuit of social goals. The issues they have focused on include expanding health care delivery, increasing access to education, and improving agricultural efficiency. Some experts predict that these types of social ventures represent the new way of doing business.

AACSB: Ethics
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Corporate Social Responsibility

23. Social entrepreneurs' ventures are usually structured as

A. business firms.
B. subchapter S corporations.
C. nonprofit organizations.
D. governmental agencies.
E. 501(c)(3) for-profit organizations.

Social entrepreneurs' ventures are usually structured as nonprofit organizations.

AACSB: Ethics
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Corporate Social Responsibility

24. Teach for America works to solve which societal problem?

A. It provides new college graduates as teachers in urban and rural public schools in the United States.
B. It works to end corneal blindness worldwide by finding cornea donors and creating tissue banks.
C. It provides education and small business loans to women in impoverished areas so that they can help themselves.
D. It offers free rehabilitation services for injured U.S. veterans returning from overseas conflict.
E. It offers tax credits to small businesses to employ at-risk youth in their communities.

Teach for America is the national corps of outstanding recent college graduates who commit to teach for two years in urban and rural public schools and become lifelong leaders in expanding educational opportunity.

AACSB: Ethics
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Corporate Social Responsibility

25. Teach for America is an example of

A. an entrepreneurial business firm.
B. a subchapter S corporation.
C. a creative nonprofit organization.
D. a public value agency.
E. a 501(c)(3) for-profit organization.

Teach for America is another example of a creative nonprofit organization. Launched by college senior Wendy Kopp, Teach for America is the national corps of outstanding recent college graduates who commit to teach for two years in urban and rural public schools and become lifelong leaders in expanding educational opportunity. Each year more than 10,000 corps members teach 750,000 students.

AACSB: Ethics
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Corporate Social Responsibility

26. According to the textbook, the terms *firm, company,* and *organization*

A. refer to for-profits, nonprofits, and government agencies, respectively.
B. refer to nonprofits, government agencies, and for-profits, respectively.
C. refer to government agencies, for-profits, and nonprofits, respectively.
D. refer to for-profits, government agencies, and nonprofits, respectively.
E. can be used interchangeably to cover both profit and nonprofit organizations.

The terms *firm, company,* and *organization* are used interchangeably to cover both business and nonprofit operations.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

27. Organizations that develop similar offerings, when grouped together, create

A. a conglomerate.
B. a merger.
C. an industry.
D. a sector.
E. a monopoly.

Text term definition—industry.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Macroenvironment

28. An industry refers to

A. organizations that develop similar offerings.
B. organizations that manufacture identical products to meet ISO 9000 specifications.
C. companies that are active in the production of materials used in finished products.
D. a group of people or firms united through strategic alliances.
E. the economic activity concerned with the selling of finished products to wholesalers and retailers.

Text term definition—industry.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Macroenvironment

29. Which of the following is *not* an example of an industry?

A. the computer industry
B. the automobile industry
C. the landscaping industry
D. the government industry
E. the television programming industry

The government is not an industry.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium

Topic: Macroenvironment

30. The term used to identify an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals is referred to as a

A. marketing strategy.
B. policy.
C. strategy.
D. plan.
E. tactic.

Key term definition—strategy.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

31. Strategy refers to

A. an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals.
B. an organization's corporate tactical or action plan.
C. statement of an accomplishment of a task to be achieved by a certain time.
D. a statement of the organization's function in society, often identifying its customers, markets, product, and technologies.
E. a road map for the entire organization for a specified future period of time, such as one or five years.

Key term definition—strategy.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

32. Which of the following statements about strategy is most accurate?

A. An organization can be all things to all people because it has access to all the resources it needs to discover and satisfy the needs and wants of its target markets.
B. The marketing department helps to both set an organization's direction and move it there.
C. The American Marketing Association (AMA) recently has established the definition of strategy.
D. Strategy is an organization's short-term course of action designed to deliver a specific customer experience while achieving its internal standards.
E. Only start-up organizations must develop strategies to help them raise capital as well as focus and direct their efforts to accomplish their goals.

An organization's marketing department helps to set its strategic direction and also move it there.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

33. Large organizations are extremely complex, and usually consist of __________ organizational levels whose strategies are linked to marketing.

A. tw
o
B. three
C. fiv
e
D. six
E. seven or more

Large organizations are extremely complex. They usually consist of three organizational levels whose strategies are linked to marketing. These levels are corporate, business unit, and functional. See Figure 2-1.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

34. A board of directors of an organization

A. represents the functional level.
B. oversees the three levels of strategy.
C. represents the corporate level.
D. represents the CEO.
E. represents the strategic business unit level.

Large organizations usually consist of three organizational levels whose strategies are linked to marketing. The board of directors oversees the three levels of strategy in organizations: corporate, strategic business unit, and functional. See Figure 2-1.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

35. The corporate level of an organization is the

A. functional level.
B. proxy for the board of directors.
C. level where top management directs overall strategy.
D. most important level of the business.
E. strategic business unit level.

Large organizations usually consist of three organizational levels whose strategies are linked to marketing. The board of directors oversees the three levels of strategy in organizations: corporate, strategic business unit, and functional. See Figure 2-1.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

36. The CEO of an organization

A. is usually at the strategic business unit level.
B. is usually a member of the board of directors.
C. outranks the corporate level.
D. does not oversee the daily operations.
E. is the CMO.

Large organizations usually consist of three organizational levels whose strategies are linked to marketing. The board of directors oversees the three levels of strategy in organizations: corporate, strategic business unit, and functional. See Figure 2-1. The president or chief executive officer (CEO) is the highest ranking officer in the organization and is usually a member of its board of directors. This person must possess leadership skills ranging from overseeing the organization's daily operations to spearheading strategy planning efforts that may determine its very survival. See Figure 2-1.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

37. The specialists within an organization who actually create value are usually a member of the

A. strategic business unit level.
B. functional level.
C. corporate level.
D. board of directors.
E. CMO.

Large organizations usually consist of three organizational levels whose strategies are linked to marketing. The board of directors oversees the three levels of strategy in organizations: corporate, strategic business unit, and functional. Each strategic business unit has a *functional level*, where groups of specialists actually create value for the organization. See Figure 2-1.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

38. The key role of marketing includes

A. supporting the board of directors.
B. operating at the corporate level.
C. looking outward by listening to customers.
D. managing executives.
E. delivering strategic business decisions.

A key role of the marketing department is to look outward by listening to customers, developing offerings, implementing marketing program actions, and then evaluating whether those actions are achieving the organization's goals.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

39. The level in an organization where top management directs overall strategy for the entire organization is referred to as the

A. corporate level.
B. functional level.
C. directive level.
D. strategic level.
E. tactical level.

Text term definition—corporate level.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

40. The corporate level refers to the level in an organization where top management

A. develops marketing strategies and tactics for the marketing department to implement.
B. directs overall strategy for the entire organization.
C. executes all marketing program actions to ensure consistency of performance.
D. develops overall sales projections not only for the short term but also for a period of at least two to five years.
E. supervises the hiring, firing, and training of all marketing department personnel.

Text term definition—corporate level.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

41. The corporate level in an organization is where

A. the department heads direct overall strategy for the entire organization.
B. groups of specialists actually create value for the organization.
C. a small number of people from different departments are mutually accountable to accomplish a task or a common set of performance goals.
D. a subsidiary, division, or unit of an organization markets a set of related offerings to a clearly defined group of customers.
E. top management directs overall strategy for the entire organization.

The corporate level in an organization is where top management directs overall strategy for the entire organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

42. The highest-ranking person in an organization who oversees the organization's daily operations and spearheads its strategy planning efforts is often referred to as

A. the corporate executive overseer.
B. the chief executive officer.
C. the corporate executive official.
D. the chief marketing officer.
E. the coordinating executive official.

The chief executive officer (CEO) is the highest-ranking officer in the organization and is usually a member of its board of directors. This person must possess leadership skills ranging from overseeing the organization's daily operations to spearheading strategy planning efforts.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

43. __________ have an increasingly important role in top management because of their ability to think strategically, bringing with them to the job multi-industry backgrounds, cross-functional management expertise, analytical skills, and intuitive marketing insights.

A. Chief marketing officers (CMOs)
B. Chief financial officers (CFOs)
C. Chief executive officers (CEOs)
D. Chief human resource officers (CHROs)
E. Chief operating officers (COOs)

Chief marketing officers (CMOs) play an important role in top management and are characterized as possessing these skills.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

44. The CEO of SAP, which sells expensive enterprise resource planning software to large and mid-sized companies, operates at the __________ level of his organization.

A. business unit
B. functional
C. corporate
D. strategic
E. tactical

The corporate level is where top management directs overall strategy for the entire organization.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 3 Hard
Topic: Strategic Marketing Planning

45. Overseeing strategic marketing efforts at the corporate level would most likely be the responsibility of the

A. CEO.
B. CMO.
C. CPM.
D. CPO.
E. COO.

A CMO (chief marketing officer) is the head of marketing, operating at the corporate level of an organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

46. In recent years, many large firms have changed the title of the head of marketing from vice president of marketing to

A. chief executive officer.
B. corporate marketing official.
C. coordinating marketing officer.
D. chief marketing officer.
E. corporate marketing executive.

In recent years, many large firms have changed the title of the head of marketing from vice president of marketing to chief marketing officer (CMO). These CMOs have an increasingly important role in top management because of their ability to think strategically.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

47. A strategic business unit (SBU) refers to

A. a single product or service identification code used to identify items for strategic marketing planning purposes.
B. a small number of people from different departments in an organization who are mutually accountable to accomplish a task or common set of performance goals.
C. a strategic product that has a unique brand, size, or price.
D. a privately owned franchise under the auspices of a larger group or organization bearing the same name.
E. a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers.

Text term definition—strategic business unit.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

48. A subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers is referred to as a

A. strategic business unit.
B. strategic industry level.
C. private corporation.
D. product grouping.
E. marketing department.

Text term definition—strategic business unit.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

49. The level at which managers set a more specific strategic direction for their businesses to exploit value-creating opportunities is referred to as the

A. marketing department level.
B. strategic business unit level.
C. corporate level.
D. functional level.
E. board of directors level.

Text term definition—strategic business unit level.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

50. The strategic business unit level

A. works most directly with the organization's target customers.
B. directs the overall strategy for the organization.
C. is most likely to change substantially over time.
D. provides more end-user analysis in order to design more customer-directed products.
E. is the level at which managers set a more specific strategic direction for their businesses to exploit value-creating opportunities.

Text term definition—strategic business unit level.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning Level

51. Which of the following statements regarding an organization's strategic business unit level is most accurate?

A. The strategic business unit level is the level that works most directly with an organization's targeted customers.
B. The overall strategy for the organization is directed at the strategic business unit level.
C. In the most complex organizations, the corporate level and the strategic business unit level may merge.
D. More end-user analysis is provided at the strategic business unit level than at the functional level.
E. The strategic direction is more specific at the strategic business unit level than at the corporate level.

At the strategic business unit level, managers set a more specific strategic direction for their businesses to exploit value-creating opportunities.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

52. Each strategic business unit has marketing and other specialized activities (e.g., finance, manufacturing, or research and development) at the __________ level, where groups of specialists actually create value for the organization.

A. strategic
B. corporate
C. functional
D. business unit
E. compartmental

Text term definition—functional level.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

53. The functional level in an organization is where

A. groups of specialists actually create value for the organization.
B. employees perform assigned tasks without actually having input into the decision making process.
C. all financial outlays are made.
D. all company hiring and firing occurs.
E. the strategic planners in SBUs make all decisions regarding which product benefits will be promoted during a promotional campaign.

Text term definition—functional level.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

54. People in the finance and the human resources departments traditionally operate at what organizational level?

A. corporate level
B. top management level
C. strategic business unit level
D. functional level
E. stakeholder level

Specialized activities such as human resources, finance, research and development, operate at the functional level of the overall organization. See Figure 2-1.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

55. At the functional level, the organization's strategic direction becomes

A. much more manageable since its offerings have been finalized.
B. the most specific and most focused in terms of implementing the company's goals.
C. broader since for less complex firms, the corporate and functional levels may merge.
D. more general to avoid the "not invented here syndrome" that could result in missed opportunities.
E. the sole responsibility of the CEO.

At the functional level, the organization's strategic direction becomes its most specific and focused.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

56. Which of the following statements would most likely be heard at the functional level of an organization?

A. "We need to divest our Canadian operations that are performing poorly."
B. "How large a budget can we allot to the marketing department?"
C. "We plan to implement a Facebook advertising initiative within 90 days."
D. "We should hire the most culturally diverse cross-functional team possible in order to generate the best new-product ideas."
E. "What dividends should we pay stockholders next quarter?"

At the functional level, the organization's strategic direction becomes its most specific and focused.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 3 Hard
Topic: Strategic Marketing Planning

57. Specialized functions such as marketing and finance are generally referred to as

A. teams.
B. groups.
C. divisions.
D. departments.
E. business units.

Text term definition—department.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Define Marketing

58. At the functional level, the marketing department

A. solicits talent from all levels of the organization for strategic corporate planning sessions.
B. promotes its goals to the organization's stakeholders.
C. looks outward, in part by listening to customers.
D. develops the corporate culture.
E. defines the overall strategic direction of the organization.

A key role of the marketing department is to look outward by listening to customers, developing and producing offerings, and implementing marketing program activities.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Role of the Marketing Manager

59. A key role of the marketing department is to "look outward." This is accomplished by

A. allocating financial resources across strategic business units.
B. communicating the vision of the marketing department forcefully enough to be incorporated into the overall mission of the company.
C. forming cross-functional teams to help solve the organization's marketing problems.
D. implementing new accounting methods passed by Congress.
E. listening to customers, developing and producing offerings, and implementing marketing program activities.

A key role of the marketing department is to look outward by listening to customers, developing and producing offerings, and implementing marketing program activities.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Role of the Marketing Manager

60. Groups of a small number of people from different departments in an organization who are mutually accountable to accomplish a task or a common set of performance goals are referred to as

A. designated teams.
B. strategic business units.
C. cross-functional teams.
D. business committees.
E. venture squads.

Text term definition—cross-functional teams.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Role of the Marketing Manager

61. Cross-functional teams refer to

A. members of an organization who have been trained in multiple disciplines so they can easily move from one job to another as needed.
B. situations where two departments within the same company have opposing views about how a product should be developed and managed.
C. departments within an organization that carryout multiple functions due to financial constraints within the company.
D. a small number of people from different departments in an organization who are mutually accountable to accomplish a task or a common set of performance goals.
E. departments within an organization that manage the same product with distinctly different marketing programs to reach different target markets.

Text term definition—cross-functional teams.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Role of the Marketing Manager

62. When developing marketing programs for new offerings, marketing may provide staff to serve as part of __________, which consists of a small number of people from different departments who are mutually accountable to accomplish a task or a common set of performance goals.

A. a cross-functional team
B. a department
C. a strategic business unit
D. an organization
E. a business consortium

When developing marketing programs for new or improved offerings, an organization's senior management may form cross-functional teams. These consist of a small number of people from different departments who are mutually accountable to accomplish a task or a common set of performance goals.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Role of the Marketing Manager

63. On the northern tip of Goose Island in the Chicago River sits the William Wrigley Jr. Company's Global Innovation Center. Here, Wrigley creates new products using a joint effort by some 250 full-time food scientists, researchers, and marketers. The people who work in this center are most likely members of

A. an innovation squad.
B. a business consortium.
C. a multiple strategic directional team.
D. a strategic evaluation team.
E. a cross-functional team.

Cross-functional teams are composed of a small number of people from different departments in an organization who are mutually accountable to accomplish a task or a common set of performance goals.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 3 Hard
Topic: Role of the Marketing Manager

64. IBM regularly creates what it calls global action teams, which take people from functional groups and bring them together to work on large client projects. These global action teams are a type of

A. innovation group.
B. business consortium.
C. tactical group.
D. SWOT team.
E. cross-functional team.

Cross-functional teams consist of a small number of people from different departments who are mutually accountable to accomplish a task or a common set of performance goals. Sometimes these teams will have representatives from outside the organization, such as suppliers or customers, to assist them.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 3 Hard
Topic: Role of the Marketing Manager

65. Successful organizations must be visionary, which includes the ability to

A. develop strategies based on those that were successful in the past.
B. be backward-looking, examining the past carefully to learn from mistakes.
C. anticipate future events and respond quickly and effectively.
D. hire the most culturally diverse team possible in order to generate the best new ideas.
E. involve all stakeholders of the organization when defining its business mission.

To be successful, today's organizations must be forward-looking. They must anticipate future events and respond quickly and effectively to those events.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

66. In general, a visionary organization asks which three types of questions to specify its foundation, set a direction, and formulate strategies?

A. why, when, where
B. what, by whom, how
C. how, when, where
D. why, what, how
E. who, why, when

Today's visionary organization uses three key elements to: (1) specify its foundation (why does it exist? core values, mission/value, and organizational culture); (2) set a direction (what will it do? business definition, long- and short-term goals/objectives); and (3) formulate strategies (how will it do it? by level, by offering). See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

67. Today's visionary organization uses three key elements to __________, set a direction, and formulate strategies.

A. set financial goals
B. specify its foundation
C. establish detailed marketing tactics
D. assign job responsibilities
E. establish an organizational chart

Today's visionary organization uses three key elements to (1) specify its foundation, (2) set a direction, and (3) formulate strategies. See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

68. Today's visionary organization uses three key elements to specify its foundation, __________, and formulate strategies.

A. set a direction
B. establish detailed marketing tactics
C. assign job responsibilities
D. set financial goals
E. establish an organizational chart

Today's visionary organization uses three key elements to (1) specify its foundation, (2) set a direction, and (3) formulate strategies. See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

69. Today's visionary organization uses three key elements to specify its foundation, set a direction, and

A. set financial goals.
B. assign job responsibilities.
C. formulate strategies.
D. establish production parameters.
E. establish detailed marketing tactics.

Today's visionary organization uses three key elements to (1) specify its foundation, (2) set a direction, and (3) formulate strategies. See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

70. The ________ represent(s) the "why" element of a visionary organization.

A. organizational foundation
B. organizational tactics
C. organizational mission
D. organizational direction
E. organizational strategies

Today's visionary organization uses three key elements to (1) specify its foundation (why does it exist?); (2) set a direction (what will it do?); and (3) formulate strategies (how will it do it?). See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

71. The _________________ represent(s) the "what" element of a visionary organization.

A. organizational tactics
B. organizational mission
C. organizational foundation
D. organizational direction
E. organizational strategies

Today's visionary organization uses three key elements to (1) specify its foundation (why does it exist?); (2) set a direction (what will it do?); and (3) formulate strategies (how will it do it?). See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

72. The __________ represent(s) the "how" element of a visionary organization.

A. organizational tactics
B. organizational mission
C. organizational foundation
D. organizational direction
E. organizational strategies

Today's visionary organization uses three key elements to (1) specify its foundation (why does it exist?); (2) set a direction (what will it do?); and (3) formulate strategies (how will it do it?). See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

73. The philosophical reason for an organization's existence is referred to as its organizational

A. strategy.
B. direction.
C. foundation.
D. goal.
E. business.

An organization's foundation is its philosophical reason for being—why it exists.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

74. An organization's foundation can be broken into three key elements:

A. products, services, and ideas.
B. business definition, long-term goals, and short-term objectives.
C. board of directors, top management, and stakeholders.
D. corporate-level strategies, SBU-level strategies, and functional-level strategies.
E. core values, mission/vision, and organizational culture.

An organizational foundation includes core values, mission (vision), and organizational culture. See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand

Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

75. Which of the following statements regarding organizational foundation is most accurate?

A. An organizational foundation specifies its goals.
B. An organizational foundation defines the business that it is in.
C. An organization's foundation empowers stakeholders to have a voice in the strategic marketing process.
D. An organization's foundation is its philosophical reason for being—why it exists.
E. An organization's foundation is the company, its product, and its customers.

An organization's foundation says, "This is why we exist." Successful visionary organizations use it to provide guidance and inspiration to its employees through three elements: core values, mission (vision), and organizational culture. See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

76. An organization's foundation includes all of the following *except*

A. organizational culture.
B. business definition.
C. vision.
D. core values.
E. mission.

An organization's foundation includes core values, mission (vision), and organizational culture. See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

77. An organization's foundation includes which of the following?

A. core values
B. business definition
C. goals
D. strategic levels
E. offerings

An organization's foundation includes core values, mission (vision), and organizational culture. See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

78. An organization's __________ are the fundamental, passionate, and enduring principles that guide its conduct over time.

A. goals
B. cultures
C. strategies
D. core values
E. mission statements

Key term definition—core values.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

79. Core values refer to

A. the cultural ethos of an organization.
B. proprietary values of a firm.
C. written mission statements that express an organization's goals and objectives.
D. the personal moral and ethical codes of a firm's stakeholders.
E. the fundamental, passionate, and enduring principles that guide an organization's conduct over time.

Key term definition—core values.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember

Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

80. A firm's __________ are timeless, capturing its heart and soul, and serve to inspire and motivate its stakeholders.

A. core values
B. strategic goals
C. offerings
D. corporate culture
E. corporate ethos

An organization's core values are the fundamental, passionate, and enduring principles that guide its conduct over time. They capture the firm's heart and soul and serve to inspire and motivate its stakeholders.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

81. An organization's core values are most effective when communicated to and supported by

A. competitors.
B. top management and employees.
C. suppliers.
D. resellers.
E. government regulators.

To be effective, an organization's core values must be communicated to and supported by its top management and employees; if not, they are just hollow words.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

82. Which of the following statements regarding an organization's core values is most accurate?

A. Core values are developed by cross-functional teams for all levels of an organization.
B. Core values are important to the founders but rarely motivate a firm's stakeholders.
C. Core values change as an organization's offerings change.
D. Core values guide the organization's conduct.
E. Core values cannot be separated from the financial realities of an organization.

Core values are developed by an organization's founders or senior management and are consistent with their essential beliefs and character. They guide the organization's conduct and influence its strategy.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

83. According to Mark Zuckerberg, founder and CEO of Facebook, "We have a saying: ‘Move fast and break things.' The idea is that if you never break anything, you're probably not moving fast enough." Moving fast to build more things and learn faster is one of Facebook's

A. sustainability doctrines.
B. goals and objectives.
C. core values.
D. moral imperatives.
E. functional strategy.

An organization's core values are the fundamental, passionate, and enduring principles that guide its conduct over time. Zuckerberg considers this statement to be one of Facebook's core values.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

84. The Ben & Jerry's website states: "Central to the mission of Ben & Jerry's is the belief that all three parts [product mission, economic mission, social mission] must thrive equally in a manner that commands deep respect for individuals in and outside the company and supports the communities of which they are a part." This statement reflects Ben & Jerry's

A. sustainability doctrine.
B. goals and objectives.
C. core values.
D. moral distinctives.
E. functional strategy.

An organization's core values are the fundamental, passionate, and enduring principles that guide its conduct over time. This statement is most likely a statement of Ben & Jerry's core values.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

85. An organization's employees, shareholders, board of directors, suppliers, distributors, creditors, unions, government, local communities, and customers are referred to as its

A. stakeholders.
B. stockholders.
C. competitors.
D. target audience.
E. organizational society.

Text term definition—stakeholders.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Stakeholders Effect on Marketing Strategy

86. All of the following are examples of stakeholders *except*

A. government.
B. competitors.
C. shareholders.
D. suppliers.
E. customers.

Text term definition—stakeholders.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Stakeholders Effect on Marketing Strategy

87. Which of the following statements regarding stakeholders is most accurate?

A. Employees are typically not classified as a stakeholder group because they are internal to the organization.
B. There are only three types of stakeholders: customers, suppliers, and distributors.
C. All stakeholders are external to the organization.
D. Stakeholders are a varied group; all are in some way affected by how well a company performs.
E. Stakeholders are only those that have an ownership stake in an organization.

Stakeholders are the people who are affected by what the company does and how well it performs. This group includes employees, owners, and board members, as well as suppliers, distributors, unions, local communities, and, of course, customers.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Stakeholders Effect on Marketing Strategy

88. By understanding its core values, an organization can take steps to define its __________, a statement of the organization's function in society that identifies its customers, markets, products, and technologies.

A. customer value proposition
B. doctrine
C. philosophy
D. mission
E. code of ethics

Key term definition—mission.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: The Mission Statement

89. An organization's mission refers to

A. the target goal it sets for current profits based on enacting a comprehensive strategic plan.
B. the target objective it projects for future market share based on enacting a comprehensive strategic plan.
C. the fundamental, passionate, and enduring principles that guide its conduct over time.
D. specific strategies and tactics that will be used to counteract any competitor's advantages.
E. a statement of the organization's functions in society that identifies its customers, markets, products, and technologies.

Key term definition—mission.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: The Mission Statement

90. The terms __________ and a mission statement are often used interchangeably.

A. idea
B. objective
C. vision
D. goal
E. protocol

Often used interchangeably with vision, a mission statement should be clear, concise, meaningful, inspirational, and long-term.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: The Mission Statement

91. Often used interchangeably with the term *vision,* a __________ frequently has a meaningful theme and a long-term orientation.

A. point of difference
B. mission statement
C. business definition
D. customer value proposition
E. marketing plan

Often used interchangeably with vision, a mission statement should be clear, concise, meaningful, inspirational, and long-term.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: The Mission Statement

92. A mission statement should be all of these *except*

A. short-term.
B. inspirational.
C. clear.
D. meaningful.
E. concise.

A mission is a statement of the organization's functions in society, often identifying its customers, markets, products, and technologies. Recently, organizations have added a social element to their mission statements to reflect an ideal that is morally right and worthwhile.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: The Mission Statement

93. A mission statement should be

A. short-term.
B. inspirational.
C. fact-based.
D. complex.
E. permanent.

A mission statement should be clear, concise, meaningful, inspirational, and long-term.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: The Mission Statement

94. A mission statement should be

A. short-term.
B. long-term.
C. fact-based.
D. complex.
E. permanent.

A mission statement should be clear, concise, meaningful, inspirational, and long-term.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.

Level of Difficulty: 2 Medium
Topic: The Mission Statement

95. The __________ for the American Red Cross is "to prevent and alleviate human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors."

A. core benefit proposition
B. business definition
C. sustainability doctrine
D. mission statement
E. customer value proposition

A mission is a statement of the organization's functions in society that identifies its customers, markets, products/services, and technologies, as shown by this mission for the American Red Cross.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: The Mission Statement

96. The __________ for Facebook is "To give people the power to share and make the world more open and connected."

A. sustainability doctrine
B. core benefit proposition
C. mission statement
D. corporate philosophy
E. code of ethics

A mission is a statement of the organization's functions in society that identifies its customers, markets, products, and technologies.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: The Mission Statement

97. "HowAboutWe is the fastest, easiest, most fun way to go on awesome dates" is the __________ for the online dating service that focuses on setting up actual activities as dates for its users.

A. sustainability doctrine
B. core benefit proposition
C. corporate philosophy
D. mission statement
E. code of ethics

A mission is a statement of the organization's functions in society that often identifies its customers, markets, products, and technologies, as shown by this mission statement for HowAboutWe.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: The Mission Statement

98. Recently, many organizations have added __________ to their mission statements.

A. a business definition
B. a social element to reflect an ideal that is morally right and worthwhile
C. an economic element to promote profit maximization
D. an expanded definition of stakeholders to include its competitors
E. their level of pricing and product quality

A mission is a statement of the organization's functions in society that identifies its customers, markets, products, and technologies. Recently, organizations have added a social element to their mission statements to reflect an ideal that is morally right and worthwhile.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: The Mission Statement

99. A set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization is referred to as its

A. mission statement.
B. core value proposition.
C. organizational culture.
D. corporate philosophy.
E. core benefit proposition.

Key term definition—organizational culture.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Define Marketing

100. Organizational culture refers to

A. the personal moral and ethical codes of ethics of an organization's top management.
B. a written statement expressing an organization's goals and objectives to be achieved through enacting a comprehensive strategic plan.
C. the fundamental, passionate, and enduring principles that guide an organization's conduct over time.
D. the ethos of an organization that excludes its core values.
E. a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization.

Key term definition—organizational culture.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Define Marketing

101. Which of the following statements regarding organizational culture is most accurate?

A. Organizational culture exists only at the corporate level of an organization.
B. Organizational culture involves communicating and connecting with all of the firm's stakeholders.
C. Organizational culture is best used only at the functional level for the most effective results.
D. Organizational culture cannot be learned or taught.
E. Organizational culture is a statement of the organization's function in society.

An organizational culture is a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization. Organizations must connect with all of their stakeholders and organizational culture makes this possible.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Define Marketing

102. George Zimmer, the former CEO of Men's Wearhouse, was known to the public as the bearded company pitchman who sells suits and sport coats on TV declaring, "You'll like the way you look. I guarantee it!" He also said that to be successful, "You've got to have a company that starts with trust and fairness." Zimmer was attempting to establish ____________ for Men's Wearhouse.

A. a vision
B. a mission statement
C. a pathos
D. a behavioral protocol
E. an organizational culture

An organization's culture refers to a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization. George Zimmer's statement about beginning with trust and fairness is part of a set of values that he instilled in the organization as part of the Men's Wearhouse culture.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Define Marketing

103. Recently, St. Joseph Hospital was named one of the "Best Places to Work in Indiana" for the sixth consecutive year. The hospital touts universal values to "keep health care human" and employees consistently put patients first, which unites them in a common goal. Hospital President Kathy Young believes that St. Joseph's __________ makes both her employees and patients happier in her hospital.

A. vision
B. service offerings
C. organizational culture
D. pathos
E. behavioral protocol

An organization's culture refers to a set of values, ideas, attitudes, and norms of behavior that is learned and shared among the members of an organization. Uniting behind common values and goals has led to a strong organizational culture for St. Joseph Hospital.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Define Marketing

104. The organizational __________ answers the question, "What will we do?"

A. foundation
B. direction
C. culture
D. strategy
E. mission

The organization's direction includes (1) the "business it is in" and (2) its specific goals. See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: The Mission Statement

105. In the context of organizational direction, the term *business* refers to

A. the daily operational decisions that must be implemented for an organization to remain viable.
B. exchange transactions between seller and buyer in order for the seller to make sales and earn profits.
C. the clear, broad, underlying industry or market sector of an organization's offering.
D. an organization that develops an offering.
E. the objectives of a firm and the strategies and tactics that will allow it to achieve them.

Key term definition—business.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: The Mission Statement

106. The clear, broad, underlying industry or market sector of an organization's offerings is referred to as its

A. business.
B. commerce.
C. marketing.
D. competitive set.
E. product grouping.

Key term definition—business.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: The Mission Statement

107. __________ argued that senior managers of 20th century American railroads defined their business too narrowly, thus failing to create strategies to compete with airlines, barges, pipelines, and trucks.

A. Earl Bakken
B. Mark Zuckerberg
C. Reed Hastings
D. Theodore Levitt
E. Steve Jobs

Theodore Levitt argues that senior managers of 20th century American railroads defined their business too narrowly.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: The Mission Statement

108. In terms of an organization's business, railroads lost market share in the 20th century because they

A. had less flexible routes than trucking.
B. defined their business too narrowly.
C. tried to create a business that appealed equally to all people.
D. priced their services too high.
E. were simply an outmoded form of transportation.

In the first half of the 20th century, the American railroads proclaimed, "We are in the railroad business!" This narrow business definition lost sight of who their customers were and what they needed.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: The Mission Statement

109. In the 20th century, managers of railroads let airlines, barges, pipelines, and trucks take business away from them because their strategies were developed only for the railroad business, rather than a broader definition of the __________ business.

A. transportation
B. transcontinental shipping
C. passenger travel
D. product delivery
E. bulk cargo

Professor Theodore Levitt saw that 20th century American railroads defined their business too narrowly, proclaiming, "We are in the railroad business!" This myopic focus caused them to lose sight of who their customers were and what they needed. So railroads failed to develop strategies to compete with airlines, barges, pipelines, and trucks. As a result, many railroads merged or went bankrupt. Railroads should have realized they were in "the transportation business.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: The Mission Statement

110. The strategies an organization develops to provide value to the customers it serves is called

A. a mission statement.
B. an objective goal.
C. a vision statement.
D. a business model.
E. a protocol.

Text term definition—business model.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: The Mission Statement Model

111. A business model

A. is a road map for the marketing activities of an organization for a specified future time period.
B. consists of the strategies an organization develops to provide value to the customers it serves.
C. is a measure of the quantitative value or trend of a marketing activity or result.
D. consists of the detailed day-to-day operational decisions for an organization.
E. is the means by which organizational goals are to be measured and documented.

Text term definition—business model.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: The Mission Statement Model

112. Many local and national chain bookstores, such as Borders and Bookstar, have closed over the past few years. This is due in part to competition from e-book readers such as Amazon's Kindle and Apple's iPad, which permit the online purchase and download of digital books from their websites. Moreover, subscribers to newspapers and magazines have cancelled their print subscriptions in favor of online news. These trends have caused the StarTribune newspaper to offer online content for $1.99 per week and Newsweek to suspend its print edition in favor of an online only weekly edition. These companies had to change their __________, an action triggered by the technological and social changes in their marketing environments.

A. organizational cultures
B. marketing tactics
C. business models
D. strategic marketing processes
E. goals or objectives

The StarTribune and Newsweek had to change their business models because of the technological and social changes that occurred in their marketing environments.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: The Mission Statement Model

113. Statements of an accomplishment of a task to be achieved, often by a specific time are referred to as

A. plans.
B. procedures.
C. strategies.
D. core values.
E. goals.

Key term definition—goals or objectives.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Elements of a Marketing Strategy

114. Objectives refer to

A. the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program designed to reach it.
B. criteria or standards used in evaluating proposed solutions to a marketing problem.
C. statements of an accomplishment of a task to be achieved, often by a specific time.
D. a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
E. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.

Key term definition—goals or objectives.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Elements of a Marketing Strategy

115. __________ convert an organization's mission and business into long- and short-term performance targets.

A. Plans
B. Tactics
C. Strategies
D. Goals
E. Visions

Goals or objectives (terms used interchangeably in the text) are statements of an accomplishment of a task to be achieved, often by a specific time. Goals convert an organization's mission and business into long- and short-term performance targets.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

116. Regarding goals and objectives, which of the following statements would be most accurate?

A. Objectives convert an organization's mission and business into long- and short-term performance targets.
B. Goals and objectives are actually the detailed day-to-day activities necessary to implement a marketing program.
C. A company's goals and objectives are often worthy in intent, but unrealistic in practice because they are never accomplished during the specified time period.
D. Goal-setting only applies to business firms; nonprofit organizations typically do not set goals because they don't earn a profit.
E. The terms *goal* and *objective* should not be used interchangeably. Goals are philosophical while objectives are performance-based.

Goals or objectives (terms used interchangeably in the text) are statements of an accomplishment of a task to be achieved, often by a specific time. Goals convert an organization's mission and business into long- and short-term performance targets.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

117. Most firms seek to maximize their long-run __________, achieving as high a financial return on their investments as possible.

A. quality
B. market share
C. employee welfare
D. social responsibility
E. profits

Business firms can pursue several different types of goals including profit goals to get as high a financial return on its investments (ROI) as possible.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Elements of a Marketing Strategy

118. A new company projects that its sales will exceed its expenses within the first year of operation. This is an example of which type of goal?

A. dollar sales revenue
B. profit
C. market share
D. unit sales
E. quality

Most firms seek to maximize long-run profits, achieving as high a financial return on investment (ROI) as possible. Profit is the money left after a business firm's total expenses are subtracted from its total revenues.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

119. Seeking to obtain as high a financial return on their investments (ROI) as possible, firms will often set __________ goals.

A. sales
B. quality
C. market share
D. profit
E. employee welfare

Business firms pursue several different types of goals such as profit, sales, market share, quality, customer satisfaction, employee welfare, and social responsibility. Most seek to maximize profit to obtain as high a financial return on their investments (ROI) as possible.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

120. If profits are acceptable, a firm that has set sales as its goal may elect to __________, even though profits may not be maximized.

A. advertise more frequently
B. reduce its sales force
C. maintain or increase its sales
D. decrease its sustainability efforts
E. maximize customer satisfaction

If profits are acceptable, a firm may elect to maintain or increase its sales level even though profits may not be maximized.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

121. A small-business owner was preparing her staff for the upcoming holiday season. Her women's apparel retail store had a great year—sales and profits were up 20 percent. In a meeting with her sales staff before opening the store on Black Friday, the day after Thanksgiving, she said, "We want to move as much inventory as possible. Not only can we highlight our holiday items, why don't we also mark down some of our other seasonal items while people are in a shopping mood?" From this statement, she is concerned with a __________ goal.

A. profit
B. sales
C. market share
D. customer satisfaction
E. survival

If profits are acceptable, a firm may elect to maintain or increase its sales level even though profits may not be maximized.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy

122. *(p. 28)* Ben & Jerry's uses two marketing metrics to assess how it is doing in the super premium ice cream market, dollar __________ and dollar market share.

A. profit
B. ROI
C. sales
D. customer satisfaction
E. survival

This is an example of a sales goal, which is sometimes in dollars or in share. A marketing manager for Ben & Jerry's would need to assess how it is doing within the United States in the super-premium ice cream market in which it competes. For this, the marketing manager would choose two marketing metrics: dollar sales and dollar market share.
The Ben & Jerry's dashboard in the Applying Marketing Metrics box shows how the two widely used marketing metrics of dollar sales and dollar market share can help the company assess its growth performance from 2014 to 2015.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Marketing Metrics

123. Market share refers to

A. the ratio of the profit of the firm to the total profits of all firms in the industry, excluding the firm itself.
B. the ratio of the profit of the firm to the total profits of all firms in the industry, including the firm itself.
C. the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, excluding the firm itself.
D. the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself.
E. the ratio of the profits of all firms in an industry to the profits of the firm.

Key term definition—market share.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Marketing Metrics

124. The ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself, is referred to as

A. a sales proportionality.
B. a marketing metric.
C. an industry potential.
D. a contribution margin.
E. a market share.

Key term definition—market share.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Marketing Metrics

125. Market share is the ratio of sales revenue of the firm to the total sales revenue of all __________, including the firm itself.

A. firms in the industry
B. firms in the competitive set
C. firms in the WTO
D. product groupings
E. domestic firms in a country

Key term definition—market share.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Marketing Metrics

126. If Dr. Pepper plans to grow its proportion of the flavors segment of the carbonated soft drink industry to 45 percent, it has set __________ goal.

A. a sales proportionality
B. a company sales
C. an industry potential
D. a contribution margin
E. a market share

This is an example of a market share goal. Market share is the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Marketing Metrics

127. A firm may have a goal to offer its customers the highest __________, as Medtronic does with its implantable medical devices.

A. innovation
B. quality
C. service
D. value
E. warranty

Business firms pursue several different types of goals such as profit, sales, market share, quality, customer satisfaction, employee welfare, and social responsibility. Medtronic offers its customers the highest quality with its implantable medical devices.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

128. Complaints about one of Microsoft's Xbox video game consoles began immediately after its introduction. These complaints ranged from missing parts to incorrect programming. Microsoft should have adopted a more rigorous __________ goal.

A. profit
B. sales revenue
C. customer satisfaction
D. employee welfare
E. quality

Microsoft needed a quality goal because it had missing parts and incorrect programming. If quality were present, there would not be complaints like these.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy

129. Toyota had some difficulty recovering from a recall crisis several years ago when it was forced to recall about 6 million vehicles due to a variety of problems, most notably one with the accelerator pedal. To "polish" its brand, it implemented stricter __________ goals to improve the safety and reliability of its vehicles.

A. profit
B. sales revenue
C. customer satisfaction
D. quality
E. employee welfare

Quality goals should help Toyota to regain the trust of consumers and rebuild its image as a producer of quality automobiles.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy

130. Motorola, a pioneer firm in the mobile communications space, invented a program known as Six Sigma, that sets as a goal no more than one defect in one million parts manufactured. This is an example of __________ goal.

A. a profit
B. a sales revenue
C. a quality
D. a market share
E. an employee welfare

Six Sigma is a quality program that sets a goal of no more than 1 part per million defective. A firm may target the highest quality, as Motorola did with its Six Sigma program.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy

131. Customers' perceptions are of vital importance to an organization. Customer __________ can be measured with surveys or by the number of customer complaints an organization receives.

A. satisfaction
B. welfare
C. lifetime benefit
D. value
E. responsibility

Business firms pursue several different types of goals such as profit, sales, market share, quality, customer satisfaction, employee welfare, and social responsibility. Customer satisfaction can be measured with surveys or by the number of customer complaints an organization receives.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Enhancing Customer Satisfaction

132. The top consumer complaint about bananas is how soon they start getting brown spots. Dole, a multinational agricultural company, most likely set __________ goal when it recently began adding stickers to bananas to promote the use of overripe bananas in the Yonanas machine (Dole owns 30 percent of the firm) to make a creamy, guilt-free dessert.

A. a profit
B. a market share
C. an employee welfare
D. a customer satisfaction
E. a social responsibility

Customer satisfaction can be measured directly with surveys or tracked through customer complaints. This action by Dole seems to be one intended to reduce the number of complaints about its bananas and thus improve satisfaction.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Enhancing Customer Satisfaction

133. Suppose L. L. Bean, a catalog retailer, has set a goal to reduce merchandise returns by 20 percent for the holiday season. The firm would most likely have set __________ goal.

A. a profit
B. a customer satisfaction
C. a market share
D. an employee welfare
E. a social responsibility

Customer satisfaction can be measured directly with surveys or tracked with performance measures (marketing metrics) such as the number of merchandise returns, which it wants to reduce by 20 percent for the holiday season. Returned merchandise is an indication of dissatisfied customers.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Enhancing Customer Satisfaction

134. Lands' End, an American apparel and outerwear firm, ships each order within 48 hours and its guarantee is said to be the best in the world, as exemplified by its tagline "Guaranteed Period." These marketing actions by Lands' End most likely reflect its __________ goals.

A. profit
B. market share
C. employee welfare
D. social responsibility
E. customer satisfaction

Customer satisfaction can be measured directly with surveys or tracked through complaints, which should be minimized by increasing the percent of orders shipped within 48 hours of receipt and its guarantee.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Enhancing Customer Satisfaction

135. When a firm recognizes the critical importance of its employees by attempting to provide good conditions and opportunities, it sets an employee __________ goal.

A. satisfaction
B. responsibility
C. compensation
D. core value
E. welfare

Business firms pursue several different types of goals such as profit, sales, market share, quality, customer satisfaction, employee welfare, and social responsibility. When a firm recognizes the critical importance of its employees by providing them with good employment opportunities and working conditions, this is an employee welfare goal.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Corporate Social Responsibility

136. Howard Schultz, the founder of the American coffee chain Starbucks, provides health care for all employees who work over 20 hours per week. He says, "The companies that are doing the right thing by covering their employees [with health care coverage] are paying for the companies who don't do the right thing." This is an example of one of Starbucks' __________ goals.

A. profit
B. market share
C. employee welfare
D. customer satisfaction
E. sales

A firm may recognize the critical importance of its employees by having an explicit goal stating its commitment to good employment opportunities and working conditions for them, the situation with Starbucks.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Corporate Social Responsibility

137. Some universities provide retirement benefits by matching the percentage an employee pays into a retirement account up to a certain percentage. This encourages a larger percentage of employees to participate in retirement planning. This is an example of __________ goal.

A. a satisfaction
B. a sales revenue
C. a market share
D. a quality
E. an employee welfare

A firm may recognize the critical importance of its employees by having an explicit goal stating its commitment to good employment opportunities and working conditions for them, the situation described here.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Corporate Social Responsibility

138. Businesses sometimes pursue __________ goal to balance the conflicting goals of stakeholders to promote their overall welfare, even at the expense of profits.

A. a customer satisfaction
B. a shareholder
C. a profit minimization
D. a social responsibility
E. an employee welfare

Business firms pursue several different types of goals such as profit, sales, market share, quality, customer satisfaction, employee welfare, and social responsibility. A social responsibility goal is when a firm seeks to balance the conflicting goals of stakeholders to promote their overall welfare, even at the expense of profits.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Corporate Social Responsibility

139. American Express, the credit card and travel organization, has a long history of working for the good of all in its New York community. In 1885, it engaged its employees to help raise money to build the pedestal of the Statue of Liberty. Today, it has a program to help restore, preserve, and revitalize historic sites in New York City. These actions by American Express are partial fulfillment of the __________ the firm has established for itself as a corporate citizen.

A. unit sales goals
B. market share goals
C. sales revenue goals
D. customer satisfaction goals
E. social responsibility goals

A firm may seek to balance conflicting goals of stakeholders to promote their overall welfare, even at the expense of profits. American Express here shows a commitment to social responsibility goals.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Corporate Social Responsibility

140. Hasbro is a more than $4 billion global toy company that prides itself on donating to organizations that help children, since this group and their parents comprise the target market for its business. This is an example of a

A. unit sales goal.
B. market share goal.
C. social responsibility goal.
D. sales revenue goal.
E. customer satisfaction goal.

A firm may seek to balance conflicting goals of stakeholders to promote their overall welfare, even at the expense of profits. The textbook describes this as a social responsibility goal.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Corporate Social Responsibility

141. The organizational foundation sets the __________ of organizations, the organization direction sets the __________, and organizational strategies are concerned with the __________.

A. when; why; what
B. why; what; how
C. what; how; why
D. what; where; how
E. how; where; what

The organizational foundation sets the "why" of organizations; the organization direction sets the "what;" and organizational strategies are concerned with the "how." See Figure 2-2.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

142. Organizational strategies vary in two ways, depending on

A. the strategy's level in the organization and the offerings an organization provides to its customers.
B. the corporate level and the SBU level in the organization.
C. whether an offering is a product or a service.
D. whether they are mission statements or core values.
E. the organizational culture and its core values.

Organizational strategies vary in two ways, depending on the strategy level in the organization and the offerings it provides to its customers.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

143. A marketing plan refers to

A. the long-term decisions made to implement the marketing program and the monitoring of those decisions.
B. a technique that marketing managers use to quantify performance measures and growth targets to analyze their firm's strategic business units (SBUs) as though they were a collection of separate investments.
C. a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
D. the detailed day-to-day operational decisions essential to the overall success of marketing strategies.
E. a road map for the entire organization for a specified future period of time, such as one year or five years.

Key term definition—marketing plan.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Elements of the Marketing Plan

144. A road map for the marketing activities of an organization for a specified future time period, such as one year or five years, is referred to as a

A. business plan.
B. marketing objective.
C. marketing plan.
D. marketing strategy.
E. marketing program.

Most organizations develop a marketing plan as part of their strategic marketing planning efforts, which is a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 1 Easy
Topic: Elements of the Marketing Plan

145. A marketing plan is developed during which phase of the strategic marketing process?

A. implementation
B. control
C. development
D. planning
E. evaluation

A marketing plan is a road map for the marketing activities of an organization for a specified future time period, such as one year or five years. The planning phase of the strategic marketing process usually results in a marketing plan that sets the direction for the marketing activities of an organization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Elements of the Marketing Plan

146. A(n) __________ is the visual computer display of the essential information related to achieving a marketing objective.

A. marketing metric
B. output report
C. marketing dashboard
D. information screen
E. corporate dashboard

Key term definition—marketing dashboard.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Level of Difficulty: 1 Easy
Topic: Marketing Metrics

147. A marketing dashboard refers to

A. a "report card" prepared by the marketing department regarding its performance in terms of environmental and social responsibility.
B. the display of information found on a car's dashboard.
C. an "app" that uses a car navigation device metaphorically to indicate the specific direction in which a company wishes to grow based on its annual marketing plan.
D. information about an organization's marketing metrics presented orally so marketers can quickly spot deviations from plans and take corrective actions.
E. the visual computer display of the essential information related to achieving a marketing objective.

Key term definition—marketing dashboard.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Level of Difficulty: 1 Easy
Topic: Marketing Metrics

148. With a marketing dashboard, a marketing manager can glance at all of the following *except*

A. the time frame for which the data are presented.
B. a graph.
C. a table.
D. a printed report.
E. a map.

A printed report is not an image displayed on a computer screen. A marketing dashboard is the visual display of the essential information, e.g., a graph or table, related to achieving a marketing objective. Marketing managers need to quickly glance at data to identify deviations and then make decisions to correct them. See Figure 2-3.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Level of Difficulty: 2 Medium
Topic: Marketing Metrics

149. Which of the following statements regarding a marketing dashboard is most accurate?

A. The more text (words) that is displayed, the better it is for a marketing manager to identify trends, interpret the data, and take corrective actions.
B. A marketing dashboard very often includes 20 or more marketing metrics on the computer screen.
C. Marketing dashboards provide graphic displays of a product's performance, such as sales, website traffic, etc.
D. For accuracy, the marketing dashboard should be updated weekly.
E. Marketing dashboards often show key measures such as human resource turnover, strategy success, and societal well-being.

Marketing dashboards show graphic displays of key measures of a product's performance, such as sales and website traffic.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Level of Difficulty: 2 Medium
Topic: Marketing Metrics

150. A measure of the quantitative value or trend of a marketing activity or result is referred to as

A. trend analysis.
B. a marketing measurement.
C. a marketing dashboard.
D. a marketing metric.
E. value analysis.

Key term definition—marketing metric.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Level of Difficulty: 1 Easy
Topic: Marketing Metrics

151. A marketing metric refers to

A. a measure of the quantitative value or trend of a marketing activity or result.
B. a form of linear trend analysis used to project future profits based on existing marketing plans.
C. one of a series of mathematical formulas used to calculate potential profits based upon different scenarios of the forces in the marketing environment.
D. information about an organization's core values and code of ethics so marketers can quickly spot deviations and take corrective actions.
E. the value of a product in terms of its contribution to employee welfare.

Key term definition—marketing metric.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Level of Difficulty: 1 Easy
Topic: Marketing Metrics

152. The primary purpose of a marketing metric is to

A. assign qualitative values to quantitative data.
B. allow the sharing of information across product lines.
C. measure the quantitative value of a marketing activity.
D. forecast potential product/service opportunities over a period of five years.
E. provide a numerically precise measurement of management judgment for an industry's growth.

A marketing metric is a measure of the quantitative value or trend of a marketing activity or result.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Level of Difficulty: 2 Medium
Topic: Marketing Metrics

153. Data visualization

A. is the visual computer display of the essential information related to achieving a marketing objective.
B. is a road map for the marketing activities of an organization for a specified future time period.
C. is the process of continuously collecting information about customers' needs, sharing this information across departments, and using it to create marketing metrics.
D. is a measure of the quantitative value or trend of a marketing activity or result.
E. presents information about an organization's marketing metrics graphically so marketers can quickly spot deviations from plans and take corrective actions.

Text term definition—data visualization.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Level of Difficulty: 1 Easy
Topic: Marketing Metrics

154. Consider the following Ben & Jerry's dollar sales and market share details. A marketing manager for Ben & Jerry's has been provided with a marketing dashboard display. She notices that dollar sales for 2014 were $240 million and in 2015 they were $250 million. What was the formula used to calculate the dollar sales for each of these two years?

A. Dollar sales ($) = Average price × Quantity manufactured in each year.
B. Dollar sales ($) = Average cost of goods sold - Fixed costs in each year.
C. Dollar sales ($) = Average price - Shrinkage rate in each year.
D. Dollar sales ($) = Average price × Quantity sold in each year.
E. Dollar sales ($) = Average cost of goods sold - Variable costs in each year.

Dollar sales ($) equals the average price multiplied by the quantity sold in each year. Refer to Applying Marketing Metrics: Ben & Jerry's Dollar Sales and Market Share in the text.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Level of Difficulty: 2 Medium
Topic: Marketing Metrics

155. Consider the following Ben & Jerry's dollar sales and market share details. A marketing manager for Ben & Jerry's has been provided with a marketing dashboard display. He notices that dollar market share for 2014 was 18.4 percent and for 2015 it was 20.0 percent. What simple formula was used to calculate the dollar market share percentages for each of these two years?

A. Dollar market share (%) = Ben & Jerry's sales ($)/Total industry sales, including Ben & Jerry's sales ($).
B. Dollar market share (%) = Total industry sales, including Ben & Jerry's sales ($)/Ben & Jerry's sales ($).
C. Dollar market share (%) = Total industry sales, including Ben & Jerry's sales ($)/Ben & Jerry's unit sales ($).
D. Dollar market share (%) = Total industry sales, including Ben & Jerry's sales ($)/Ben & Jerry's net profit ($).
E. Dollar market share (%) = Ben & Jerry's sales ($)/Gross domestic product ($).

Dollar market share (%) equals Ben & Jerry's sales ($) divided by total industry sales, including Ben & Jerry's sales ($). Refer to Applying Marketing Metrics: Ben & Jerry's Dollar Sales and Market Share in the text.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Level of Difficulty: 2 Medium
Topic: Marketing Metrics

156. An organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and provide customer value, are referred to as

A. points of differences.
B. sustainable advantages.
C. core values.
D. points of similarity.
E. competencies.

Text term definition—competencies.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

157. An organization's competencies include all of the following *except*

A. profit.
B. customer service.
C. technologies.
D. resources.
E. employee skills.

Competencies are an organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and provide customer value.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

158. Rhone-Poulenc is an international French company that produces and markets a variety of chemicals and pharmaceuticals. Due to the resources it makes available to its scientists and researchers, the company has a number of Nobel Prize winners working in its laboratories. This ability to employ some of the finest minds in the world is an example of a

A. point of similarity.
B. competency.
C. sustainable advantage.
D. product development strategy.
E. human resource strategy.

Competencies are an organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and provide customer value, such as Rhone-Poulenc's Nobel Prize researchers.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

159. Designing a car is expensive and time-consuming even with the use of computers because of the difficulty of getting all the varied departments to work together. Mercedes-Benz created a unique centralized web-based system that cuts the design and production process by at least two years, thus providing customer value. This is an example of

A. a point of similarity.
B. an innovation-oriented mission.
C. an action program.
D. an operational goal implementation.
E. a competency.

Competencies are an organization's special capabilities, including skills, technology, and resources that distinguish it from other organizations and provide customer value, such as Mercedes-Benz's central web-based design system.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

160. Evergreen Air Center is the world's biggest parking lot for unwanted aircraft. Airlines pay a monthly fee from $750 to $5,000 to mothball their unneeded airplanes there. Its location is on 1,600 acres of Arizona desert near Tucson. The Southwest climate of dry, warm air serves as a cheap and effective airplane preservative against rust. Evergreen's location is

A. a competency.
B. a sustainable advantage.
C. a competitive identity.
D. a core benefit proposition.
E. an innovative distinction.

Competences are an organization's special capabilities (in this case, the climate gives Evergreen Air Center the capabilities to preserve planes cheaply and efficiently) that distinguish it from other organizations and provide customer value.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

161. A competitive advantage refers to

A. the cluster of benefits that an organization promises customers to satisfy their needs.
B. those characteristics of a product that make it superior to competitive substitutes.
C. a unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.
D. actions taken by a firm with the sole intent of putting a competitor out of business.
E. the added value given to a product beyond the functional benefits provided.

Text term definition—competitive advantage.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

162. A unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation, is referred to as a

A. creative advantage.
B. marketing edge.
C. distinctive competency.
D. competitive advantage.
E. core benefit.

Text term definition—competitive advantage.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

163. Weight Watchers is a weight-management company with operations in about 30 countries. Consumers buy almost $5 billion of Weight Watchers-branded products each year, and every week approximately 1.3 million people attend Weight Watchers meetings. The company's brand recognition and meeting infrastructure are difficult for competitors to match, providing a

A. viable mission.
B. competitive advantage.
C. tactical innovation.
D. core benefit.
E. sales orientation.

Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation. For Weight Watchers, it is the branding and meeting infrastructure.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

164. St. Jude Medical makes cardiovascular medical devices, including the world's most widely used mechanical heart valve. Its products include tissue heart valves, pacemakers, and implantable cardiovascular defibrillators. St. Jude's innovation in cardiac devices helps it outperform rivals, and thus provides it with a

A. competitive advantage.
B. set of core values.
C. core benefit proposition.
D. marketing edge.
E. viable mission.

Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation. In this case, its cardiac device innovation provides St. Jude's with a competitive advantage.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

165. Netflix is a company that rents DVD movies and television either by mail or streaming over the Internet. It jumped into an industry where there were many competitors, both local and national video stores. Initially, it established a loyal clientele by providing a service that was not available—reliable and fast shipment. Its delivery system created Netflix's

A. viable mission.
B. competitive advantage.
C. tactical innovation.
D. core benefit.
E. sales orientation.

Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation. In this case, it is Netflix's fast, reliable delivery.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

166. Men's Wearhouse caters to the man who doesn't necessarily enjoy shopping. Its stores are in free-standing locations (not inside the mall) so customers can get in and out quickly. Additionally, Men's Wearhouse targets the budget-conscious consumer with suit prices ranging from $150 to $850. The location of its stores and its pricing strategy both are part of Men's Wearhouse's

A. competitive advantage.
B. core values.
C. core benefit proposition.
D. marketing edge.
E. viable mission.

Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, or innovation. In this case, store locations and pricing strategy make up the Men's Wearhouse competitive advantage.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

167. The online retailer Lands' End communicates a remarkable commitment to its __________ with these unconditional words: "We accept any return, for any reason. Guaranteed Period."

A. competitive advantage
B. core values
C. core benefit proposition
D. customers
E. mission statement

Lands' End communicates a remarkable commitment to its customers with these unconditional words: "We accept any return, for any reason. Guaranteed. Period." This two-word guarantee is the focus of Lands' End's strategy to provide genuine value to customers, ensuring that they have a satisfying shopping experience.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Consumer Needs and Wants

168. <no longer> Lands' End is primarily known as a catalog retailer. This means that traditional department stores, mass merchandisers, specialty shops, and other catalog retailers are considered to be Lands' End's

A. consideration set.
B. industry.
C. competitors.
D. target market.
E. stakeholders.

Lands' End competes not only with other catalog retailers of clothing but also traditional department stores, mass merchandisers, and specialty retailers. Although only some of the clothing in these stores directly competes with Lands' End offerings, all these retailers have websites to sell their offerings over the Internet, making these firms competitors.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

169. All of the following retailers are principal or direct competitors to Lands' End *except*

A. Amazon.com.
B. Sears.
C. L. L. Bean.
D. Target.
E. Pierre Cardin.

Lands' End competes not only with other catalog retailers of clothing but also traditional department stores, mass merchandisers, specialty retailers, and clothiers such as Liz Claiborne that have both physical and online stores. This means Lands' End faces a lot of competition. However, Pierre Cardin is a manufacturer of clothing and other accessories that doesn't have its own stores or sell online.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

170. Two commonly used techniques to aid mangers with important decisions for setting a direction and allocating resources include __________ and __________ analysis strategies.

A. micromarketing; macromarketing
B. business portfolio; diversification
C. investment; divestment
D. dashboards; metrics
E. subjective; objective

Knowing where the organization is at the present time enables managers to set a direction for the firm and allocate resources to move in that direction. Two techniques to aid managers with these decisions are (1) business portfolio analysis and (2) diversification analysis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

171. The Boston Consulting Group uses __________ to quantify performance measures and growth targets to analyze its clients' strategic business units as though they were a collection of separate investments.

A. target marketing
B. synergy analysis
C. market-product grids
D. business portfolio analysis
E. diversification analysis

Key term definition—business portfolio analysis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Business Portfolio Analysis

172. The Boston Consulting Group uses business portfolio analysis to quantify performance measures and growth targets to analyze its clients' strategic business units

A. as if each were a separate investment.
B. to establish their worth to society at large.
C. to determine which would be suited for a SWOT analysis.
D. to determine which units are candidates for diversification analysis.
E. to determine which units can be divided into smaller, tactical business units.

The Boston Consulting Group uses business portfolio analysis to quantify performance measures and growth targets to analyze its clients' strategic business units as though they were a collection of separate investments. The purpose of the tool is to determine the appeal of each strategic business unit or offering and then determine the amount of cash each should receive.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Business Portfolio Analysis

173. Business portfolio analysis refers to

A. a tool that helps a firm search for growth opportunities from among current and new markets as well as current and new products.
B. a technique that managers use to graphically track their firm's strategic business units as though they were a single expense in order to identify cost-cutting measures.
C. a technique that managers use to quantify performance measures and growth targets to analyze their firm's strategic business units as though they were a collection of separate investments.
D. an analysis that uses percentage points of market share as the common basis of comparison to allocate marketing resources effectively for different product lines within the same firm.
E. a tool that seeks opportunities by finding the optimum balance between marketing efficiencies versus R&D-manufacturing efficiencies.

Key term definition—business portfolio analysis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Business Portfolio Analysis

174. A technique that managers use to categorize strategic business units as question marks, stars, cash cows, or dogs is referred to as

A. an investment (ROI) analysis.
B. a synergy analysis.
C. a marketing audit.
D. a diversification analysis.
E. a business portfolio analysis.

The Boston Consulting Group (BCG) model is a business portfolio analysis. BCG has given these specific names to the four quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Business Portfolio Analysis

175. The purpose of business portfolio analysis is to

A. add or delete product line and brand extensions.
B. search for growth opportunities from among current and new markets as well as current and new products.
C. alter a product's characteristic, such as its quality, performance, or appearance, to increase its value to customers and increase sales.
D. determine the appeal of each strategic business unit or offering and then determine the amount of cash each should receive.
E. seek opportunities by finding the optimum balance between marketing efficiencies versus R&D-manufacturing efficiencies.

The purpose of business portfolio analysis is to determine the appeal of each strategic business unit or offering and then determine the amount of cash each should receive.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Business Portfolio Analysis

176. In the Boston Consulting Group (BCG) model for analysis of a firm's strategic business units, or SBUs, the vertical axis reflects

A. market growth rate.
B. marketing efficiencies.
C. industry attractiveness.
D. market segment size.
E. relative market share.

The vertical axis is the market growth rate, which is the annual rate of growth of the SBU's industry. The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Business Portfolio Analysis

177. The Boston Consulting Group (BCG) business portfolio analysis requires an organization to locate the position for each of its strategic business units (SBUs) on a growth-share matrix. In a growth-share matrix, the vertical axis of the matrix indicates

A. the annual rate of growth of the firm's largest competitor.
B. the relative dollar market share of the largest competitor.
C. the annual rate of growth of the SBU's industry.
D. the relative unit market share of the largest competitor.
E. the annual rate of growth of the firm itself.

The vertical axis is the market growth rate, which is the annual rate of growth of the SBU's industry. The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Business Portfolio Analysis

178. The Boston Consulting Group (BCG) business portfolio analysis requires an organization to locate the position for each of its strategic business units (SBUs) on a growth-share matrix. In a growth-share matrix, the horizontal axis of the matrix indicates

A. the annual rate of growth of the SBU's industry.
B. the relative dollar market share of the largest competitor.
C. the annual rate of growth of the firm's largest competitor.
D. the relative unit market share of the smallest competitor.
E. the annual rate of growth of the firm itself.

The vertical axis is the market growth rate, which is the annual rate of growth of the SBU's industry. The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Business Portfolio Analysis

179. In the Boston Consulting Group (BCG) model for analysis of a firm's strategic business units, or SBUs, the horizontal axis reflects

A. market growth rate.
B. marketing efficiencies.
C. industry attractiveness.
D. market segment size.
E. relative market share.

The vertical axis is the market growth rate, which is the annual rate of growth of the SBU's industry. The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Business Portfolio Analysis

180. In a BCG growth-share matrix, a relative market share of 10 × at the left end of the scale on its horizontal axis means that the SBU has 10 times the share of its largest competitor, whereas a relative market share of 0.1 × at the right end of the scale on its horizontal axis means that

A. the SBU has only 10 percent of the share of its average competitor.
B. the SBU has 100 percent of the share of its largest competitor.
C. the growth rate between the SBU and the next largest competitor is actually identical.
D. the SBU has only 10 percent of the share of its largest competitor.
E. the industry growth rate is declining.

A relative market share of 10 × (at the left end of the scale) means that the SBU has 10 times the share of its largest competitor, whereas a share of 0.1 × (at the right end of the scale) means it has only 10 percent of the share of its largest competitor. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Business Portfolio Analysis

181. All of the following are names the Boston Consulting Group (BCG) has given to describe the four quadrants in its growth-share matrix *except*

A. dogs.
B. stars.
C. question marks.
D. cash cows.
E. hedgehogs.

The BCG has given names to describe the four quadrants in its growth-share matrix. They are cash cows, stars, question marks, and dogs. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: BCG Matrix

182. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Cash cows are SBUs that are classified as having

A. high market growth rates and high relative market shares.
B. low market growth rates but high relative market shares.
C. low market growth rates and low relative market shares.
D. high market growth rates but low relative market shares.
E. medium market growth rates and medium relative market shares.

Cash cows are SBUs that are classified as having low market growth rates but high relative market shares. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: BCG Matrix

183. Strategic business units (SBUs) with dominant shares of slow-growth markets that provide cash to cover the organization's overhead and to invest in other SBUs are referred to as

A. cash cows.
B. stars.
C. question marks.
D. dogs.
E. hedgehogs.

Cash cows are SBUs that generate large amounts of cash, far more than they can invest profitably in themselves. They have dominant shares of slow-growth markets and provide cash to cover the organization's overhead and to invest in other SBUs. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: BCG Matrix

184. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Cash cows are located in which quadrant of the BCG growth-share matrix?

A. upper left quadrant
B. upper right quadrant
C. center of the four quadrants
D. lower right quadrant
E. lower left quadrant

Cash cows are located in the lower left quadrant of the BCG growth-share matrix. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Business Portfolio Analysis

185. Several years ago, Black & Decker purchased General Electric's small appliances product line. Black & Decker purchased the line because it needed the cash generated from a product line that had a dominant market share in the slow-growth small appliance industry. GE's small appliances product line is most likely a __________ for Black & Decker.

A. dog
B. cash cow
C. question mark
D. star
E. hedgehog

The General Electric small appliances product line holds a large share of a slow-growth industry, the definition of a cash cow. See Figure 2-4.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Business Portfolio Analysis

186. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Stars are SBUs that are classified as having

A. high market growth rates and high relative market shares.
B. low market growth rates but high relative market shares.
C. low market growth rates and low relative market shares.
D. high market growth rates but low relative market shares.
E. medium market growth rates and medium relative market shares.

Stars are SBUs that are classified as having high market growth rates and high relative market shares. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Business Portfolio Analysis

187. Strategic business units (SBUs) with a high share of high-growth markets that may not generate enough cash to support their own demanding needs for future growth are referred to as

A. dogs.
B. cash cows.
C. question marks.
D. stars.
E. hedgehogs.

Text term definition—stars. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: BCG Matrix

188. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Stars are located in which quadrant of the BCG growth-share matrix?

A. upper left quadrant
B. upper right quadrant
C. center of the four quadrants
D. lower right quadrant
E. lower left quadrant

Stars are located in the upper left quadrant of the BCG growth-share matrix. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: BCG Matrix

189. Solarcom is a 30-year-old information technology company that owns several subsidiaries. One of its subsidiaries is Atlantix Global Systems, which is one of the leading wholesalers for refurbished computer equipment. It has a large share of an industry that is growing worldwide. According to the BCG business portfolio analysis framework, Atlantix Global would most likely be classified as a

A. dog.
B. cash cow.
C. question mark.
D. hedgehog.
E. star.

Atlantix Global Systems has a large share of a high-growth industry, the definition of a star. See Figure 2-4.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Business Portfolio Analysis

190. Strategic business units with a low share of high-growth markets that may require large cash injections of cash just to maintain market share are referred to as

A. dogs.
B. cash cows.
C. question marks.
D. stars.
E. hedgehogs.

Text term definition—question marks. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Business Portfolio Analysis

191. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Question marks are SBUs that are classified as having

A. high market growth rates and high relative market shares.
B. low market growth rates but high relative market shares.
C. low market growth rates and low relative market shares.
D. high market growth rates but low relative market shares.
E. medium market growth rates and medium relative market shares.

Question marks are SBUs that are classified as having high market growth rates but low relative market shares. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: BCG Matrix

192. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Question marks are located in which quadrant of the BCG growth-share matrix?

A. upper left quadrant
B. upper right quadrant
C. center of the four quadrants
D. lower right quadrant
E. lower left quadrant

Question marks are located in the upper right quadrant of the BCG growth-share matrix. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: BCG Matrix

193. Strategic business units (SBUs) with a low share of slow-growth markets that may generate enough cash to sustain themselves but do not hold the promise of ever becoming real winners for the organization are referred to as

A. dogs.
B. cash cows.
C. stars.
D. question marks.
E. hedgehogs.

Dogs are SBUs with low shares of slow-growth markets. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Business Portfolio Analysis

194. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Dogs are SBUs that are classified as having

A. high market growth rates and high relative market shares.
B. low market growth rates but high relative market shares.
C. low market growth rates and low relative market shares.
D. high market growth rates but low relative market shares.
E. medium market growth rates and medium relative market shares.

Dogs are SBUs that are classified as having low market growth rates and low relative market shares. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Business Portfolio Analysis

195. The Boston Consulting Group (BCG) has given specific names and descriptions to the four resulting quadrants in its growth-share matrix based on the amount of cash they generate for or require from the organization. Dogs are located in which quadrant of the BCG growth-share matrix?

A. upper left quadrant
B. upper right quadrant
C. center of the four quadrants
D. lower right quadrant
E. lower left quadrant

Dogs are located in the lower right quadrant of the BCG growth-share matrix. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Business Portfolio Analysis

196. In its business portfolio analysis, an organization's strategic business units (SBUs) often start as __________ and eventually become __________.

A. dogs; question marks
B. question marks; stars
C. stars; question marks
D. stars; dogs
E. question marks; dogs

In its business portfolio analysis, an organization's SBUs often start as question marks and proceed counterclockwise to become stars, then cash cows, and finally dogs. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Business Portfolio Analysis

197. While hybrid vehicles are very fuel-efficient, they are also expensive to purchase. Still, hybrid vehicles sales have a compound annual growth rate of 88.6 percent in recent years. Several years ago, the Honda Motor Co. unveiled the hybrid version of the Honda Civic. Sales of the Civic eventually surpassed those of the Toyota Prius, making it the top-selling hybrid car in the United States. For years, Honda has experienced tremendous success with its Accords; these Honda cars are the top-selling automobiles in the United States. Where would the Honda Civic (hybrid version) and the Honda Accord fall in the BCG business portfolio analysis matrix?

A. The hybrid Civic is a star; the Accord is a cash cow.
B. The hybrid Civic is a cash cow; the Accord is a star.
C. Due to the overwhelming success of Honda cars, both the Accord and the hybrid Civic are cash cows.
D. The hybrid Civic is a dog; the Accord is a cash cow.
E. The hybrid Civic is a dog; the Accord is a star.

The BCG growth-share matrix is based upon market growth rate and market share. The hybrid car market is a high growth market. The Honda Civic hybrid has high market share of this market. The vehicle will require large injections of cash from other products in the Honda line to maintain or increase market share. As a result, the Honda Civic hybrid is a star. The Honda Accord is well-established in a slower-growth market and controls a significant percentage of market share. Thus, the Accord is a cash cow for Honda and the revenues generated from these cars will be used to finance the marketing of the hybrid Civic, the star. See Figure 2-4.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Business Portfolio Analysis

198. In the BCG growth-share matrix, SBUs found in the high growth rate-high relative market share quadrant would be called

A. cash cows.
B. question marks.
C. dogs.
D. hedgehogs.
E. stars.

SBUs with high growth rate and high relative market share are called stars. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Business Portfolio Analysis

199. In the BCG growth-share matrix, SBUs found in the high growth rate-low relative market share quadrant would be called

A. cash cows.
B. stars.
C. question marks.
D. dogs.
E. hedgehogs.

SBUs with high growth rate and low relative market share are called question marks. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Business Portfolio Analysis

200. In the BCG growth-share matrix, SBUs found in the low growth rate-low relative market share quadrant would be called

A. cash cows.
B. stars.
C. question marks.
D. dogs.
E. hedgehogs.

SBUs with low growth rate and low relative market share are called dogs. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: BCG Matrix

201. In the BCG growth-share matrix, SBUs found in the low growth rate-high relative market share quadrant would be called

A. cash cows.
B. stars.
C. question marks.
D. dogs.
E. hedgehogs.

SBUs with low growth rate and high relative market share are called cash cows. See Figure 2-4.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: BCG Matrix

202. To move an SBU from its current position on a BCG business portfolio analysis, a manager should concentrate mostly on

A. influencing the relative market share.
B. enhancing employee motivation to move a low-valued SBU to a higher one.
C. adding a variety of new SBUs that will force out older ones.
D. influencing the market growth rate.
E. simplifying its offerings by removing features.

Because an organization has limited influence on market growth rate, its main alternative is to try to change its relative market share. To accomplish this, management decides what role each SBU should have in the future and either injects or removes cash from it.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Business Portfolio Analysis

203. Because an organization has limited influence on market growth rate, its main alternative for moving an SBU on the portfolio analysis matrix is to try to change its relative market share. The most likely way for a company to turn a question mark into a star rather than a dog is to

A. divert funds to other SBUs.
B. reduce advertising for it.
C. inject cash into it.
D. reduce the feature set for it.
E. decrease the market growth rate.

Because an organization has limited influence on market growth rate, its main alternative is to try to change its relative market share. To accomplish this, management decides what role each SBU should have in the future and either injects or removes cash from it. For the SBU become a star, the firm will have to inject cash into it.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Business Portfolio Analysis

204. With the arrival of tablet devices, such as Apple's iPad in 2010, growth in the global PC industry has slowed considerably and sales were expected to be declining by 2016. If a firm offering a range of PCs had slightly increased its global unit market share of PC sales from 10 to 12 percent, the company should be concerned that this product is becoming a

A. question mark.
B. star.
C. hedgehog.
D. cash cow.
E. dog.

In business portfolio analysis, an organization's SBUs often start as question marks and proceed counterclockwise to become stars, then cash cows, and finally dogs. Recent trends have forced Apple's PC SBU to move toward being a dog (low market share in a low-growth market).

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Business Portfolio Analysis

205. Apple entered the music player market with its iPod in 2001 and by 2014 it had a 70 percent share of this market. However, global MP3 music player unit sales over the past few years have fallen dramatically and were expected to decline further by 2016, as Apple announced it is discontinuing the iPod Classic while it will continue to sell three iPod product lines. Currently, Apple's iPod SBU appears to be a

A. question mark.
B. star.
C. hedgehog.
D. cash cow.
E. dog.

In business portfolio analysis, an organization's SBUs often start as question marks and proceed counterclockwise to become stars, then cash cows, and finally dogs. For Apple, its iPod SBU was a cash cow (high market share in a low-growth market) and now, with declining sales and discontinued products, appears to have entered the *dog* category.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Business Portfolio Analysis

206. Apple launched its revolutionary Apple watch in 2015 as the first wearable technology that used a multi-touch user interface. The wearable technologies market grew at a rate of more than 100 percent in 2015. Apple sales were substantial despite a relatively high price and short battery life. The Apple watch enters the market as a

A. question mark.
B. raptor.
C. hedgehog.
D. cash cow.
E. dog.

In business portfolio analysis, an organization's SBUs often start as question marks and proceed counterclockwise to become stars, then cash cows, and finally dogs. For Apple, its Watch is on the question mark/star borderline (low/medium market share in a high-growth market) and may remain so for some time.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Business Portfolio Analysis

207. Apple launched the iPhone in 2007, and unit sales reached an astonishing 47.7 percent market share in the smartphone industry by 2015. The global smartphone market is expected to grow at an annual rate of 9.8 percent through 2018 due to the growth in China and other markets. Currently, Apple's iPhone SBU appears to be a

A. question mark.
B. star.
C. hedgehog.
D. cash cow.
E. dog.

In business portfolio analysis, an organization's SBUs often start as question marks and proceed counterclockwise to become stars, then cash cows, and finally dogs. For Apple, its iPhone SBU is a star (high market share in a high-growth market).

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Business Portfolio Analysis

208. One of the strengths inherent in the use of the BCG business portfolio analysis is that it

A. is based solely on company perception rather than actual data.
B. considers all factors that might impact an SBU's value to an organization.
C. acts as a strong motivational tool for employees in SBUs that have been labeled "dogs" or "question marks."
D. forces a firm to place each of its SBUs in the growth-share matrix, which in turn suggests which SBUs will be cash producers or cash users in the future.
E. identifies specific marketing strategies and marketing tactics on how to solve SBU shortcomings.

The primary strength of business portfolio analysis lies in forcing a firm to place each of its SBUs in the growth-share matrix, which in turn suggests which SBUs will be cash producers or cash users in the future.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Business Portfolio Analysis

209. One of the weaknesses inherent in the use of the BCG business portfolio analysis is that it

A. causes dissension between different divisions when one is labeled a "star" and another a "dog."
B. reduces employee motivation to move a low valued SBU to a higher one.
C. considers too many SBU factors beyond market growth rate and relative market share.
D. does not require sales forecasts in order to be implemented.
E. is often difficult to obtain the needed information to correctly place SBUs in the matrix.

Weaknesses of BCG business portfolio analysis arise from the difficulty in (1) getting the needed information and (2) incorporating competitive data into business portfolio analysis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Business Portfolio Analysis

210. A technique that helps a firm search for growth opportunities from among current and new markets as well as current and new products is referred to as

A. diversification analysis.
B. business portfolio analysis.
C. a market-product grid framework.
D. synergy analysis.
E. market segmentation.

Key term definition—diversification analysis. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

211. Diversification analysis refers to

A. a technique that seeks opportunities by finding the optimum balance between marketing efficiencies versus R&D-manufacturing efficiencies.
B. a framework to relate the market segments of potential buyers to products offered or potential marketing actions by an organization.
C. a technique that helps a firm search for growth opportunities from among current and new markets as well as current and new products.
D. a technique used to determine the appeal of each SBU or offering and then the amount of cash, if any, each should receive.
E. a framework that identifies four "generic" strategies to achieve a competitive advantage.

Key term definition—diversification analysis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

212. Which of the following statements regarding diversification analysis is most accurate?

A. Companies should only use diversification analysis if they are well-established; new companies that use this process run the risk of trying to do too much too soon.
B. For any product, there is both a current and a new market; for any market, there is both a current and a new product.
C. Most companies discover that there is at least one product that is targeted to the wrong market.
D. Diversification analysis is only effective for consumer products.
E. Diversification analysis is used to forecast and calculate industry sales for new products.

For any market, there is both a current product (what the firm now sells) and a new product (what the firm might sell in the future). And for any product, there is both a current market (the firm's existing customers) and a new market (the firm's potential customers).

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

213. A marketing strategy to increase sales of current products in current markets is referred to as

A. market penetration.
B. market development.
C. product development.
D. diversification.
E. marketing synergy.

Text term definition—market penetration. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

214. Market penetration refers to the marketing strategy of

A. selling current products to new markets.
B. selling new products to new markets.
C. selling new products to current markets.
D. selling the same brands in both current and new markets.
E. increasing sales of current products in current markets.

Text term definition—market penetration. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

215. One way a company can benefit from implementing a market penetration strategy would be to

A. sell more products at a lower price in new markets.
B. sell the same amount of product at a higher price in the same market.
C. find a new market and sell the product at a much higher price.
D. alter the product and sell it to a new market.
E. reduce promotion and distribution costs to improve production efficiencies for the product in reaching new markets.

In market penetration, there is no change in either the basic product line or the markets served. Increased sales are generated by selling either more products through better promotion or distribution, or the same number of products at a higher price.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation

Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

216. When using a __________ strategy, there is no change in either the basic product line or the markets served. Instead, increased sales are generated by selling either more products through better promotion or distribution or the same number of products at a higher price.

A. product development
B. market development
C. diversification
D. market saturation
E. market penetration

Market penetration is a marketing strategy to increase sales of current products in current markets.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

217. If Ben & Jerry's sold more units of its Bonnaroo Buzz Fair Trade-sourced super premium ice cream to U.S. consumers as a result of increased promotion while keeping its price per pint the same, it would be using a __________ strategy.

A. product development
B. market development
C. market penetration
D. diversification
E. market saturation

Market penetration is a marketing strategy to increase sales of current products in current markets. There is no change in either the basic product line or the markets served. Increased sales are generated by selling either more products through better promotion or distribution, or the same number of products at a higher price.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

218. If sales revenues for Starbucks VIA Ready Brew instant coffee sold to U.S. consumers increased as a result of a slight price increase of $0.25 per pack, it would be using a __________ strategy.

A. product development
B. market development
C. market penetration
D. diversification
E. market saturation

Market penetration is a marketing strategy to increase sales of current products in current markets. There is no change in either the basic product line or the markets served. Increased sales are generated by selling either more products through better promotion or distribution, or the same number of products at a higher price.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

219. The marketing strategy to sell current products to new markets is referred to as

A. market penetration.
B. market infiltration.
C. market development.
D. product development.
E. diversification.

Text term definition—market development. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

220. Market development refers to the marketing strategy of

A. increasing sales of current products in current markets.
B. selling new products to new markets.
C. selling new products to current markets.
D. selling the same brands in both current and new markets.
E. selling current products to new markets.

Text term definition—market development. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

221. If Ben & Jerry's starts selling Bonnaroo Buzz Fair Trade-sourced super premium ice cream in Brazil for the first time, it will be using a __________ strategy.

A. product development
B. market development
C. diversification
D. market saturation
E. market penetration

Ben & Jerry's currently does not do business in Brazil. Market development is a marketing strategy to sell current products to new markets. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

222. Part of the growth strategy for Yum! Brands, the parent company of KFC, Pizza Hut, and Taco Bell, is expansion of its current fast-food businesses into new markets, such as China, Russia, and India. This type of expansion would be a __________ strategy.

A. product development
B. market penetration
C. diversification
D. market development
E. market saturation

Market development is a marketing strategy to sell current products to new markets. See Figure 2-5.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

223. The marketing strategy of selling new products to current markets is referred to as

A. product penetration.
B. product development.
C. market development.
D. diversification.
E. market penetration.

Text term definition—product development. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Product Value Creation

224. Product development refers to the marketing strategy of

A. increasing sales of current products in current markets.
B. selling current products to new markets.
C. selling new products to new markets.
D. selling new products to current markets.
E. selling the same brands in both current and new markets.

Text term definition—product development. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember

Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Product Value Creation

225. If Ben & Jerry's sold a line of new "Get the Dough Out of Politics" T-shirts targeted to college students in the United States, it would be using a __________ strategy.

A. product development
B. market development
C. market penetration
D. diversification
E. market saturation

Ben & Jerry's currently does not sell clothing but supports getting "big money" out of politics as part of its social mission. Product development is a marketing strategy to increase sales of new products ("Get the Dough Out of Politics" T-shirts) in current markets (U.S. college students).

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Product Value Creation

226. When Starbucks announced that it would release a new single-serve Verismo high-pressure brewing machine in its U.S. outlets, it was using a __________ strategy.

A. product development
B. market development
C. market penetration
D. diversification
E. market saturation

Starbucks offering a new product, a single-serve Verismo high-pressure brewing machine, to the existing U.S. market of coffee, tea, and other beverage drinkers is a product development strategy.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Product Value Creation

227. The marketing strategy of developing new products and selling them in new markets is referred to as

A. product penetration.
B. product development.
C. market development.
D. market penetration.
E. diversification.

Text term definition—diversification. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

228. Diversification refers to the marketing strategy of

A. increasing sales of current products in current markets.
B. selling current products to new markets.
C. selling new products to new markets.
D. selling new products to current markets.
E. selling the same brands in both current and new markets.

Text term definition—diversification. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

229. Which of the marketing strategies for expanding sales revenue presents the most risk for an organization?

A. product development
B. product-market evolution
C. market development
D. market penetration
E. diversification

A diversification strategy of developing new products in new markets is high risk because of the lack of experience with either for the organization. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand

Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

230. If Ben & Jerry's sold a line of new "Get the Dough Out of Politics" T-shirts targeted to college students in Latvia, it would be using a __________ strategy.

A. product development
B. market development
C. market penetration
D. diversification
E. market saturation

Ben & Jerry's currently does not sell clothing nor does it do business in Latvia. Diversification is a marketing strategy to increase sales of new products ("Get the Dough Out of Politics" T-shirts) in new markets (Latvian college students).

AACSB: Knowledge Application
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Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

231. The current markets-current products quadrant in a diversification analysis matrix represents the marketing strategy of

A. market penetration.
B. product development.
C. market development.
D. product penetration.
E. diversification.

Market penetration is a marketing strategy to increase sales of current products in current markets. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

232. A family owns a gelato business next to a small town's park, a favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. He experiments by purchasing large take-home containers so customers can not only consume gelato in the park but also enjoy it after dinner at home. Sales of gelato soar and profits begin to rise. This is an example of a __________ strategy.

A. product penetration
B. market penetration
C. product development
D. market development
E. market evolution

Market penetration is a marketing strategy to increase sales or current products in current markets. See Figure 2-5. There is no change in either the basic product line or the markets served.

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Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

233. The current markets-new products quadrant in a diversification analysis matrix represents the marketing strategy of

A. market penetration.
B. product penetration.
C. market development.
D. product development.
E. diversification.

Product development is a marketing strategy of selling new products to current markets. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

234. A family owns a gelato business next to a small town's park, a favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. Customers frequently compliment his unusual gelato flavor selections. He decides to package his special flavorings into small packets that can be used at home for drinks. Sales of the packets soar and profits rise. This is an example of a __________ strategy.

A. market penetration
B. product development
C. market development
D. diversification
E. product-market addition

Product development is a marketing strategy of selling new products to current markets. See Figure 2-5.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

235. The new markets-current products quadrant in a diversification analysis matrix represents the marketing strategy of

A. product development.
B. market penetration.
C. market development.
D. product penetration.
E. diversification.

Market development is a marketing strategy to sell current products to new markets. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

236. The new markets-new products section in a diversification analysis matrix represents the marketing strategy of

A. market penetration.
B. product penetration.
C. market development.
D. product development.
E. diversification.

Diversification is a marketing strategy of developing new products and selling them in new markets. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

237. A family owns a gelato business next to a small town's park, a favorite place for parents and children to stop on their way home from work or school. However, the business owner is barely making ends meet. In addition to running his store, he begins selling hand-made flies on the Internet for professional sports fishermen. This is an example of a __________ strategy.

A. market penetration
B. product development
C. market development
D. product-market expansion
E. diversification

Diversification is a marketing strategy of developing new products and selling them in new markets. See Figure 2-5.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

238. If Ben & Jerry's were to sell children's clothing under the Ben & Jerry's brand to Brazilians for the first time, this would be an example of a __________ strategy.

A. market penetration
B. product development
C. diversification
D. market development
E. product-market expansion

Diversification analysis is a technique that helps a firm search for growth opportunities from among current and new markets as well as current and new products. Diversification is a marketing strategy of developing new products and selling them in new markets. See Figure 2-5.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 3 Hard
Topic: Developing a Competitive Strategy

239. Which two marketing strategies would be used if a firm were *not* willing to find new markets?

A. product development and market penetration
B. product development and diversification
C. market development and product development
D. market development and market penetration
E. market development and diversification

Both market penetration and product development require a firm to expand its current markets. See Figure 2-5.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

240. The strategic marketing process

A. involves taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it.
B. is a technique to quantify performance measures and growth targets to analyze its clients' strategic business units as though they were a collection of separate investments.
C. describes an organization's appraisal of its internal strengths and weaknesses and its external opportunities and threats.
D. is an approach whereby an organization allocates its marketing mix resources to reach its target markets.
E. seeks opportunities by finding the optimum balance between marketing efficiencies versus R&D-manufacturing efficiencies.

Key term definition—strategic marketing process.

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Accessibility: Keyboard Navigation
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Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: The Strategic Marketing Process

241. An approach whereby an organization allocates its marketing mix resources to reach its target markets is referred to as

A. the tactical marketing process.
B. situational analysis.
C. diversification analysis.
D. synergy analysis.
E. the strategic marketing process.

Key term definition—strategic marketing process.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: The Strategic Marketing Process

242. An organization uses the strategic marketing process to answer all of the following questions *except*

A. "How do our results compare with our plans?"
B. "How do we allocate our resources to get where we want to go?"
C. "Where do we want to go?"
D. "Do deviations require new plans?"
E. "How do we convert our plans into actions?"

An organization uses the strategic marketing process to answer questions such as: (1) "How do we allocate our resources to get where we want to go?" (2) "How do we convert our plans into actions?" (3) "How do our results compare with our plans?" and (4) "Do deviations require new plans?" "Where do we want to go?" is answered during the analysis (business portfolio and diversification) that occurs prior to the strategic marketing process.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: The Strategic Marketing Process

243. Within the strategic marketing process, the __________ is the result of the planning phase that proceeds to the implementation phase where it is carried out.

A. marketing tactics
B. business plan
C. product protocol
D. marketing plan
E. marketing strategy

The marketing plan is the result of the planning phase of the strategic marketing process that proceeds to the implementation phase where it is carried out. See Figure 2-6.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: The Strategic Marketing Process

244. The key steps of planning, implementation, and evaluation are part of

A. gap analysis.
B. the strategic marketing process.
C. situational analysis.
D. synergy analysis.
E. diversification analysis.

Key term definition—strategic marketing process. See Figure 2-6.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: The Strategic Marketing Process

245. What are the three steps involved in the planning phase of the strategic marketing process?

A. Step 1: situation (SWOT) analysis; Step 2: market-product focus and goal setting; and Step 3: the marketing program
B. Step 1: analysis; Step 2: planning; and Step 3: implementation
C. Step 1: set market and product goals; Step 2: select target markets and find points of difference; and Step 3: position the product
D. Step 1: identify industry trends; Step 2: analyze competitors; and Step 3: assess own organization
E. Step 1: Why do we exist?; Step 2: What will we do?; and Step 3: How will we do it?

The three steps involved in the planning phase of the strategic marketing process are: Step 1: situation (SWOT) analysis; Step 2: market-product focus and goal setting; and Step 3: the marketing program. See Figure 2-6.

AACSB: Analytical Thinking
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Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: SWOT Analysis

246. The initial step in the strategic marketing process is to begin planning by conducting a

A. business portfolio analysis.
B. market-product analysis and setting goals.
C. marketing program.
D. situation (SWOT) analysis.
E. diversification analysis.

The planning phase of the strategic marketing process has three steps. Step 1 is the situation (SWOT) analysis. Step 2 is market-product focus and goal setting. Step 3 is the marketing program. The implementation and evaluation phases follow the planning phase of the strategic marketing process. See Figure 2-6.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: The Strategic Marketing Process

247. Step 1 in the planning phase of the strategic marketing process involves

A. establishing the budget.
B. developing the marketing program.
C. setting goals.
D. auditing the marketing plan.
E. conducting a situation (SWOT) analysis.

The planning phase of the strategic marketing process has three steps. Step 1 is the situation (SWOT) analysis. Step 2 is market-product focus and goal setting. Step 3 is the marketing program. The implementation and evaluation phases follow the planning phase of the strategic marketing process. See Figure 2-6.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: The Strategic Marketing Process

248. Step 2 in the planning phase of the strategic marketing process consists of

A. the situation (SWOT) analysis.
B. market-product focus and goal setting.
C. the marketing program.
D. business portfolio analysis.
E. diversification analysis.

The planning phase of the strategic marketing process has three steps. Step 1 is the situation (SWOT) analysis. Step 2 is market-product focus and goal setting. Step 3 is the marketing program. The implementation and evaluation phases follow the planning phase of the strategic marketing process. See Figure 2-6.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: The Strategic Marketing Process

249. Step 3 in the planning phase of the strategic marketing process consists of

A. diversification analysis.
B. the situation (SWOT) analysis.
C. the marketing program.
D. the market-product focus and goal setting.
E. business portfolio analysis.

The planning phase of the strategic marketing process has three steps. Step 1 is the situation (SWOT) analysis. Step 2 is market-product focus and goal setting. Step 3 is the marketing program. The implementation and evaluation phases follow the planning phase of the strategic marketing process. See Figure 2-6.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: The Strategic Marketing Process

250. Taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it is referred to as

A. tactical planning.
B. market planning.
C. goal setting.
D. environmental scanning.
E. situation analysis.

Key term definition—situation analysis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: The Strategic Marketing Process

251. A situation analysis refers to

A. taking stock of where the firm or product has been recently, where it is now, and where it is headed in terms of the organization's marketing plans and the external forces and trends affecting it.
B. an appraisal of an organization's cash flow and financial ratios to access its health and the potential for new investment.
C. the process of continually acquiring information on events occurring outside the organization to identify and interpret potential trends.
D. a technique that managers use to quantify performance measures and growth targets to analyze its clients' strategic business units as though they were separate investments.
E. the process where a firm searches for growth opportunities from among current and new markets as well as current and new products.

Key term definition—situation analysis.

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Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: The Strategic Marketing Process

252. A situation analysis requires a firm to consider the external forces and trends that affect it. Some of these may be favorable to the organization while others may be unfavorable. Which of the following is an example of an external force?

A. The firm buys its own fleet of trucks, so it no longer needs to hire a trucking company for distribution.
B. A hiring freeze is put into place. Although no one is fired, no one can be hired.
C. A goal is set to close the gap between production costs and profits.
D. A local government requires that all businesses within the city limits must recycle or be fined.
E. Shareholders are rewarded with a sizable dividend check.

Regulation from outside the organization would be an external force, part of the regulatory environmental force that is analyzed during an environmental scan (see Chapter 3). Others are internal factors an organization considers.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: The Strategic Marketing Process

253. The acronym SWOT, as in SWOT analysis, stands for

A. strengths, weaknesses, opportunities, and tactics.
B. strengths, weaknesses, options, and tactics.
C. strengths, weaknesses, opportunities, and threats.
D. simple, workable, optimal, and timely.
E. state the problem, work out a strategy, organize your team, and take action.

Key term definition—SWOT analysis.

AACSB: Analytical Thinking
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Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: SWOT Analysis

254. An effective summary tool for an organization's situation analysis is referred to as

A. SWOT analysis.
B. strategic management planning.
C. environmental scanning.
D. market-product grid analysis.
E. marginal analysis.

Key term definition—SWOT analysis.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: SWOT Analysis

255. In the 1980s, a lapse in production quality and an increase in Japanese imports drove the Harley-Davidson motorcycle company to the brink of bankruptcy. The company's share of the U.S. super heavyweight market segment—motorcycles with engine capacity of 850 cubic centimeters or more—had shrunk from over 40 percent in the mid-1970s to 23 percent in 1983. But by 1989, Harley-Davidson controlled some 65 percent of this market segment. From a marketing perspective, what was the most likely first step in Harley-Davidson's resurgence?

A. developing a new mission statement
B. repositioning its products in the minds of super heavyweight motorcycle buyers
C. performing a SWOT analysis to assess the firm's internal and external environments
D. selling new models of super heavyweight motorcycles in both the United States (current) and foreign (new) markets
E. improving the quality of its products and communicating this to motorcycle buyers

Before making changes in either product or marketing strategy, the firm would have to assess where the firm has been, where it is now, and where it is headed. This enables it to ascertain its internal strengths and weaknesses and its external threats and opportunities, a SWOT analysis.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: SWOT Analysis

256. Ben & Jerry's is an ice cream producer owned by Unilever. Ben & Jerry's prestigious well-known brand name, and the fact that it complements Unilever's other ice cream brands, allows the firm to find specific efficiencies in distribution with its parent company's existing brands. A SWOT analysis for Ben & Jerry's would indicate its brand name and distribution efficiencies are __________ for the firm.

A. a strength
B. a weakness
C. a threat
D. an opportunity
E. a problem

In a SWOT analysis, a strength is an internal factor, such as brand and distribution expertise at Ben & Jerry's, that can be used to improve the marketing prospects of a company.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: SWOT Analysis

257. Ben & Jerry's is an ice cream producer owned by Unilever. If the firm identified that its managers lacked the expertise to create additional growth for the firm's products, a marketing manager would likely incorporate this knowledge into its SWOT analysis as

A. a weakness if the company has a strong working relationships with Unilever.
B. an opportunity if the company shares this information directly with its competitors.
C. a weakness if the company does not seek to gain that additional expertise.
D. a threat if Ben & Jerry's does not have resources to develop additional expertise.
E. part of a marketing plan; this information would not be part of a SWOT analysis.

This is potentially an unfavorable internal factor, a weakness. Part of the purpose of SWOT analysis is to assist in making better marketing decisions. This would be a great time for the firm to recruit experienced managers from Unilever or other consumer product firms to help stimulate growth.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: SWOT Analysis

258. All of the following form the foundation upon which a firm builds its marketing program during the strategic marketing process *except*

A. research the organization's present and prospective customers.
B. determine what business the organization is in.
C. assess the organization itself.
D. identify trends in the organization's industry.
E. analyze the organization's competitors.

Determining what business the organization is in is done before engaging in the strategic marketing process.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: The Strategic Marketing Process

259. The goal of a SWOT analysis is to

A. identify market research questions in order to develop new products for new market segments.
B. determine how raises, bonuses, and dividends will be paid.
C. reorganize the firm's marketing department.
D. identify the critical strategy-related factors that can impact the firm.
E. fairly allocate governmental resources and financial aid across the industry.

The ultimate goal of a SWOT analysis is to identify the critical strategy-related factors that can impact the firm and then build on vital strengths, correct glaring weaknesses, exploit significant opportunities, and avoid disaster-laden threats.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: SWOT Analysis

260. All of the following are marketing actions that can be taken as a result of a SWOT analysis *except*

A. exploit an opportunity.
B. correct a weakness.
C. avoid a disaster-laden threat.
D. build on a strength.
E. secure the necessary resources (financial, human, technological) to fund new SBUs.

The ultimate goal of a SWOT analysis is to identify the critical strategy-related factors that impact the firm and then build on vital strengths, correct glaring weaknesses, exploit significant opportunities, and avoid disaster-laden threats.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: SWOT Analysis

261. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that result in power outages. The firm is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits (consisting of food bars, a water filtration system, first aid supplies, etc.). Before going ahead with this decision, several factors had to be considered: (1) The firm has a great reputation with its flashlights and does not want to ruin it. (2) Its physical plant could be refitted relatively easily to make small generators, but it would be rather costly. (3) It would have to rely on another firm to manufacture and package the survival kits. (4) Although there are nine named hurricanes anticipated for the upcoming year, no one really can predict what will happen. The company's reputation would fall in which quadrant(s) of the SWOT analysis grid?

A. internal-favorable
B. internal-unfavorable
C. external-favorable
D. external-unfavorable
E. both internal-favorable and external-favorable

The firm's reputation is a favorable internal factor or strength, which is the internal-favorable quadrant. See Figure 2-7.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: SWOT Analysis

262. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that result in power outages. The firm is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits (consisting of food bars, a water filtration system, first aid supplies, etc.). Before going ahead with this decision, several factors had to be considered: (1) The firm has a great reputation with its flashlights and does not want to ruin it. (2) Its physical plant could be refitted relatively easily to make small generators, but it would be rather costly. (3) It would have to rely on another firm to manufacture and package the survival kits. (4) Although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The company's need to refit its factory would fall in which quadrant(s) of the SWOT analysis grid?

A. internal-favorable
B. internal-unfavorable
C. external-favorable
D. external-unfavorable
E. both internal-unfavorable and external-unfavorable

The cost of refitting a physical plant would be an unfavorable internal factor, or weakness, which is the internal-unfavorable quadrant. See Figure 2-7.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: SWOT Analysis

263. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that result in power outages. The firm is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits (consisting of food bars, a water filtration system, first aid supplies, etc.). Before going ahead with this decision, several factors had to be considered: (1) The firm has a great reputation with its flashlights and does not want to ruin it. (2) Its physical plant could be refitted relatively easily to make small generators, but it would be rather costly. (3) It would have to rely on another firm to manufacture and package the survival kits. (4) Although there are nine named hurricanes forecasted for the upcoming year, no one really can predict what will happen. The projected number of hurricanes would fall in which quadrant(s) of the SWOT analysis grid?

A. internal-favorable
B. internal-unfavorable
C. external-favorable
D. external-unfavorable
E. both external-favorable and external-unfavorable

For the firm, the weather is beyond its control—an external factor. If the hurricanes affect the area as expected or if there are more than expected, then this would be a favorable external factor, or an opportunity. If there are fewer hurricanes than expected, then this would be an unfavorable external factor—a threat. Therefore, the number of hurricanes could be either quadrant—opportunity or threat. See Figure 2-7.

AACSB: Knowledge Application

Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: SWOT Analysis

264. A Florida-based flashlight company has been extremely successful due in part to the number of hurricanes in Florida that result in a loss of power. The firm is thinking of expanding its product offerings to include other emergency supplies such as generators and survival kits. Before going ahead with this decision, several factors had to be considered: (1) The firm has a great reputation with its flashlights and doesn't want to ruin it. (2) Its physical plant could be refitted relatively easily to make small generators, but it would be rather costly. (3) It would have to rely on another firm to manufacture and package the survival kits. (4) Although there are nine named hurricanes scheduled for the upcoming year, no one really can predict what will happen. The need to rely on another company to supply the survival kits would fall in which quadrant(s) of the SWOT analysis grid?

A. internal-favorable
B. internal-unfavorable
C. external-favorable
D. external-unfavorable
E. both external-favorable and external-unfavorable

The need to rely on another company to supply the survival kits potentially represents an external unfavorable factor. The flashlight firm would have to rely on an outside source supplier over which it would have limited control (deadlines, quality control, changes in materials costs, etc.) and there is a greater potential of competition from other sources that provide the materials in the kit. Therefore, quadrant external-unfavorable, or threat, is the correct answer. See Figure 2-7.

AACSB: Knowledge Application
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Blooms: Apply
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: SWOT Analysis

265. The internal-favorable quadrant represents __________ in a SWOT analysis.

A. a threat
B. a weakness
C. a strength
D. an opportunity
E. a market segment

A strength is an internal, favorable factor as a result of a SWOT analysis for an organization. See Figure 2-7.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy

Topic: SWOT Analysis

266. The internal-unfavorable quadrant represents __________ in a SWOT analysis.

A. a threat
B. a weakness
C. a strength
D. an opportunity
E. a market segment

A weakness is an internal, unfavorable factor as a result of a SWOT analysis for an organization. See Figure 2-7.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: SWOT Analysis

267. The external-favorable quadrant represents __________ in a SWOT analysis.

A. a threat
B. a weakness
C. a strength
D. an opportunity
E. a market segment

An opportunity is an external, favorable factor as a result of a SWOT analysis for an organization. See Figure 2-7.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: SWOT Analysis

268. The external-unfavorable quadrant represents __________ in a SWOT analysis.

A. a threat
B. a weakness
C. a strength
D. an opportunity
E. a market segment

A threat is an external, unfavorable factor as a result of a SWOT analysis for an organization. See Figure 2-7.

AACSB: Analytical Thinking
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Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: SWOT Analysis

269. Aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action is referred to as

A. market aggregation.
B. market segmentation.
C. product sorting.
D. product grouping.
E. mass marketing.

Key term definition—market segmentation.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Methods of Market Segmentation

270. Market segmentation refers to

A. identifying small groups of customers with dissimilar needs.
B. aggregating prospective buyers into groups and selecting only those whose needs cannot be met by competitors' products.
C. aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action.
D. aggregating different products into more reasonable product groupings to better serve consumers' needs.
E. those characteristics of a product that make it superior to competitive substitutes.

Key term definition—market segmentation.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Methods of Market Segmentation

271. Market segmentation is a part of what step in the strategic marketing process?

A. situation analysis
B. market-product focus and goal setting
C. marketing program
D. implementation
E. evaluation

Determining which products will be directed toward which customers (Step 2 of the planning phase, market-product focus and goal setting) is essential for developing an effective marketing program (Step 3). This decision is often based on market segmentation, or aggregating prospective buyers into segments that have common needs and will respond similarly to a marketing action.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: The Strategic Marketing Process

272. To develop a successful marketing plan for a soft drink, the process of __________ would most likely be used to group consumers on the basis of whether they wanted sugar-free and caffeine-free soda, caffeine-free sugared soda, or regular soda with sugar and caffeine.

A. market aggregation
B. product segmentation
C. customer grouping
D. mass marketing
E. market segmentation

Market segmentation is the process of aggregating prospective buyers into groups, or segments that have common needs and will respond similarly to a marketing action, the situation with soft drinks.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: Methods of Market Segmentation

273. During Step 2 of the strategic marketing process, firms such as Ben & Jerry's engage in all of the following marketing activities *except*

A. position the product.
B. set marketing and product goals.
C. develop the marketing program.
D. select target markets.
E. find points of difference.

Determining which products will be directed toward which customers (Step 2 of the planning phase) is essential for developing an effective marketing program (Step 3). The following marketing activities are performed during Step 2: (1) segment the market; (2) set marketing and product goals; (3) select target markets; (4) find points of difference; and (5) position the product. Step 3 is developing the marketing program. See Figure 2-6.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: The Strategic Marketing Process

274. In a marketing context, goal setting involves setting measurable __________ to be achieved.

A. marketing metrics
B. marketing objectives
C. marketing tactics
D. marketing plans
E. protocols

In a marketing context, goal setting involves setting measurable marketing objectives to be achieved possibly for a specific market, a specific product or brand, or an entire marketing program.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: The Strategic Marketing Process

275. Those characteristics of a product that make it superior to competitive substitutes are referred to as

A. core benefit propositions.
B. marketing mix elements.
C. points of difference.
D. marketing attributes.
E. product protocols.

Key term definition—points of difference.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

276. Points of difference refer to

A. the fundamental, passionate, and enduring principles of an organization that guide its conduct over time.
B. the cluster of benefits that an organization promises customers to satisfy their needs.
C. a unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.
D. those characteristics of a product that make it superior to competitive substitutes.
E. the use of percentage points of market share to allocate marketing resources effectively for different product lines within the same firm.

Key term definition—points of difference.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

277. At which step of the planning stage of the strategic marketing process does a firm develop its marketing mix?

A. situation analysis
B. goal setting
C. marketing program
D. implementation
E. market segmentation

The marketing program represents the "how" aspect or Step 3 of the strategic marketing process, where an organization develops both its marketing mix and budget. See Figures 2-6 and 2-8.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: The Strategic Marketing Process

278. The marketing program, Step 3 in the strategic planning process, answers which question?

A. who
B. what
C. when
D. why
E. how

The marketing program represents the "how" aspect or Step 3 of the strategic marketing process, where an organization develops both its marketing mix and budget.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

279. The __________ element of the marketing mix includes features and packaging.

A. product
B. price
C. promotion
D. place
E. people

The product element of the marketing mix includes features, brand name, packaging, service, and warranty. See Figure 2-8.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

280. The __________ element of the marketing mix includes discounts and allowances.

A. product
B. price
C. promotion
D. place
E. people

The price element of the marketing mix includes list price, discounts, allowances, credit terms, and payment period. See Figure 2-8.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember

Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

281. The __________ element of the marketing mix includes personal selling and sales promotion.

A. product
B. price
C. promotion
D. place
E. people

The promotion element of the marketing mix includes advertising, personal selling, public relations, sales promotion, and direct marketing. See Figure 2-8.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

282. The __________ element of the marketing mix includes channels and transportation.

A. product
B. price
C. promotion
D. place
E. people

The place (distribution) element of the marketing mix includes outlets, channels, coverage, transportation, and stock level. See Figure 2-8.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

283. Offering a branded heart pacemaker with only the features needed by Asian patients is an example of that firm's

A. evaluation strategy.
B. price strategy.
C. place strategy.
D. promotion strategy.
E. product/service strategy.

A firm's five-year marketing plan for its pacemaker might include: (1) Product strategy: Offer the pacemaker with features needed by Asian patients. (2) Price strategy: Manufacture it to control costs so that it can be priced below $1,000 (in U.S. dollars), making it affordable for Asian markets. (3) Promotion strategy: Introduce the pacemaker at medical conventions across Asia to demonstrate its many beneficial features. (4) Place (distribution) strategy: Search out, utilize, and train reputable medical device distributors across Asia to call on cardiologists and medical clinics.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

284. Introducing a heart pacemaker at medical conventions across Asia to demonstrate its many beneficial features is an example of a medical device firm's

A. market segmentation and targeting strategy.
B. price strategy.
C. place strategy.
D. promotion strategy.
E. product/service strategy.

A firm's five-year marketing plan for its pacemaker might include: (1) Product strategy: Offer the pacemaker with features needed by Asian patients. (2) Price strategy: Manufacture it to control costs so that it can be priced below $1,000 (in U.S. dollars), making it affordable for Asian markets. (3) Promotion strategy: Introduce the pacemaker at medical conventions across Asia to demonstrate its many beneficial features. (4) Place (distribution) strategy: Search out, utilize, and train reputable medical device distributors across Asia to call on cardiologists and medical clinics.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

285. Searching out, using, and training reputable medical device distributors across Asia to call on cardiologists and medical clinics is an example of a firm's

A. market segmentation and targeting strategy.
B. price strategy.
C. place strategy.
D. promotion strategy.
E. product/service strategy.

A firm's five-year marketing plan for its pacemaker might include: (1) Product strategy: Offer the pacemaker with features needed by Asian patients. (2) Price strategy: Manufacture it to control costs so that it can be priced below $1,000 (in U.S. dollars), making it affordable for Asian markets. (3) Promotion strategy: Introduce the pacemaker at medical conventions across Asia to demonstrate its many beneficial features. (4) Place (distribution) strategy: Search out, utilize, and train reputable medical device distributors across Asia to call on cardiologists and medical clinics.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

286. The second phase of the strategic marketing process is the

A. tactics phase.
B. strategic phase.
C. planning phase.
D. implementation phase.
E. evaluation phase.

Implementation, the second phase of the strategic marketing process, involves carrying out the marketing plan that emerges from the planning phase. See Figure 2-6.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Elements of a Marketing Strategy

287. In which phase of the strategic marketing process does a firm obtain resources, design the marketing organization, develop schedules, and execute the marketing program?

A. planning phase
B. implementation phase
C. evaluation phase
D. strategic phase
E. tactics phase

The four components of the implementation phase include: (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) actually executing the marketing program designed in the planning phase.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Elements of a Marketing Strategy

288. All of the following are components of the implementation phase of the strategic marketing process *except*

A. defining precise tasks, responsibilities, and deadlines.
B. executing the marketing program.
C. designing the marketing organization.
D. conducting R and D.
E. obtaining resources.

The four components of the implementation phase include: (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) actually executing the marketing program designed in the planning phase.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

289. The actions taken during the implementation phase of the strategic marketing process include: (1) __________; (2) design the marketing organization; (3) define precise tasks, responsibilities, and deadlines; and (4) execute the marketing program.

A. obtain resources
B. select target markets
C. position the product
D. find points of difference
E. develop the budget by estimating revenues, expenses, and profits

There are four components of the implementation phase: (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) actually executing the marketing program designed in the planning phase.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

290. The actions taken during the implementation phase of the strategic marketing process include: (1) obtain resources; (2) __________; (3) define precise tasks, responsibilities, and deadlines; and (4) execute the marketing program.

A. select target markets
B. design marketing organization
C. position the product
D. find points of difference
E. develop the budget by estimating revenues, expenses, and profits

There are four components of the implementation phase: (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) actually executing the marketing program designed in the planning phase.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

291. The actions taken during the implementation phase of the strategic marketing process include: (1) obtain resources; (2) design the marketing organization; (3) __________; and (4) execute the marketing program.

A. position the product
B. select target markets
C. define precise tasks, responsibilities, and deadlines
D. find points of difference
E. develop the budget by estimating revenues, expenses, and profits

There are four components of the implementation phase: (1) obtaining resources; (2) designing the marketing organization: (3) defining precise tasks, responsibilities, and deadlines; and (4) actually executing the marketing program designed in the planning phase.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

292. The actions taken during the implementation phase of the strategic marketing process include: (1) obtain resources; (2) design the marketing organization; (3) define precise tasks, responsibilities, and deadlines; and (4)

A. position the product.
B. select target markets.
C. find points of difference.
D. execute the marketing program.
E. develop the budget by estimating revenues, expenses, and profits.

There are four components of the implementation phase: (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) actually executing the marketing program designed in the planning phase.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

293. In a typical manufacturing firm, the structure of its marketing department is typically organized from top to bottom as follows:

A. CEO to CFO to product manager.
B. CEO to CMO to product manager.
C. product manager to marketing research manager to sales manager to promotion manager.
D. industry manager to market manager to product manager.
E. product manager to CMO to sales manager.

In a typical manufacturing firm, the structure of its marketing department is typically organized as follows: CEO to CMO to product manager. See Figure 2-9.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

294. An aid to implementing a marketing plan and consisting of four columns: (1) the task; (2) the person responsible for completing that task; (3) the date to finish the task; and (4) what is to be delivered is referred to as

A. an output report.
B. a Gantt chart.
C. a market plan.
D. an action item list.
E. a marketing action memo.

Text term definition—action item list.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

295. An action item list refers to an aid to implement a marketing plan that consists of four columns: (1) __________; (2) the person responsible for completing that task; (3) the date to finish the task; and (4) what is to be delivered.

A. the task
B. the budget
C. the product or service
D. the points of difference
E. the promotional message

An action item list is an aid to implementing a marketing plan and consisting of four columns: (1) the task; (2) the person responsible for completing that task; (3) the date to finish the task; and (4) what is to be delivered.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

296. An action item list refers to an aid to implement a marketing plan that consists of four columns: (1) the task; (2) __________; (3) the date to finish the task; and (4) what is to be delivered.

A. the budget
B. the product or service
C. the points of difference
D. the promotional message
E. the person responsible for completing that task

An action item list is an aid to implementing a marketing plan and consisting of four columns: (1) the task; (2) the person responsible for completing that task; (3) the date to finish the task; and (4) what is to be delivered.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

297. An action item list refers to an aid to implement a marketing plan that consists of four columns: (1) the task; (2) the person responsible for completing that task; (3) __________; and (4) what is to be delivered.

A. the budget
B. the points of difference
C. the promotional message
D. the date to finish the task
E. the product or service

An action item list is an aid to implementing a marketing plan and consisting of four columns: (1) the task; (2) the person responsible for completing that task; (3) the date to finish the task; and (4) what is to be delivered.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

298. An action item list refers to an aid to implement a marketing plan that consists of four columns: (1) the task; (2) the person responsible for completing that task; (3) the date to finish the task; and (4)

A. the budget.
B. the points of difference.
C. what is to be delivered.
D. the promotional message.
E. the product or service.

An action item list is an aid to implementing a marketing plan and consisting of four columns: (1) the task; (2) the person responsible for completing that task; (3) the date to finish the task; and (4) what is to be delivered.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

299. When participating in major projects in college marketing classes, effective teams can use a __________ to be sure that each team member does a fair amount of work and that class projects are finished efficiently and on time.

A. market-product grid
B. project schedule
C. Plan-A-Gram
D. Gantt chart
E. sales response function

Scheduling production and marketing activities—from a term project to a new product rollout such as Microsoft Project—can be done efficiently with a Gantt chart, which is a graphical representation of a program schedule. See Figure 2-10.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Marketing Metrics

300. The key to all scheduling techniques is to

A. avoid scheduling tasks that can be done concurrently.
B. avoid tasks that must be done sequentially.
C. make sure to allow a 20 percent delay factor to account for contingencies.
D. assign responsibility for end results to the entire group rather than a single individual.
E. distinguish tasks that must be done sequentially from those that can be done concurrently.

The key to all scheduling techniques is to distinguish tasks that must be done sequentially from those that can be done concurrently.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

301. A marketing __________ is defined as the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.

A. plan
B. tactic
C. strategy
D. concept
E. action

Key term definition—marketing strategy.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

302. A marketing strategy refers to

A. the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.
B. the tactical decisions made to implement the marketing program.
C. a technique to quantify performance measures and growth targets of a firm's strategic business units (SBUs).
D. a road map for the marketing activities of an organization for a specified future time period, such as one year or five years.
E. the detailed day-to-day operational decisions.

Key term definition—marketing strategy.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Strategic Marketing Planning

303. The term *marketing strategy* is used to address both the __________ and the __________.

A. product groupings; target markets
B. target market; marketing program
C. subjective; objective
D. revenues generated; market share achieved
E. feasibility; time required to implement

A marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

304. A marketing strategy is the means by which a marketing goal is to be achieved. The two parts that usually characterize a marketing strategy are

A. specific organizational goals and objectives.
B. a detailed marketing plan and a marketing budget.
C. marketing strategies and marketing tactics.
D. a specified target market and a marketing program to reach it.
E. marketing metrics and marketing dashboards to track effectiveness.

A marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it. The term implies both the end sought (target market) and the means to achieve it (marketing program).

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

305. Which of the following statements reflects the key elements in developing a marketing strategy for L. M. Schofield, Inc., a company that produces specialized concrete surfaces for heavily trafficked areas such as retail outlets and amusement parks?

A. Buy ads in all the major trade journals that explain the variety of surfaces available and what uses each has.
B. Communicate with contractors using direct mail about the various walking surfaces Schofield can create for riding and walking paths.
C. Design a sample ad and test it using visitors at a trade show.
D. Hire six new sales representatives for the Midwest regional office and train them on all aspects of concrete surfaces.
E. Conduct a focus group to decide on which surface to use for a theme park in Brazil.

Communications with contractors is the only answer that both identifies a target market (contractors building riding and walking paths) and describes the marketing program to reach it (direct mail to communicate the variety of surfaces). All the other alternatives are examples of marketing tactics.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: Strategic Marketing Planning

306. Marketing tactics refer to the

A. long-term decisions made to implement the marketing program and the monitoring of those decisions.
B. detailed day-to-day operational decisions essential to the overall success of marketing strategies.
C. steps taken to develop an effective marketing plan.
D. development of marketing strategies to achieve the organization's marketing objectives.
E. refinement of the organization's mission based on the results obtained from a marketing audit.

Key term definition—marketing tactics.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Elements of a Marketing Plan

307. The detailed day-to-day operational decisions essential to the overall success of marketing strategies are referred to as

A. marketing plans.
B. marketing programs.
C. marketing tactics.
D. marketing strategies.
E. marketing procedures.

Key term definition—marketing tactics.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 1 Easy
Topic: Elements of a Marketing Plan

308. Compared to marketing strategies, marketing tactics generally involve actions that

A. are detailed day-to-day operational decisions.
B. are long-term rather than short-term.
C. involve upper levels of management rather than front-line managers.
D. are general rather than specific in nature.
E. have been successfully implemented in the past.

Marketing tactics are detailed day-to-day operational decisions essential to the overall success of marketing strategies.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

309. If marketers at a large auto manufacturer created a little digital flip film out of some 200 photos to tout the prowess of their new truck, hoping it would be a clever way to get people to engage, this action would be an example of the firm's marketing

A. tactics.
B. missions.
C. visions.
D. strategies.
E. customer values.

Marketing tactics are detailed day-to-day operational decisions essential to the overall success of marketing strategies. This includes writing ads and setting specific prices for items in a product line, such as the truck briefly mentioned here.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: Elements of a Marketing Plan

310. Owners of a specialist olive oil production firm decided to offer their product in 5-ounce and 13-ounce sizes. They decided to sell the olive oil only through the mail and to price the smaller bottle at $6.50 and the larger bottle at $12.00. These actions consist of the firm's marketing

A. missions.
B. visions.
C. strategies.
D. tactics.
E. customer value.

Marketing tactics are detailed day-to-day operational decisions essential to the overall success of marketing strategies, including the setting of specific prices for items in a product line.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: Elements of a Marketing Plan

311. The strategic marketing process involves three phases: planning, implementation, and

A. review.
B. execution.
C. evaluation.
D. goal revision.
E. correction.

The strategic marketing process involves three phases: planning, implementation, and evaluation.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 1 Easy
Topic: Elements of a Marketing Plan

312. The third and final phase of the strategic marketing process is the

A. tactics phase.
B. strategic phase.
C. planning phase.
D. implementation phase.
E. evaluation phase.

Evaluation, the third phase of the strategic marketing process, requires the marketing manager to (1) compare the results of the marketing program with the goals in the written plans to identify deviations and (2) act on these deviations, exploiting positive deviations and correcting negative ones.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 1 Easy
Topic: Elements of a Marketing Plan

313. The two major aspects of the evaluation phase of the strategic marketing process are

A. segmenting the market and selecting target markets.
B. establishing a business mission and designing measurable goals and objectives.
C. designing the marketing mix and setting the budget.
D. comparing the results of the marketing program with the goals in the written plans to identify deviations and then to act on them.
E. executing the marketing plan and designing the marketing organization.

Evaluation, the third phase of the strategic marketing process, requires the marketing manager to (1) compare the results of the marketing program with the goals in the written plans to identify deviations and (2) act on these deviations, exploiting positive deviations and correcting negative ones.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

314. The actions taken during the evaluation phase of the strategic marketing process include (1) __________ and (2) correct negative deviations and exploit positive ones.

A. find points of difference
B. execute the marketing program
C. compare results with plans to identify deviations
D. track sales and revenues and compare with competitors
E. develop the budget by estimating revenues, expenses, and profits

The actions taken during the evaluation phase of the strategic marketing process include (1) compare results with plans to identify deviations and (2) exploit positive deviations and correct negative ones.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

315. The actions taken during the evaluation phase of the strategic marketing process include (1) compare results with plans to identify deviations and (2)

A. find points of difference.
B. execute the marketing program.
C. track sales and revenues and compare with competitors.
D. develop the budget by estimating revenues, expenses, and profits.
E. exploit positive deviations and correct negative ones.

The actions taken during the evaluation phase of the strategic marketing process include (1) compare results with plans to identify deviations and (2) exploit positive deviations and correct negative ones.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

316. The difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place is referred to as the

A. planning gap.
B. contribution margin.
C. point of difference.
D. break-even point.
E. sales response function.

Text term definition—planning gap.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 1 Easy
Topic: Elements of a Marketing Plan

317. The planning gap refers to

A. the difference between projected total costs and realized total revenues.
B. the difference between projected total costs and net profits.
C. the difference between marginal revenue and marginal cost.
D. the percentage point difference between a firm and its next largest competitor in terms of market share.
E. the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place.

Text term definition—planning gap.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 1 Easy
Topic: Elements of a Marketing Plan

318. When evaluations show that actual performance differs from expectations, firms typically attempt to

A. decide if the time horizon should be increased or decreased.
B. perform a SWOT analysis with their major competitor as the principal focus.
C. use statistical linear trend analysis to interpret the results.
D. exploit a positive deviation or correct a negative deviation.
E. adopt a market-product grid to analyze the sales results.

When an evaluation shows that actual performance fails to meet expectations, managers need to take corrective actions, such as exploiting a positive deviation or correcting a negative deviation. See Figure 2-11.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

319. A *planning gap* is the difference between the projection of the path to reach a new sales revenue goal and the projection of the path of a plan already in place. The ultimate purpose of the firm's marketing program is to __________ this planning gap.

A. calculate the contribution margin of
B. calculate the marginal trend of
C. create the break-even point for
D. fill in
E. determine the sales differential of

A planning gap is the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place. The ultimate purpose of the firm's marketing program is to fill in this planning gap. See Figure 2-11.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

320. Marana Aerospace Solutions is the world's largest parking lot for unwanted commercial aircraft. Airlines pay from $750 to $5,000 monthly for the storage services provided by Evergreen. Before September 2001, the company had 140 discarded airplanes at its Arizona facilities and was growing at a rate of about six planes monthly with about two per month sold for parts or scrap metal. After calamity struck the airline industry in September 2001, airlines retired over 1,000 planes, and the actual number of planes stored at Evergreen differed significantly from its earlier prediction. Marana has enacted a new goal, widening the

A. contribution margin.
B. planning gap.
C. marginal trend.
D. break-even point.
E. sales differential.

A planning gap is the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place, the situation here. See Figure 2-11.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 3 Hard
Topic: Elements of a Marketing Plan

321. The marketing manager looks for two kinds of deviations, each triggering a different kind of action: (1) actual results fall short of goals and (2)

A. deviations that result from major shifts in customer needs.
B. actual results exceed goals.
C. there are no deviations but there should be.
D. deviations that result from executive mandates.
E. deviations that are blamed on insufficient marketing support (personnel or funding).

The marketing manager is looking for two kinds of deviations, each triggering a different kind of action: (1) actual results fall short of goals and (2) actual results exceed goals.

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

322. Alex has just completed measuring the results of her firm's product performance. Her next step will be to

A. do a profitability analysis.
B. take necessary corrective actions.
C. bring these to the marketing auditor.
D. proceed regardless of deviations from original plans.
E. compare the results against the goals specified in the marketing plan.

The essence of evaluation, the final phase of the strategic marketing process, is to compare results with planned goals for the marketing program in order to take necessary corrective actions.

AACSB: Knowledge Application
Accessibility: Keyboard Navigation
Blooms: Apply
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 3 Hard
Topic: Elements of a Marketing Plan

323. IBM's business strategy to help its clients be more efficient, productive, and responsive to the data generated from the revolution in the global marketplace concerning the instrumentation and integration of the world's processes and infrastructures is referred to as

A. "The IBM Way."
B. "Smarter Planet."
C. "Reinvent Business."
D. "The 2015 Road Map."
E. "Big Blue."

IBM's business strategy to help its clients be more efficient, productive, and responsive is known as "Smarter Planet." See Video Case 2: IBM: Using Strategy to Build a "Smarter Planet."

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Remember
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 1 Easy
Topic: Developing a Competitive Strategy

324. All of the following were strategic opportunities identified in IBM's 2015 road map *except*

A. the connected, "smarter planet."
B. cloud and smarter computing.
C. a shift from software and services to PCs and hard disk drives.
D. business analytics and optimization.
E. growth markets such as China, India, Brazil, and Africa.

IBM's 2015 road map described four strategic opportunities: (1) growth markets such as China, India, Brazil, and Africa; (2) business analytics and optimization; (3) cloud and smarter computing; and (4) the connected, "smarter planet." Recently, IBM began to shift from commodity-based businesses such as PCs and hard disk drives, to "customizable" businesses such as software and services, not the other way around. See Video Case 2: IBM: Using Strategy to Build a "Smarter Planet."

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

325. Implementation of IBM's "Smarter Planet" strategy has resulted in all of the following *except*

A. a reduction in supply chain costs for retailers.
B. a reduction in traffic delays through coordinated signals.
C. a reduction in power usage for consumers using smart meters.
D. a reduction in inventory levels, as well as increased sales, for retailers.
E. a reduction in wasted coverage for advertising messages to increase its efficiency.

IBM's "Smarter Planet" strategy was not applied to the problem of advertising efficiency, also known as wasted coverage. See Video Case 2: IBM: Using Strategy to Build a "Smarter Planet."

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

326. The marketing plan for IBM's "Smarter Planet" strategy included which of the following marketing tactics?

A. handing out "Smarter Planet" T-shirts on selected college campuses through the world
B. providing samples of new hard drives for New York City businesses
C. sponsoring the U.S. swim team for the 2012 Summer Olympics
D. including a strong message in an annual report from IBM's chairman of the board and CEO
E. garnering a celebrity endorsement from Jon Stewart, host of "The Daily Show"

The marketing tactics IBM used to communicate its "Smarter Planet" strategy included messaging from the CEO, Sam Palmisano. His message was a powerful statement. "Smarter Planet," according to Palmisano, "is not a metaphor. It describes the infusion of intelligence into the way the world actually works." See Video Case 2: IBM: Using Strategy to Build a "Smarter Planet."

AACSB: Analytical Thinking
Accessibility: Keyboard Navigation
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

Short Answer Questions

327. Briefly describe the five levels in a hierarchical organizational structure, including the three that are strategic in nature.

Large organizations are extremely complex. They usually consist of three organizational levels whose strategies are linked to marketing, as shown in Figure 2-1. The five levels (three of which are strategic) of structure typically found in large organizations are: (1) the board of directors, which oversees the three levels of strategy in organizations (corporate, business unit, and functional); (2) the corporate level, where the top management directs overall strategy for the entire organization; (3) the strategic business unit level, where managers set a more specific direction for their SBUs (a subsidiary, division, or unit of an organization that markets a set of related offerings to a clearly defined group of customers) to exploit value-creating opportunities; (4) the Functional level, found in each strategic business unit and where groups of specialists actually create value for the organization; (5) the departments, which are the specialized functions such as information systems, finance, research and development, marketing, manufacturing and human resources that implement the corporate strategies developed by the organization.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

328. Describe the three strategic levels in an organization.

The three levels are: (1) the corporate level, where the top management directs overall strategy for the entire organization; (2) the strategic business unit level, where business unit managers set a more specific direction for their businesses to exploit value-creating opportunities; and (3) the functional level, where groups of specialists actually create value for the organization. See Figure 2-1.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

329. Apple, a multimarket, multiproduct firm, manufactures and markets Apple Watch, iPods, iPhones, and iPads as a portfolio of businesses. At what organizational level does Apple set the strategic direction for these businesses to create customer value?

The Apple Watch, iPods, iPhones, and iPads, which in effect comprise a portfolio of businesses, operate as a strategic business unit (SBU) of Apple. At the strategic business unit level, Apple marketing managers set the strategic direction for these products to clearly defined groups of customers.

AACSB: Knowledge Application
Blooms: Apply

Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 3 Hard
Topic: Strategic Marketing Planning

330. What is a cross-functional team and how is it used?

When developing marketing programs for new offerings or for improving existing ones, an organization's senior management may form cross-functional teams. These consist of a small number of people from different departments who are mutually accountable to accomplish a task or a common set of performance goals. Sometimes these teams will have representatives from outside the organization, such as suppliers or customers, to assist them.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-01 Describe three kinds of organizations and the three levels of strategy in them.
Level of Difficulty: 2 Medium
Topic: Role of the Marketing Manager

331. Explain what a visionary organization is and the three questions (why, what, and how) that need to be answered to achieve success.

Management experts stress that to be successful, today's organizations must be visionary—anticipating future events and responding to them quickly and effectively. This requires a visionary organization to specify its foundation (why), set a direction (what), and formulate strategies (how). An organization's foundation is its philosophical reason for being—why it exists. Its senior managers must identify its core values and describe its mission and organizational culture, its purpose for being. Next, these managers can set the direction for the organization by defining its business and specifying its long-term and short-term goals. Finally, the firm uses the previous two pieces to formulate its strategies, which vary in at least two ways, partly depending on the level in the organization and the offerings it provides customers. See Figure 2-2.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

332. What are the three elements that today's visionary organization must do to be forward looking and successful within its marketing environment? What is the purpose of each of these elements?

Management experts stress that to be successful, today's organizations must be visionary—they must anticipate future events and then respond quickly and effectively. This requires a visionary organization to (1) specify its organizational foundation—why does it exist; (2) set its organizational direction—what will it do; and (3) formulate organizational strategies—how will it do it.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

333. Explain the concept of "linked prosperity" that was embraced by the founders of Ben & Jerry's, and describe how they set out to achieve this.

Ben & Jerry's founders embraced a concept they called "linked prosperity," which encouraged the success of all constituents including employees, suppliers, customers, and neighbors. They set out to achieve linked prosperity with a three-part mission statement—(1) product mission: to make, distribute, and sell the finest quality all-natural ice cream; (2) economic mission: to operate the company for sustainable financial growth; and (3) social mission: to operate the company in ways that make the world a better place. The mission statement guided the entrepreneurs' decisions related to many aspects of the business including purchasing practices, ingredient sourcing, manufacturing, and involvement in the community.

AACSB: Knowledge Application
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Stakeholders Effect on Marketing Strategy

334. What is a mission?

By understanding its core values, an organization can take steps to define its mission, which is a statement of the organization's function in society, often identifying its customers, markets, products, and technologies. Today, a mission statement, often used interchangeably with vision, should be clear, concise, meaningful, inspirational, and long-term. A good mission statement also should be challenging and offer a compelling picture of an envisioned future.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: The Mission Statement

335. What is an organization's mission? What are some elements of a well-written mission statement?

By understanding its core values, an organization can take steps to define its mission, which is a statement of the organization's function in society, often identifying its customers, markets, products, and technologies. Today, the term mission is often used interchangeably with vision. A mission statement should be clear, concise, meaningful, inspirational, and long-term and provide a challenging, compelling picture of an envisioned future.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: The Mission Statement

336. In 25 words or less, write a mission statement for a local community college.

By understanding its core values, an organization can take steps to define its mission, a statement of the organization's function in society, often identifying its customers, markets, products, and technologies. Mission statements for a community college could vary greatly. For example, one mission could be "to create an environment where all local citizens have access to enhanced educational experiences," or "prepare students to competitively enter other institutions of higher learning upon graduation," or "provide alternative certification programs for students wishing to have post-high school education without attending a traditional four-year college."

AACSB: Knowledge Application
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: The Mission Statement

337. The American railroad industry faced a serious decline in the 20^{th} century. What business did rail executives believe they were in at that time? What business is a railroad company really in? Why is the difference important?

Theodore Levitt argues that senior managers of 20^{th} century American railroads defined their businesses too narrowly by proclaiming, "We are in the railroad business!" This myopic view caused these managers to lose sight of who their customers were and what they needed. Thus, railroad managers only saw other railroads as their direct competitors and failed to develop strategies to compete with airlines, barges, pipelines, and trucks. As a result, many railroads either were forced to merge with other railroads (or other firms) or went bankrupt. Railroads would have fared better if they had realized they were in the transportation business.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.

Level of Difficulty: 2 Medium
Topic: The Mission Statement

338. Name and briefly describe the seven types of organizational goals or objectives.

The seven types of organizational goals or objectives are (1) profit—economic theory assumes a firm seeks to maximize long-run profit; (2) sales (dollars or units)—a firm may elect to maintain or increase its sales level, even though profitability may not be maximized; (3) market share—a firm may choose to maintain or increase its market share, sometimes at the expense of greater profits; (4) quality—a firm may target the highest quality; (5) customer satisfaction—customers are the reason the organization exists, so their perceptions and actions are of vital importance; (6) employee welfare—an organization may recognize the critical importance of its employees by having an explicit goal stating its commitment to good employment opportunities and working conditions for them; and (7) social responsibility—a firm may seek to balance the conflicting goals of consumers, employees, and stockholders to promote overall welfare of all these groups, even at the expense of profits.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

339. The logistics industry has sales of $800 billion per year. If a third party logistics provider had sales of $8 billion, what would its market share be? Be sure to define market share and show your work in your answer.

Market share is the ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself. In this case, the sales of the firm itself ($8 billion) divided by the sales revenue of all firms in the industry, including the firm itself, ($800 billion) means that the third-party logistics provider in question has a 1 percent market share ($8 billion ÷ $800 billion = 1 percent).

AACSB: Knowledge Application
Blooms: Apply
Learning Objective: 02-02 Describe core values, mission, organizational culture, business, and goals.
Level of Difficulty: 3 Hard
Topic: Elements of a Marketing Strategy

340. Define *marketing dashboard* and *marketing metric* and explain how these terms are related.

A marketing dashboard is the visual computer display of the essential information related to achieving a marketing objective. With a marketing dashboard, a marketing manager glances at a graph or table and makes a decision whether to take action or to do more analysis to better understand the problem. Each graphical or tabular display in a dashboard shows a marketing metric, which is a measure of the quantitative value or trend of a marketing activity or result.

AACSB: Analytical Thinking
Blooms: Remember
Learning Objective: 02-03 Explain why managers use marketing dashboards and marketing metrics.
Level of Difficulty: 1 Easy
Topic: Marketing Metrics

341. Explain the difference between competencies and competitive advantage in an organizational setting.

An organization's core competencies are its special capabilities, including skills, technologies, and resources that distinguish it from other organizations and that provide value to its customers. Exploiting these competencies can lead to success, particularly if other organizations cannot copy them. An organization's competitive advantage is a unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

342. The Boston Consulting Group's business portfolio analysis model can be used to analyze a firm's strategic business units. How is it used and what can it tell you?

The BCG business portfolio analysis requires an organization to locate the position of each of its SBUs on a growth-share matrix (see Figure 2-4). The vertical axis is the market growth rate, which is the annual rate of growth of the SBU's industry. The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry. The purpose of the tool is to determine the appeal of each SBU or offering and then determine the amount of cash each should receive.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: BCG Matrix

343. One of the most recognized approaches to business portfolio analysis is the Boston Consulting Group's growth-share matrix. Describe this tool and the four quadrants of the matrix.

The BCG business portfolio analysis requires an organization to locate the position of each of its SBUs on a growth-share matrix. The vertical axis is the market growth rate, which is the annual rate of growth of the SBU's industry. The horizontal axis is the relative market share, defined as the sales of the SBU divided by the sales of the largest firm in the industry. The BCG has given specific names and descriptions to the four quadrants in its growth-share matrix. They are as follows: (1) cash cows (lower left quadrant) have a dominant share of a slow-growth market and typically generate large amounts of cash to invest in other SBUs; (2) stars (upper left quadrant) have a high share of high-growth markets and may not generate enough cash to support their own needs for future growth; (3) question marks (upper right quadrant) are SBUs with a low share of high-growth markets and require large amounts of money just to maintain their market share; (4) dogs (lower right quadrant) have a low share of slow-growth markets, and although they may generate enough cash to sustain themselves, they hold little promise of becoming winners for the firm. See Figure 2-4.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: BCG Matrix

344. Identify and explain each of the four market-product strategies represented by each quadrant in the diversification analysis matrix.

There are four market-product strategies: (1) market penetration is a marketing strategy to increase sales of current products in current markets, either by selling more units or increasing the price of each unit, to current customers; (2) market development is a marketing strategy to sell current products to new markets; (3) product development is a marketing strategy of selling new products to current markets; and (4) diversification is a marketing strategy of developing new products and selling them in new markets. See Figure 2-5.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-04 Discuss how an organization assesses where it is now and where it seeks to be.
Level of Difficulty: 2 Medium
Topic: Developing a Competitive Strategy

345. List the three steps of the planning phase of the strategic marketing process. Briefly describe what goes on during each of the three steps.

The planning phase of the strategic marketing process includes three steps. Step 1 is the situation (SWOT) analysis. During the SWOT analysis, a company will identify industry trends, analyze competitors, assess its own company, and research customers. Step 2 is market-product focus and goal setting. During Step 2, the company will set market and product goals, select target markets, find points of difference, and position the product. Step 3 is the marketing program. During this step, the company will develop the program's marketing mix and the budget, by estimating revenues, expenses, and profits. See Figure 2-6.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

346. Identify and describe the three phases of the strategic marketing process.

The three phases of the strategic marketing process are: planning, implementation, and evaluation. (1) The planning phase includes (a) situation (SWOT) analysis to identify industry trends, analyze competitors, assess own company, and research customer; (b) market-product focus and goal setting, which involves setting market and product goals, selecting target markets, finding points of difference, and positioning the product; and (c) marketing program development, which involves developing the marketing mix and the budget by estimating revenues, expenses, and profits. (2) The implementation phase involves (a) obtaining resources; (b) designing the marketing organization; (c) defining precise tasks, responsibilities, and deadlines; and (d) executing the marketing program. (3) The evaluation phase involves (a) comparing the results of the marketing program plans to the results achieved to identify deviations and (b) exploiting positive deviations or correcting negative ones. See Figure 2-6.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

347. Identify and describe the three steps of the planning phase of the strategic marketing process.

Step 1: situation (SWOT) analysis is an organization's appraisal of its internal strengths and weaknesses and its external opportunities and threats. Step 2: market-product focus and goal setting determine which products will be directed toward which customers. This decision is often based on market segmentation, which involves aggregating prospective buyers into groups, or segments, that have common needs and will respond similarly to a marketing action. This enables an organization to identify the segments on which it will focus its efforts—its target market segments—and develop specific marketing programs to reach them. Step 3: marketing program involves developing the program's marketing mix (the four Ps) and its budget.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

348. Identify and describe the four factors in a SWOT analysis and give examples for Ben & Jerry's Ice Cream that help identify the critical strategy-related factors that could impact the firm.

A SWOT analysis is an acronym that describes an organization's appraisal of its internal strengths and weaknesses and its external opportunities and threats. The four critical factors in a SWOT analysis and examples for Ben & Jerry's are (1) internal strengths, such as its prestigious, well-known brand name among U.S. consumers that complements Unilever's existing ice cream brands and its widely recognized social mission, values, and actions; (2) internal weaknesses, which include Ben & Jerry's social responsibility actions that could reduce focus and the need for experienced managers to help increase modest sales and profits; (3) external opportunities, such as the growing demand for quality ice cream in overseas markets, the increasing U.S. demand for Greek-style yogurt, and the many U.S. firms successfully using product and brand extensions; and (4) external threats, such as consumer concern with sugary and fatty desserts, competition with General Mills and Nestlé brands, and increasing competition in international markets. See Figure 2-7.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: SWOT Analysis

349. A campus service organization annually raises money through the sale of T-shirts. How could it use market segmentation to increase sales of the shirts? Be sure to include a definition of market segmentation in your answer.

Market segmentation involves aggregating prospective buyers into groups, or segments, that (1) have common needs and (2) will respond similarly to a marketing action. Students' examples will vary. The service organization may decide to sell T-shirts to two segments: current students and local residents. A separate marketing plan should be developed for each segment since they are not necessarily identical. For example, while the price and product may be the same, the place the T-shirts are sold to students would be the campus bookstore, while local residents may buy the T-shirts in a local clothing store at a strip mall. The promotion for the shirts aimed at students may be flyers posted in the dorms and ads in the college newspaper. The promotion aimed at local residents may be an ad in the local community newspaper and flyers posted in the local grocery store.

AACSB: Knowledge Application
Blooms: Apply
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 3 Hard
Topic: Methods of Market Segmentation

350. What are the marketing mix elements that make up a cohesive marketing program?

Figure 2-8 in the textbook illustrates the principal components of the marketing mix or the four Ps. (1) Product: features, brand name, packaging, service, and warranty. (2) Price: list price, discounts, allowances, credit terms, and payment period. (3) Promotion: advertising, personal selling, sales promotion, public relations, and direct marketing. (4) Place: outlets, channels, coverage, transportation, and stock level.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: The Four Ps

351. A campus service organization annually raises money through the sale of T-shirts. What are the major components of the marketing program it should use to increase sales? Give at least one example of each.

A marketing program should include product, price, promotion, and place strategies. Students' examples will vary. The product strategy would include packaging and design of the T-shirts. Promotion strategy would encompass how the group plans to communicate information about the sale to other students. Price strategy would include the list price of the T-shirts and any quantity discounts. Place strategy would include the outlets where the T-shirts will be sold.

AACSB: Knowledge Application
Blooms: Apply
Learning Objective: 02-05 Explain the three steps of the planning phase of the strategic marketing process.

Level of Difficulty: 3 Hard
Topic: The Four Ps

352. What are the four components of the implementation phase of the strategic marketing process?

The four components of the implementation phase of the strategic marketing process are (1) obtaining resources; (2) designing the marketing organization; (3) defining precise tasks, responsibilities, and deadlines; and (4) actually executing the marketing program designed in the planning phase.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Strategy

353. Explain what a Gantt chart is and how it is used.

A Gantt chart is a graphical representation of a program schedule. Developed by Henry L. Gantt, this method is the basis for the scheduling techniques used today, including elaborate computerized methods. The key to all scheduling techniques is to distinguish tasks that must be done sequentially from those that can be done concurrently. Scheduling tasks concurrently often reduces the total time required for a project. See Figure 2-10.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Marketing Metrics

354. What is the difference between a marketing strategy and a marketing tactic?

A marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by a specified target market and a marketing program to reach it, which implies both the end sought (target market) and the means to achieve it (marketing program). Marketing tactics, on the other hand, are detailed day-to-day operational decisions essential to the overall success of marketing strategies, such as writing advertising copy or selecting the amount for temporary price reductions.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-06 Describe the four components of the implementation phase of the strategic marketing process.
Level of Difficulty: 2 Medium
Topic: Strategic Marketing Planning

355. Explain the steps in the evaluation phase of the strategic marketing process.

The evaluation phase of the strategic marketing process seeks to keep the marketing program moving in the direction set for it (see Figure 2-6). Accomplishing this requires the marketing manager to (1) compare the results of the marketing program with the goals in the written plans to identify deviations and (2) act on these deviations—exploiting positive deviations and correcting negative ones. When evaluation shows that actual performance differs from expectations, managers need to take immediate marketing actions—exploiting positive deviations and correcting negative ones.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

356. What is the purpose of the evaluation phase of the strategic marketing process? How is it accomplished?

The evaluation phase of the strategic marketing process seeks to keep the marketing program moving in the direction set for it. Accomplishing this requires the marketing manager to compare the results of the marketing program with goals in the written plans to identify deviations and then to act on these deviations—exploiting positive deviations and correcting negative ones.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan

357. Explain what a planning gap is and what is used to close it.

A planning gap is the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place. The ultimate purpose of the firm's marketing program is to fill in this planning gap. This means planning and implementing more aggressive tactics that will allow the new results to meet the new goal.

AACSB: Analytical Thinking
Blooms: Understand
Learning Objective: 02-07 Discuss how managers identify and act on deviations from plans.
Level of Difficulty: 2 Medium
Topic: Elements of a Marketing Plan