

Test Bank

to accompany

Marketing, 5th Edition

by

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WILEY

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Chapter 1

Introduction to marketing

Question Pool

1. In order for marketers to plan and evaluate their marketing outcomes, understanding the context is important (i.e. the current situation and desired vision).

- *a. True
- b. False

General Feedback:

Learning objective 1.1: provide an overview of marketing and the marketing process. To create positive impact for all organisational activity, consideration needs to be given to the current situation. By assessing outcomes to demonstrate who changes and why as a result of any initiative implemented, organisations can clearly demonstrate impact and progress made to reverse the negative consequences arising from current actions.

2. The Council of Australian Governments (COAG) Healthy Communities Initiative is an Australian government initiative that aims to reduce the prevalence of obesity within target populations. This initiative is best described as an example of:

- *a. a not-for-profit organisation using marketing practices.
- b. corporate social responsibility.
- c. a societal market orientation.
- d. a marketing mix decision.
- e. a consumer orientation.

General Feedback:

Learning objective 1.1: provide an overview of marketing and the marketing process. The Council of Australian Governments (COAG) Healthy Communities Initiative is an Australian government initiative that aims to reduce the prevalence of obesity within target populations consisting of individuals who are at high risk of developing chronic disease and who are not predominantly in the paid workforce. This initiative is an example of a not-for-profit organisation using marketing practices.

3. Marketing is defined as "the activity, set of institutions, and _____ for creating, communicating, delivering and _____ offerings that have value for _____, clients, partners and society at large."

- *a. processes, exchanging, customers
- b. procedures, exchanging, consumers
- c. processes, producing, consumers

d. procedures, pricing, customers

General Feedback:

Learning objective 1.1: provide an overview of marketing and the marketing process. Marketing is defined as "the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large."

4. A group of university students decide to quit smoking together after seeing numerous government advertisements talking about the damage that smoking will do to your lungs. Which part of the definition of marketing is reflected by this change of behaviour in response to the governments' education campaign?

- a. A mutual exchange of value between a customer and an organisation.
- b. Creating, communicating and delivering a good, service or idea.
- c. Individuals and organisations that are part of a product's supply chain.
- d. Both a and b.
- *e. All of the options listed.

General Feedback:

Learning objective 1.1: provide an overview of marketing and the marketing process. Marketing is the activity, set of institutions, and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large. Marketing must involve an exchange that benefits both the customer who buys the product (a good, service or idea) and the organisation that sells the product (a good, service or idea). Through their education campaign, the government is seeking a change in behaviour. In exchange for the education, the students are changing their behaviour.

5. In the last few years, consumers have been encouraged to use reusable bags, for their groceries and other goods. This practice, which seeks to minimise the negative impact of plastic bags on society is an example of:

- *a. societal market orientation.
- b. production orientation.
- c. sales orientation.
- d. market orientation.

General Feedback:

Learning objective 1.1: provide an overview of marketing and the marketing process. Marketers' consideration of issues such as the sustainability of their products and the benefits their products might bring to society generally is known as 'societal market orientation'.

6. With the development of infrastructure and technologies such as production lines, businesses such as the Ford Motor Company focused on manufacturing large quantities of goods, which they seemed to

have no trouble selling. People were happy to buy what was available. Which era of marketing does this description relate to?

- a. Market.
- *b. Production.
- c. Consumer.
- d. Sales.
- e. Socially responsible.

General Feedback:

Learning objective 1.1: provide an overview of marketing and the marketing process. Marketing during the late 1800s/early 1900s could best be described by the concept of a 'production orientation'. Marketers' offerings were largely determined by *what could be made* and what people bought was largely determined by what was available. (Black paint dried faster than any other colour, so it was the most efficient colour for Ford Motor Company to produce.)

7. One marketing framework, such as the C-B-E Framework ensures:

- *a. marketing programs are developed with people, not for them.
- b. co-creation.
- c. delivering an offering for exchange of value that meets the intended outcomes.
- d. the focus is on the delivery of solutions.

General Feedback:

Learning objective 1.1: provide an overview of marketing and the marketing process. The CBE framework ensures that marketing programs are developed with, and not for, people

8. Marketing is an approach to business that puts the _____ at the heart of business decisions.

- a. product
- b. company
- *c. customer, client, partner and society
- d. bottom line
- e. employee

General Feedback:

Learning objective 1.1: provide an overview of marketing and the marketing process. Marketing is an approach to business that puts the customer, client, partner and society at the heart of all business decisions. Marketing requires customers to be at the core of business thinking. Rather than asking which product should we offer, marketers who adopt marketing thinking ask which product would our customers value or like us to offer.

9. A degree in Marketing will qualify you for a job in which of the following organisations?

- a. Governments.
- b. Not-for-profit organisations.
- c. Multinational organisations.
- d. Both a and c.
- *e. All of the options listed.

General Feedback:

Learning objective 1.1: provide an overview of marketing and the marketing process. Marketing is used by: small businesses and large multinational corporations; businesses selling goods and businesses selling services; for-profit and not-for-profit organisations; and private and public organisations, including governments.

10. Which phase of the marketing process explains why wine marketers, for example, would access market insight reports from a market research company such as the Nielson Company?

- *a. Understand.
- b. Create.
- c. Communicate.
- d. Deliver.
- e. Exchange.

General Feedback:

Learning objective 1.1: provide an overview of marketing and the marketing process. The understanding phase of the marketing process involves an analysis and assessment of the marketing environment and markets, as well as consumer and business buying behaviour. Wine marketers can access market insight reports in order to understand which wines they should range in their stores etc.

11. Which of these is the aim of marketing?

- a. To maximise profits for the business owners
- b. To develop organisational goals
- *c. To develop mutually beneficial exchanges
- d. To organise the various functions efficiently and effectively

General Feedback:

Learning objective 1.2: recognise that marketing involves a mutually beneficial exchange of value. The aim of marketing is to develop mutually beneficial exchanges.

12. A customer's overall assessment of the utility of an offering based on perceptions of what is received and what is given is known as:

- a. benefit.
- *b. value.
- c. exchange.

d. advantage.

General Feedback:

Learning objective 1.2: recognise that marketing involves a mutually beneficial exchange of value. Value is a customer's overall assessment of the utility of an offering based on perceptions of what is received and what is given.

13. You purchase a can of drink for a friend. This makes you a:

- a. consumer.
- b. customer and consumer.
- c. partner.
- *d. customer.

General Feedback:

Learning objective 1.2: recognise that marketing involves a mutually beneficial exchange of value. Customers are those people who purchase products for their own or someone else's use, while consumers are people who use the good or service.

14. Early in the New Year, you decide to turn an unwanted Christmas gift into cash by selling it on eBay. The auction is a success; your unwanted gift sells at a high price, and the winning bidder is very happy with their purchase. This scenario is an example of a successful marketing _____?

- *a. exchange
- b. procedure
- c. processes
- d. campaign

General Feedback:

Learning objective 1.2: recognise that marketing involves a mutually beneficial exchange of value. When both parties have received a benefit and both parties had to give something up to receive something in return, it is considered a successful marketing exchange.

15. Which of the following statements regarding value is correct?

- a. Value means different things to different people.
- b. Value can be based on perception.
- c. Value can be a comparison of the benefits a customer receives from a product in relation to its price.
- d. Value can include product quality and after sales service.
- *e. All of the options listed.

General Feedback:

Learning objective 1.2: recognise that marketing involves a mutually beneficial exchange of value. Value is a customer's overall assessment of the utility of an offering based on perceptions of what is

received and what is given. Some marketers view this simply as a ratio between quality and price. This is the economic view of value. According to this view, value is a comparison between what a customer gets and what a customer gives; in other words, the benefits a customer receives from a product in relation to its price. Other marketers view value as unique and determined by the beneficiary. According to this view, value is idiosyncratic, experiential, contextual and meaning laden.

16. When buying your first car, you choose to buy a used Mazda 3 from a dealer rather than a slightly cheaper Mazda 3 advertised privately. Your mum thinks you made a good choice, but your dad thinks the privately advertised car would have been a better deal. Why is there a difference in opinion?

- a. Value means different things to different people.
- b. Value can be based on perception.
- c. Value can be a comparison of the benefits a customer receives from a product in relation to its price.
- d. Value can include product quality and after sales service.
- *e. All of the options listed.

General Feedback:

Learning objective 1.2: recognise that marketing involves a mutually beneficial exchange of value.

Value is a customer's overall assessment of the utility of an offering based on perceptions of what is received and what is given. Some marketers view this simply as a ratio between quality and price. This is the economic view of value. According to this view, value is a comparison between what a customer gets and what a customer gives; in other words, the benefits a customer receives from a product in relation to its price. Other marketers view value as unique and determined by the beneficiary. According to this view, value is idiosyncratic, experiential, contextual and meaning laden.

17. A market can best be described as:

- a. a group of customers with similar needs and wants.
- *b. a group of customers with different needs and wants.
- c. a group of customers living in the same geographic area.
- d. both a and c.
- e. both b and c.

General Feedback:

Learning objective 1.2: recognise that marketing involves a mutually beneficial exchange of value. A market is a group of customers with different needs and wants. Markets can also cover different types of customers.

18. Each year the Australian department store Myer holds a fashion parade as a public relations event to launch the next season's fashion. Along with the media, they invite key stakeholders such as their most valuable customers. These customers can best be described as people who:

- *a. purchase products for their own or someone else's use.
- b. actually use a purchased good or service.

- c. will potentially purchase a Myer product.
- d. have occasionally entered a Myer premises.
- e. none of the options listed.

General Feedback:

Learning objective 1.2: recognise that marketing involves a mutually beneficial exchange of value. Customers are those people who purchase products for their own or someone else's use, while consumers are people who use the good or service.

19. Which of the following would not be considered a partner in the formal definition of marketing?

- a. Retailers who sell an organisation's products.
- b. An organisation's supplier of raw materials.
- *c. Customers.
- d. An advertising agency who writes the copy for an organisation's television commercial.
- e. All of the options listed.

General Feedback:

Learning objective 1.2: recognise that marketing involves a mutually beneficial exchange of value. Partners are organisations or individuals who are involved in the activities and processes for creating, communicating and delivering offerings for exchange. Customers are not a partner because they are not involved in creating, communicating or delivering offerings for exchange.

20. Value is simply an evaluation of price against quality.

- *a. True.
- b. False.

General Feedback:

Learning objective 1.2: recognise that marketing involves a mutually beneficial exchange of value. The idea that value is a ratio between quality and price is a simple view of value to help you to understand the concept. Marketers know that the idea of value is more complicated. Value refers to the 'total offering'. This includes all aspects, from the reputation of the organisation to how the employees act, the features of the products, the after-sales service, quality and price.

21. The set of moral principles that guide attitudes and behaviour are known as:

- a. morals.
- *b. ethics.
- c. doing what is 'right'.
- d. corporate social responsibility.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. Ethics refers to a set of moral principles that guide attitudes and behaviour.

22. Individuals, organisations and other groups that have a rightful interest in the activities of a business can be classified as:

- *a. stakeholders.
- b. customers.
- c. owners.
- d. partners.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. Stakeholders are individuals, organisations and other groups that have a rightful interest in the activities of a business.

23. The campaign by many retailers to reduce the use of plastic bags in favour of reusable bags is an example of:

- a. greenwashing.
- b. socially responsible production.
- *c. corporate social responsibility.
- d. a service.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. Corporate social responsibility is simply that businesses have an obligation to act in the interests of the societies that sustain them. It is a commitment to behave in an ethical and responsible manner, to minimise the negative impacts and maximise the positive impacts of the business' operations.

24. Corporate social responsibility is the obligation of businesses to act in the interests of the societies that sustain them. This means that companies must act:

- a. in the best interests of their stakeholders.
- b. ethically.
- c. lawfully.
- *d. ethically, lawfully and in the best interests of their stakeholders.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. At the heart of corporate social responsibility is a business' obligation to act ethically, lawfully and in the best interests of all of its stakeholders, including the society in which it operates.

25. As marketing manager for a large multi-national company, you consciously try to minimise the environmental impacts of your company's activities. One of your initiatives is to reduce waste within the office; another is to introduce recyclable packaging for your products. By engaging in these activities, you are practicing:

- *a. green marketing.
- b. the triple bottom line.
- c. greenwashing.
- d. all of the options listed.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. Marketers engaging in activities to minimise environmental impact can be said to be practicing green marketing.

26. A popular measure of good corporate citizenship is:

- a. Governing law and regulations.
- *b. The Triple Bottom Line.
- c. sustainability policies.
- d. Auditing.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. The triple bottom line is a measure of good corporate citizenship. It involves looking after the environment and employees; which, can assist a company to maintain or increase profits.

27. Which of the following statements is correct?

- a. It is impossible to act unethically and within the law.
- b. It is impossible to act ethically and within the law.
- c. A society's ethics and its laws are completely unrelated.
- d. Both b and c are correct.
- *e. Both a and c are correct.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. Most law is derived from ethics, but it is quite possible to act unethically within the law, and - many would argue - to act illegally but nonetheless ethically.

28. Sustainable development is:

- a. being more shrewd in business.
- b. development that meets current needs and wants.

- c. using social, economic and environmental strategies.
- *d. development that meets current needs and wants without compromising the ability of future generations.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. Sustainable development is development that meets current needs and wants without compromising the ability of future generations.

29. You have been managing a coffee shop for over five years and one day you decide to close the business. Who are the stakeholders that your decision will impact?

- a. Owners/shareholders.
- b. Employees.
- c. Customers.
- d. The society in which the business operates.
- *e. All of the options listed.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. An organisation's operations can involve stakeholders including owners, customers (and clients), partners and government. Another important stakeholder is the society in which an organisation operates.

30. EnergyAustralia's investment of \$133 million in environmental initiatives in a recent year is an example of:

- a. a marketing mix decision.
- *b. corporate social responsibility.
- c. a code of conduct.
- d. self-regulation.
- e. none of the options listed.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. A business that meets its corporate social responsibilities can expect benefits from good public relations and the absence of restrictive regulations. EnergyAustralia demonstrates an ongoing commitment to corporate social responsibility through programs that target employee development, community group and customer engagement and environmental improvement.

31. Which of the following is not a marketing ethics issue?

- a. Advertising junk food on children's television.
- b. A salesperson exaggerating the benefits of a product to persuade a customer to purchase it.

- *c. An organisation increasing the price of a product due to increased customer demand and limited availability.
- d. Failing to inform consumers of known potential risks of using a product.
- e. All of the options listed.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. The primary purpose of a business is to generate profits and long-term wealth for the owners. Some of the most common marketing ethics issues that arise involve truth in advertising, the marketing of products that may be dangerous or contribute to poor health, and engaging in fair competition with rival businesses.

32. Greenwashing is:

- a. used to influence perceptions.
- b. disseminating misleading information.
- c. used for products to be perceived as more environmentally friendly.
- *d. All of the above.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. Greenwashing is the dissemination of questionable or potentially misleading information by an organisation in relation to its products, in order for the organisation and its products to be perceived as more environmentally friendly.

33. The International Organization for Standardization (ISO) is responsible for?

- a. developing international guidelines and standards for organisations making environmental claims.
- b. describes a general evaluation and verification methodology.
- c. developing guidelines and requirements for symbols, graphics and statements regarding products.
- *d. All of the above.

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. International standards are in place for marketers seeking to make environmental claims. The International Organization for Standardization (ISO) develops such guidelines that specifies requirements for self-declared environmental claims, including statements, symbols and graphics regarding products. This standard also describes a general evaluation and verification methodology for self-declared environmental claims, and specific evaluation and verification methods for the selected claims in this standard.

34. An organisations stakeholders include customers, shareholders, investors and other partners only.

- a. True

*b. False

General Feedback:

Learning objective 1.3: discuss the importance of ethics and corporate social responsibility in marketing. Stakeholder include employees, customers, owners, partners, government, environment, society.

35. Organisations that undertake the following marketing practices perform better than those who don't:

- a. use market intelligence
- b. conduct formal market planning
- c. innovate
- *d. All of the above

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. Organisations that undertake the following marketing practices perform better than those who don't. These include conduct formal marketing planning, undertake comprehensive situation analysis, and adopt a proactive approach to the future. conduct frequent market research studies, set more aggressive marketing objectives, offer superior products and services at comparable or lower prices than their competitors, introduce new ways of doing business, innovate, use a market intelligence gathering system to monitor changes in competitive and customer behaviour, technology and general trends.

36. Some desirable skills marketers need are:

- a. communication and persuasion.
- b. analytical.
- c. negotiation.
- *d. all of the above.

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. Marketers need good analytical, communication and negotiation skills, and the power of persuasion.

37. Marketers exercise control over a set of variables which includes price, promotion, and the product. Together, these controllable variables are known as:

- *a. the marketing mix
- b. the target market
- c. a bundle of attributes
- d. physical evidence

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. The marketing mix is a set of variables that a marketer can exercise control over in creating an offering of exchange.

38. Marketing must meet certain targets, measured via:

- a. awareness.
- *b. marketing metrics.
- c. sales revenue.
- d. word-of-mouth.

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. Marketers often have specific targets that must be met. The measurement of such targets involves 'marketing metric'.

39. Increased sales volumes are an example of how marketing:

- *a. improves business performance.
- b. benefits society.
- c. contributes to a higher quality of life.
- d. can be a rewarding career choice.

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. Marketing improves business performance, benefits society and contributes to a higher quality of life. It can also be a rewarding career choice. Research shows that companies using certain marketing practices have better profits, sales volumes, market share and return on investment when compared to their competitors.

40. With regard to the success of an organisation, every employee is:

- a. a liability.
- *b. a stakeholder.
- c. a salesperson.
- d. a cost.

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. Every employee is a stakeholder in the success of their organisation. They influence its success by working toward providing value to the market.

41. During a job interview, you tell your future employer how employing you will deliver value for them. This is an example of:

- a. applying the principles of marketing.
- b. considering how you are unique from the other applicants.
- c. making yourself stand out from the crowd.
- *d. all of the options listed.

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. When you apply for your next job, you can apply the principles of marketing. Rather than simply telling your employer how good you are and the experience that you have (a product focus), you can tell your future employer how employing you will deliver value for them. The principles of marketing can help you to consider how you are different from other people applying for the job.

42. Working as a marketer for a not-for-profit organisation which develops motivational exchanges designed to encourage healthy eating habits in school aged children. This work, which is directed towards the social good is known as:

- *a. social marketing.
- b. corporate social responsibility.
- c. green marketing.
- d. social welfare.

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. Social marketing involves developing social change programs to influence the voluntary behaviour of target audiences to improve the welfare of the society.

43. In marketing, 'process' refers to the systems used:

- a. to create a product offering.
- b. to communicate a product offering.
- c. to deliver a product offering.
- d. to exchange a product offering.
- *e. all of the options listed.

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. Process refers to the systems used to create, communicate, deliver and exchange an offering. Marketers must understand the systems that are used to create, communicate, deliver and exchange an offering to understand how the systems affect value for customers.

44. Social marketing aims to change behaviour for social good.

- *a. True
- b. False

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. Social marketing, where their work is directed towards social good and include behavioural change as one element.

45. A target market can best be described as:

- a. the total market for a product.
- b. a group of customers with different needs and wants.
- *c. a group of customers with similar needs and wants.
- d. customers who currently purchase an organisation's products.
- e. customers who don't currently purchase an organisation's products.

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. A target market is a group of customers with similar needs and wants. Not all customers in a target group will have exactly the same needs and wants, but they are more the same than different.

46. The Australian Job Outlook assists to identify some typical marketing tasks.

- *a. True
- b. False

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life.

47. Social marketing activities includes:

- a. biometrics.
- b. segmentation.
- c. formative research.
- *d. both b and c.

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. Social marketing is explained in full in a later chapter, however central elements include: behaviour change as the benchmark, the development of attractive and motivational

exchanges, formative research, segmentation of the target audience, pre-testing and monitoring these elements during implementation.

48. To effectively implement the marketing concept, the marketing department in an organisation needs to work with:

- a. the accounting/finance department.
- *b. all departments.
- c. the sales department.
- d. the production department.
- e. the distribution/warehouse department.

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. The marketing department does not work in isolation in any organisation. The different business functions are closely interwoven to assist the organisation to reach its goals. For example, human resources is responsible for attracting, recruiting and retaining the right people to reach the organisation's objectives; finance supports marketing with the funds required to achieve the organisation's objectives; accounting provides marketing with some of the information (e.g. sales, costs) needed to analyse the current situation to inform strategy development; and logistics assists in delivering the offering to the customers.

49. Which of the following statements is correct?

- a. Marketing is viewed negatively by some people.
- b. Marketing helps to drive economic growth.
- c. Marketing can benefit society and improve people's quality of life.
- *d. All of the options listed statements are correct.
- e. Both a and b.

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. Marketing is often criticised and is viewed negatively by many people. However, marketing has become the driving force in many successful organisations. Consumer demand is a key driver of economic growth and marketers play a role in stimulating consumer demand. Economic growth creates employment and wealth for the benefit of individuals and society as a whole. Marketing can play a role in improving people's quality of life through providing better or safer products and the promotion of consumer and social welfare.

50. Which of the following are marketing activities?

- a. Personal selling.
- b. Public relations.
- c. Product development.

- *d. All of the options listed.
- e. Both a and b.

General Feedback:

Learning objective 1.4: discuss how marketing improves business performance, benefits society and contributes to quality of life. Marketing includes a wide range of specialist areas including advertising, public relations, market research, product development, personal selling and market analysis.