

Marketing: An Introduction, 11e (Armstrong)

Chapter 2 Company and Marketing Strategy: Partnering to Build Customer Relationships

1) Which of the following is true of strategic planning in a firm?

- A) Strategic planning deals with maintaining the company's current business ventures.
- B) Strategic planning focuses on the firm's internal environment rather than the external environment.
- C) Strategic planning occurs at the business-unit, product, and market levels rather than a company-wide level.
- D) Strategic planning deals with adapting the firm to take advantage of opportunities in its changing environment.
- E) Strategic planning involves the formulation of supporting objectives for business units based on the company's mission statement.

Answer: D

Page Ref: 38; 39

Difficulty: Moderate

Chapter LO: 1

Course LO: Identify and describe the processes and tools of strategic marketing

2) Cosmetics firm SatinSilk is revamping its mission statement and advertising strategy. The planning team comes up with a list of options for the new mission statement. The CEO stresses that the new mission statement should be market-oriented rather than product-oriented. Which of the following mission statements should the company pick?

- A) to create the best possible products and sell them at the best possible price
- B) to sell cosmetics products that are hypoallergenic and made only from the finest natural materials
- C) to give customers the complexion they dream about by providing a range of products suited to their needs
- D) to sell affordably priced cosmetics in every cosmetics product category
- E) to increase our market share in the cosmetics segment and increase profit margins

Answer: C

Page Ref: 38; 39

Difficulty: Moderate

Chapter LO: 1

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

3) Which of the following is true of company mission statements?

- A) Mission statements should be defined in terms of satisfying customer needs.
- B) A firm's mission statement should be product-oriented, focusing on the products the company sells.
- C) Mission statements should not be specific, as this reduces the company's potential for growth.
- D) A company mission statement should be directed at the company's publics rather than at its employees.
- E) Mission statements should focus both on the company's product as well as the technology used to produce it.

Answer: A

Page Ref: 40-41

Difficulty: Easy

Chapter LO: 1

Course LO: Identify and describe the processes and tools of strategic marketing

4) Which of the following best describes a company's business portfolio?

- A) the company's sources of revenue and the investments it makes in a particular year
- B) the various industries in which the company operates business ventures
- C) the company's products or services in a particular market category
- D) the collection of businesses and products that make up the company
- E) the company's strengths in terms of technology, people, products, advertising, etc.

Answer: D

Page Ref: 41

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

5) Nathan is conducting a portfolio analysis for his company. Which of the following activities would this involve?

- A) studying the products and strategies of competitors in order to improve the company's own products
- B) collecting consumer feedback in order to better position the company's products in the minds of consumers
- C) evaluating the attractiveness of an SBU's market and the strength of its position in the market
- D) segmenting the company's markets to effectively reach the target consumers
- E) conducting marketing research to estimate the efficiency and effectiveness of the company's marketing strategy

Answer: C

Page Ref: 41

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

6) Which of the following criteria does the Boston Consulting Group approach use to provide a measure of market attractiveness?

- A) relative market share
- B) market sentiment
- C) return on marketing investment
- D) market growth rate
- E) marketing return on sales

Answer: D

Page Ref: 43

Difficulty: Easy

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

7) Which of the following criteria does the Boston Consulting Group approach use to provide a measure of the company's strength in the market?

- A) relative market share
- B) return on marketing investment
- C) market sentiment
- D) market growth rate
- E) marketing return on sales

Answer: A

Page Ref: 43

Difficulty: Easy

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

8) In the BCG growth-share matrix, stars refer to _____.

- A) products with a low market share in a niche market
- B) products with a low relative market share in a market with high growth prospects
- C) products that have a greater market share than all their competitors combined in a saturated market
- D) products with a high market share in a market with a high growth rate
- E) products with a low market share in a market that is set to decrease significantly

Answer: D

Page Ref: 43

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

9) In the BCG growth-share matrix, question marks refer to _____.

- A) products with a low market share in a niche market
- B) products with a low relative market share in a market with high growth prospects
- C) products that have a greater market share than all their competitors combined in a saturated market
- D) products with a high market share in a market with a high growth rate
- E) products with a low market share in a market that is set to decrease significantly

Answer: B

Page Ref: 43

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

10) In the BCG matrix, _____ refer to low-growth, high share businesses or products. They generate a lot of cash that the firm uses to pay its bills and support other SBUs that need investment.

- A) stars
- B) cash cows
- C) question marks
- D) dogs
- E) black holes

Answer: B

Page Ref: 43

Difficulty: Easy

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

11) Omni Healthcare's analgesic drug Cetaprin has a 40% share in the analgesics market in Terrania. Its closest competitor, Febex, has a 25% share in the market, while three other drugs split the remainder. Which of the following would most indicate that Cetaprin would be classified as a cash cow according to the BCG matrix?

- A) Cetaprin is priced higher than other similar products in the market.
- B) A customer survey revealed that Cetaprin has the highest brand-name recognition of any analgesic in the market.
- C) The demand for analgesic drugs in the Terranian market is expected to remain stable.
- D) Febex is rapidly gaining market share over Cetaprin as a result of aggressive marketing efforts.
- E) The Terranian market for healthcare products is expanding rapidly.

Answer: C

Page Ref: 43

Difficulty: Challenging

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

12) Omni Healthcare's analgesic drug Cetaprin has a 40% share in the analgesics market in Terrania. Its closest competitor, Febex, has a 25% share in the market, while three other drugs split the remainder. Which of the following would most indicate that Cetaprin would be classified as a star according to the BCG matrix?

- A) Cetaprin is priced higher than other similar products in the market.
- B) A customer survey revealed that Cetaprin has the highest brand-name recognition of any analgesic in the market.
- C) The demand for analgesic drugs in the Terranian market is expected to remain stable.
- D) Febex is rapidly gaining market share over Cetaprin as a result of aggressive marketing efforts.
- E) The Terranian market for healthcare products is expanding rapidly.

Answer: E

Page Ref: 43

Difficulty: Challenging

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

13) Which of the following products would CypressSound classify as a cash cow in on its BCG matrix?

- A) Cyan, a cell phone that is specially designed for music lovers, has a very low market share, though the market is growing steadily.
- B) The home entertainment system offered by CypressSound has a strong market share, and the market is likely to expand in the future.
- C) Xpress, an MP3 player, has a high market share, but the market for MP3 players is not expected to grow significantly.
- D) AutoPlay, the company's audio product for installation in cars, has a high market share, and the market for these systems has been growing constantly.
- E) Unipress, a CD player, has a very low market share in a market that is shrinking rapidly.

Answer: C

Page Ref: 43

Difficulty: Challenging

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

14) Which of the following products would CypressSound classify as a question mark in on its BCG matrix?

- A) Cyan, a cell phone that is specially designed for music lovers, has a very low market share, though the market is growing steadily.
- B) The home entertainment system offered by CypressSound has a strong market share, and the market is likely to expand in the future.
- C) Xpress, an MP3 player, has a high market share, but the market for MP3 players is not expected to grow significantly.
- D) AutoPlay, the company's audio product for installation in cars, has a high market share, and the market for these systems has been growing constantly.
- E) Unipress, a CD player, has a very low market share in a market that is shrinking rapidly.

Answer: A

Page Ref: 43

Difficulty: Challenging

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

15) In the BCG matrix, _____ are low-share businesses and products in a market that is not expected to grow. They may generate enough cash to maintain themselves but do not promise to be large sources of cash.

- A) dogs
- B) cash cows
- C) black holes
- D) stars
- E) question marks

Answer: A

Page Ref: 43

Difficulty: Easy

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

16) Which of the following is true of the growth-share matrix?

- A) A company should invest in a question mark rather than a dog.
- B) The positions of SBUs in the growth-share matrix do not change over time.
- C) Stars are those SBUs with a high market share in a market that does not have a high growth rate.
- D) All products go through all four categories of the BCG matrix over their life cycles.
- E) The most appropriate strategy for a question mark SBU is divestment.

Answer: A

Page Ref: 43

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

17) When using a harvesting strategy for a particular strategic business unit, a company _____.

- A) focuses on gaining short-term cash flow regardless of long-term concerns
- B) invests more in the business unit to build its market share
- C) sells off the strategic business unit and invests its resources elsewhere
- D) invests just enough in the strategic business unit to keep its market share at the current level
- E) gradually increases investment in the strategic business unit over time, to maximize profits

Answer: A

Page Ref: 44

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

18) When divesting a particular strategic business unit, a company _____.

- A) focuses on gaining short-term cash flow regardless of long-term concerns
- B) invests more in the business unit to build its market share
- C) sells off or phases out the strategic business unit
- D) invests just enough in the strategic business unit to keep its market share at the current level
- E) gradually increases investment in the strategic business unit over time, to maximize profits

Answer: C

Page Ref: 44

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

19) Which of the following companies is using a divesting strategy?

- A) Juggernaut Bikes aims to maintain its market share, but does not have the resources to increase its share.
- B) Noting the potential for growing its market share, LBD Inc. steps up investments in advertising and promotion.
- C) When sales of its clothing division decline, Blackstone's sells off the division to a competitor.
- D) Getix Computers is increasing the price of its products in order to maximize its short-term profits.
- E) Harlow's market share remains steady over two years even though the company does not increase investment in the product in that time.

Answer: C

Page Ref: 44

Difficulty: Challenging

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

20) A company's increasing its sales in a particular market without modifying its products is referred to as _____.

- A) market development
- B) market differentiation
- C) market penetration
- D) product development
- E) diversification

Answer: C

Page Ref: 45

Difficulty: Easy

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

21) Starbucks has introduced a debit card that lets its customers prepay for coffee and snacks. This effort by Starbucks management is an example of _____.

- A) market development
- B) product development
- C) diversification
- D) market penetration
- E) product adaptation

Answer: D

Page Ref: 45

Difficulty: Moderate

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

22) Acme Inc., has modified the production processes of its widgets and gadgets in order to enter the Eastern European market. Acme is likely following a _____ strategy.

- A) market penetration
- B) market development
- C) diversification
- D) harvesting
- E) product development

Answer: B

Page Ref: 46

Difficulty: Moderate

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

23) Ainsworth's is a toy manufacturer based in Australia. Which of the following indicates that the company is following a diversification strategy?

- A) Ainsworth's introduces a line of children's clothing in Australia.
- B) Ainsworth's licenses toy rights for a popular cartoon character in order to boost its sales.
- C) Ainsworth's introduces its toys in the Indian and South-East Asian markets.
- D) Ainsworth's enters the U.S. market with a line of children's clothing.
- E) Ainsworth's develops a range of educational toys and school supplies in its current market.

Answer: D

Page Ref: 45

Difficulty: Challenging

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

24) Ainsworth's is a toy manufacturer based in Australia. Which of the following indicates that the company is following a market penetration strategy?

- A) Ainsworth's introduces a line of children's clothing in Australia.
- B) Ainsworth's licenses toy rights for a popular cartoon character in order to boost its sales.
- C) Ainsworth's introduces its toys in the Indian and South-East Asian markets.
- D) Ainsworth's enters the U.S. market with a line of children's clothing.
- E) Ainsworth's develops a range of educational toys and school supplies in its current market.

Answer: B

Page Ref: 45

Difficulty: Challenging

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

25) Ainsworth's is a toy manufacturer based in Australia. Which of the following indicates that the company is following a market development strategy?

- A) Ainsworth's introduces a line of children's clothing in Australia.
- B) Ainsworth's licenses toy rights for a popular cartoon character in order to boost its sales.
- C) Ainsworth's introduces its toys in the Indian and South-East Asian markets.
- D) Ainsworth's enters the U.S. market with a line of children's clothing.
- E) Ainsworth's develops a range of educational toys and school supplies in its current market.

Answer: C

Page Ref: 45

Difficulty: Moderate

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

26) Greyzone, a company manufacturing office furniture, is based in Terrania, but is looking to sell its products in other countries as well. The company identifies the country of Nyevka as a good option, as the cultures and tastes of consumers in the two countries are similar. Which of the following strategies is Greyzone using?

- A) market penetration
- B) market development
- C) downsizing
- D) diversification
- E) product development

Answer: B

Page Ref: 45

Difficulty: Moderate

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

27) Greyzone, a company manufacturing office furniture, is based in Terrania. Greyzone aims to increase sales of its products in Terrania by increasing its advertising efforts and undertaking frequent promotional events. Which of the following strategies is Greyzone using?

- A) market penetration
- B) market development
- C) downsizing
- D) diversification
- E) product development

Answer: A

Page Ref: 45

Difficulty: Moderate

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

28) The market penetration and market development strategies are similar in that _____.

- A) both strategies involve selling the company's current products
- B) both strategies involve selling in the company's current market
- C) both strategies involve selling in new as well as existing markets
- D) both strategies involve the development of a new product
- E) both strategies involve leaving the current market

Answer: A

Page Ref: 45

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

29) Greyzone, a company that creates customized furniture, is based in Terrania, but is looking to enter other countries as well. The company identifies the country of Nyeveka as a good option, as the entry barriers to new companies are low. Which of the following would most indicate that Greyzone is following a diversification strategy?

- A) As the lifestyles of the people in the two countries are similar, Greyzone did not need to modify its products in the new market.
- B) Greyzone leaves the Terranian market entirely in order to establish itself in the Nyevekan market.
- C) Noting that Nyeveka lacks well-established suppliers of office equipment, Greyzone begins to supply these products.
- D) Greyzone manufactures furniture in Terrania itself, and ships it to Nyeveka without setting up outlets in Nyeveka.
- E) Noting that the production costs would be lower in Nyeveka, Greyzone shifts its production operations entirely to Nyeveka.

Answer: C

Page Ref: 45

Difficulty: Challenging

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

30) The product development and diversification strategies are similar in that _____.

- A) both strategies involve selling the company's current products
- B) both strategies involve selling in the company's current market
- C) both strategies involve selling in new as well as existing markets
- D) both strategies involve the development of a new product
- E) both strategies involve leaving the current market

Answer: D

Page Ref: 45

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

31) Company growth through starting up or acquiring businesses outside the company's current products and markets is called _____.

- A) vertical integration
- B) market development
- C) diversification
- D) market penetration
- E) product development

Answer: C

Page Ref: 45

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

32) When pursuing a market penetration strategy, a company aims to improve sales by _____.

- A) entering a new market in addition to its current market
- B) introducing a new variant of its product in a new market
- C) increasing distribution efforts in its current market
- D) introducing its product in a new market without making any changes to the product
- E) selling a new product in its current market

Answer: C

Page Ref: 45

Difficulty: Moderate

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

33) _____ refers to reducing the business portfolio by eliminating products that no longer fit the company's overall strategy.

- A) Market segmentation
- B) Vertical integration
- C) Product line extension
- D) Downsizing
- E) Diversification

Answer: D

Page Ref: 46

Difficulty: Easy

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

34) Which of the following best describes the value chain of a company?

- A) the collection of businesses and products that make up the company
- B) the series of cash cows and stars in the company's product line-up
- C) the touchpoints at which a company or brand interacts with consumers of the company's products
- D) the series of departments that design, produce, market, deliver, and support a firm's products
- E) the collection of all the products in a particular product line

Answer: D

Page Ref: 47

Difficulty: Moderate

Chapter LO: 3

Course LO: Identify and describe the processes and tools of strategic marketing

35) Which of the following groups is included in a company's value chain?

- A) customers
- B) suppliers
- C) employees
- D) distributors
- E) competitors

Answer: C

Page Ref: 47

Difficulty: Easy

Chapter LO: 3

Course LO: Identify and describe the processes and tools of strategic marketing

36) Which of the following groups is included in both a company's value chain and its value delivery network?

- A) customers
- B) suppliers
- C) employees
- D) distributors
- E) competitors

Answer: C

Page Ref: 47

Difficulty: Moderate

Chapter LO: 3

Course LO: Identify and describe the processes and tools of strategic marketing

37) A _____ is made up of the company, its suppliers, its distributors, and its customers, who partner with each other to improve the performance of the entire system.

- A) value chain
- B) strategic business unit
- C) business portfolio
- D) value-delivery network
- E) growth-ratio matrix

Answer: D

Page Ref: 48

Difficulty: Moderate

Chapter LO: 3

Course LO: Identify and describe the processes and tools of strategic marketing

38) The process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviors is called _____.

- A) market targeting
- B) positioning
- C) diversification
- D) market segmentation
- E) market penetration

Answer: D

Page Ref: 49

Difficulty: Easy

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

39) _____ refers to the process of evaluating each market segment's attractiveness and selecting one or more segments to enter.

- A) Divesting
- B) Diversification
- C) Market targeting
- D) Market mix
- E) Positioning

Answer: C

Page Ref: 49

Difficulty: Easy

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

40) Which of the following best describes product positioning?

- A) actually differentiating the market offering to create superior customer value
- B) identifying consumer needs and creating a product to meet those needs
- C) arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers
- D) the process of evaluating each market segment's attractiveness and selecting one or more segments to enter
- E) dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors

Answer: C

Page Ref: 49

Difficulty: Moderate

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

41) A group of consumers who respond in a similar way to a given set of marketing efforts is the company's _____.

- A) value chain
- B) market segment
- C) strategic business unit
- D) business portfolio
- E) cash cow

Answer: B

Page Ref: 49

Difficulty: Easy

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

42) Which of the following best describes market segmentation?

- A) actually differentiating the market offering to create superior customer value
- B) identifying consumer needs and creating a product to meet those needs
- C) arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers
- D) the process of evaluating each market segment's attractiveness and selecting one or more segments to enter
- E) dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviors

Answer: E

Page Ref: 49

Difficulty: Moderate

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

43) Arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers is known as _____.

- A) product placement
- B) positioning
- C) divesting
- D) market penetration
- E) diversification

Answer: B

Page Ref: 50

Difficulty: Easy

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

44) In the marketing mix, design, packaging, services, and features are all included in the category of _____.

- A) product
- B) price
- C) promotion
- D) place
- E) people

Answer: A

Page Ref: 53

Difficulty: Moderate

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

45) Which of the following is included in the "place" component of a company's marketing mix?

- A) packaging
- B) sales promotion
- C) brand name
- D) inventory
- E) discounts

Answer: D

Page Ref: 53

Difficulty: Moderate

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

46) Which of the following is included in the "price" component of a company's marketing mix?

- A) packaging
- B) sales promotion
- C) brand name
- D) inventory
- E) discounts

Answer: E

Page Ref: 53

Difficulty: Easy

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

47) Channels, inventory, logistics, and transportation are included in the _____ component of the marketing mix.

- A) people
- B) price
- C) product
- D) place
- E) promotion

Answer: D

Page Ref: 53

Difficulty: Moderate

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

48) When viewing the market from a buyer's point of view, "convenience" corresponds to _____ in the four Ps according to the seller's point of view.

- A) product
- B) price
- C) promotion
- D) place
- E) people

Answer: D

Page Ref: 53

Difficulty: Moderate

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

49) In a SWOT analysis, which of the following would be considered a strength for a company?

- A) a favorable economic climate that encourages consumption
- B) the exit of a competitor from the market
- C) inflation, which leads to higher prices of the company's products
- D) increasing consumer interest in its products
- E) the company developing improved production technology

Answer: E

Page Ref: 55

Difficulty: Moderate

Chapter LO: 5

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

50) In a SWOT analysis, which of the following would be considered a weakness for a company?

- A) an unfavorable economic climate that discourages consumption
- B) the exit of a competitor from the market
- C) inflation, which leads to higher prices of the company's products
- D) decreasing consumer interest in its products
- E) the company's competitor developing improved production technology

Answer: E

Page Ref: 55

Difficulty: Challenging

Chapter LO: 5

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

51) In a SWOT analysis, _____ refer to external factors that the company may be able to exploit to its advantage.

- A) strengths
- B) strategies
- C) weaknesses
- D) opportunities
- E) controls

Answer: D

Page Ref: 55

Difficulty: Easy

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

52) In a SWOT analysis, _____ refer to external factors that the company may be able to exploit to its advantage.

- A) strengths
- B) strategies
- C) weaknesses
- D) opportunities
- E) controls

Answer: D

Page Ref: 55

Difficulty: Easy

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

53) The process that turns marketing plans into marketing actions to accomplish strategic marketing objectives is called _____.

- A) marketing analysis
- B) marketing implementation
- C) marketing control
- D) marketing audits
- E) marketing budgeting

Answer: B

Page Ref: 55

Difficulty: Easy

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

54) Which of the following best describes the functional organizational format of marketing departments?

- A) A company creates large teams, or even whole divisions, to serve large customers.
- B) Market managers are responsible for developing marketing strategies and plans for their specific markets or customers and the company is organized around the needs of specific customer segments.
- C) A product manager develops and implements a complete strategy and marketing program for a specific product or brand.
- D) Sales and marketing people are assigned to specific countries, regions, and districts.
- E) Different marketing activities are headed by specialists such as a sales manager, an advertising manager, a marketing research manager, or a customer-service manager.

Answer: E

Page Ref: 57

Difficulty: Moderate

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

55) Evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained is called _____.

- A) marketing control
- B) marketing implementation
- C) market planning
- D) marketing development
- E) market targeting

Answer: A

Page Ref: 57

Difficulty: Easy

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

56) Which of the following is a tool for monitoring strategic marketing performance?

- A) a marketing plan
- B) a marketing dashboard
- C) BCG
- D) a product differentiation
- E) a value delivery network

Answer: B

Page Ref: 58

Difficulty: Moderate

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

57) _____ involves looking at whether a company's basic strategies are well matched to its opportunities.

- A) Operating control
- B) Task control
- C) Agency control
- D) Strategic control
- E) Clan control

Answer: D

Page Ref: 58

Difficulty: Easy

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

58) Which of the following is a primary characteristic of strategic control rather than operating control?

- A) determining the profitability of different products, territories, markets, and channels
- B) ensuring that the company achieves the sales, profits, and other goals set out in its annual plan
- C) checking ongoing performance against the annual plan and taking corrective action when necessary
- D) looking at whether the company's basic strategies are well matched to its opportunities
- E) monitoring ongoing company operations to ensure that efficiency and effectiveness are maximized

Answer: D

Page Ref: 58

Difficulty: Moderate

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

59) Which of the following measures the profits generated by investments in marketing activities?

- A) SWOT analysis
- B) the BCG matrix
- C) the growth/share matrix
- D) marketing ROI
- E) the product/market expansion grid

Answer: D

Page Ref: 58

Difficulty: Easy

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

60) Which of the following is true of marketing ROI?

- A) Marketing ROI uses only those marketing effects that are measured in dollar terms.
- B) Marketing ROI ignores customer-centered measures of marketing impact, such as customer acquisition and retention.
- C) Marketing ROI is the net return from a marketing investment divided by the profit from the marketing investment.
- D) Marketing ROI cannot be assessed in terms of standard marketing performance measures, such as brand awareness, sales, or market share.
- E) Marketing ROI measures the profits generated by investments in marketing activities.

Answer: E

Page Ref: 58

Difficulty: Moderate

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

61) The strategic plan deals with a company's current businesses, while annual plans involve adapting the firm to take advantage of opportunities in the environment.

Answer: FALSE

Page Ref: 39-40

Difficulty: Moderate

Chapter LO: 1

Course LO: Identify and describe the processes and tools of strategic marketing

62) Mission statements should be market-oriented and defined in terms of satisfying basic customer needs.

Answer: TRUE

Page Ref: 39

Difficulty: Moderate

Chapter LO: 1

Course LO: Identify and describe the processes and tools of strategic marketing

63) "At Nike, we sell shoes" is a market-oriented business definition.

Answer: FALSE

Page Ref: 40

Difficulty: Moderate

Chapter LO: 1

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

64) "At America Online, we create customer connectivity, anytime, anywhere," is a product-oriented mission.

Answer: FALSE

Page Ref: 40

Difficulty: Moderate

Chapter LO: 1

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

65) An SBU can be a company division or a product line within a division, but not a single product or brand.

Answer: FALSE

Page Ref: 41

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

66) Stars are high-growth, high-share businesses or products.

Answer: FALSE

Page Ref: 43

Difficulty: Easy

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

67) Reliant Shoes has a low market share in a market poised for high growth. Reliant is considered to be a dog on the BCG matrix.

Answer: FALSE

Page Ref: 43

Difficulty: Moderate

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

68) In the BCG matrix, question marks are low-growth, low-share businesses and products that generate enough cash to maintain themselves but do not promise to be large sources of cash.

Answer: FALSE

Page Ref: 43

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

69) TRX is a low-share business in a market that is set to grow significantly. TRX is considered a dog on the BCG matrix.

Answer: FALSE

Page Ref: 43

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

70) A harvesting strategy involves selling off a low-performing SBU or phasing it out and using the resources elsewhere.

Answer: FALSE

Page Ref: 44

Difficulty: Easy

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

71) The growth strategy of diversification involves offering modified or new products to current markets.

Answer: FALSE

Page Ref: 45

Difficulty: Easy

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

72) Market development refers to making more sales without changing a company's original product.

Answer: FALSE

Page Ref: 45

Difficulty: Easy

Chapter LO: 3

Course LO: Identify and describe the processes and tools of strategic marketing

73) The product development strategy involves offering modified or new products to new markets.

Answer: FALSE

Page Ref: 46

Difficulty: Easy

Chapter LO: 3

Course LO: Identify and describe the processes and tools of strategic marketing

74) In the marketing mix, product means the tangible goods the company offers to the target market, while promotions include the services offered.

Answer: TRUE

Page Ref: 48

Difficulty: Moderate

Chapter LO: 3

Course LO: Identify and describe the processes and tools of strategic marketing

75) A company can offer greater customer value by either charging lower prices than competitors or offering more benefits to justify higher prices.

Answer: TRUE

Page Ref: 50

Difficulty: Moderate

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

76) Holiday Inn has divided the total customer market into smaller segments and selected the most promising segments. Deciding what position it wants to occupy in these segments is called targeting.

Answer: FALSE

Page Ref: 50

Difficulty: Challenging

Chapter LO: 4

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

77) In the marketing mix, place refers to activities that communicate the merits of the product and persuade target customers to buy it.

Answer: FALSE

Page Ref: 53

Difficulty: Easy

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

78) In the four Ps of the marketing mix, promotion refers solely to advertising.

Answer: FALSE

Page Ref: 53

Difficulty: Moderate

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

79) The four Ps concept takes the seller's view of the market.

Answer: TRUE

Page Ref: 53

Difficulty: Easy

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

80) In SWOT analysis, strengths and weaknesses refer to a firm's external environment, while opportunities and threats refer to the internal environment.

Answer: FALSE

Page Ref: 55

Difficulty: Moderate

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

81) In the functional system of marketing organization, a product manager develops and implements a complete strategy and marketing program for a specific product or brand.

Answer: FALSE

Page Ref: 57

Difficulty: Easy

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

82) The purpose of operational control is to ensure that the company achieves the sales, profits, and other goals set out in its annual plan.

Answer: TRUE

Page Ref: 58

Difficulty: Easy

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

83) A company can assess marketing ROI in terms of standard marketing performance measures, such as brand awareness, sales, or market share.

Answer: TRUE

Page Ref: 58

Difficulty: Easy

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

84) Marketing ROI measures the profits generated by investments in marketing activities.

Answer: TRUE

Page Ref: 58

Difficulty: Moderate

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

85) Marketing ROI is the net return from a marketing investment divided by the costs of the marketing investment.

Answer: TRUE

Page Ref: 58

Difficulty: Easy

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

86) What is business portfolio planning? Discuss how a company might use the Boston Consulting Group's product portfolio analysis method.

Answer: A business portfolio is the collection of businesses and products that make up the company. Business portfolio planning entails two steps. First, there is an analysis of the company's current business portfolio, followed by decisions about what businesses should receive more, less, or no investment. Second, planners must shape the future portfolio by developing strategies for growth and/or downsizing. The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in that market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks, and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU.

Page Ref: 41-44

Difficulty: Moderate

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

87) What are the four types of SBUs defined by the growth-share matrix?

Answer: The growth-share matrix defines four types of SBUs:

1. Stars. Stars are high-growth, high-share businesses or products. They often need heavy investments to finance their rapid growth. Eventually their growth will slow down, and they will turn into cash cows.
2. Cash cows. Cash cows are low-growth, high-share businesses or products. These established and successful SBUs need less investment to hold their market share. Thus, they produce a lot of the cash that the company uses to pay its bills and support other SBUs that need investment.
3. Question marks. Question marks are low-share business units in high-growth markets. They require a lot of cash to hold their share, let alone increase it. Management has to think hard about which question marks it should try to build into stars and which should be phased out.
4. Dogs. Dogs are low-growth, low-share businesses and products. They may generate enough cash to maintain themselves but do not promise to be large sources of cash.

Page Ref: 43

Difficulty: Moderate

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

88) Should a company use the BCG matrix to classify its products or brands? Explain why or why not.

Answer: (Students' answers may vary.) The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in that market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks, and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU. However, the BCG and other portfolio planning approaches can be difficult to execute, time-consuming, and also costly to implement. Defining SBUs and the measurement of relative market share and growth can be a difficult task as well. A serious flaw with these approaches is that, while they are helpful for classifying current businesses, they offer little or no advice for future planning.

Page Ref: 44

Difficulty: Challenging

Chapter LO: 2

Course LO: Identify and describe the processes and tools of strategic marketing

89) Differentiate between the BCG matrix and the product/market expansion grid.

Answer: The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in that market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks, and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU. A serious flaw with this approach is that, while it is helpful for classifying current businesses, it offers little or no advice for future planning.

On the other hand, the product/market expansion grid is a useful device for identifying growth opportunities in the future. There are four strategies available to companies: market penetration, market development, product development, and diversification. Market penetration entails making more sales to current customers without changing products. Market development involves identifying and developing new markets for a company's products. New markets include demographic groups and geographic regions, among others. Companies can also consider product development, offering modified or new products to current markets.

Diversifying companies might consider acquiring or starting new businesses unrelated to their core competencies. However, diversifying too broadly can be detrimental in the long run.

Page Ref: 41-46

Difficulty: Challenging

Chapter LO: 2

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

90) With the help of an example, explain how a company's value chain works.

Answer: (Students' answers may vary.) Each company department can be thought of as a link in the company's internal value chain. That is, each department carries out value-creating activities to design, produce, market, deliver, and support the firm's products. The firm's success depends not only on how well each department performs its work but also on how well the various departments coordinate their activities. For example, Walmart's goal is to create customer value and satisfaction by providing shoppers with the products they want at the lowest possible prices. Marketers at Walmart play an important role. They learn what customers need and stock the stores' shelves with the desired products at unbeatable low prices. They prepare advertising and merchandising programs and assist shoppers with customer service. Through these and other activities, Walmart's marketers help deliver value to customers. However, the marketing department needs help from the company's other departments. Walmart's ability to help you "Save Money. Live Better." depends on the purchasing department's skill in developing the needed suppliers and buying from them at low cost. Walmart's information technology department must provide fast and accurate information about which products are selling in each store. And its operations people must provide effective, low-cost merchandise handling. A company's value chain is only as strong as its weakest link. Success depends on how well each department performs its work of adding customer value and on how the company coordinates the activities of various departments. At Walmart, if purchasing can't obtain the lowest prices from suppliers, or if operations can't distribute merchandise at the lowest costs, then marketing can't deliver on its promise of unbeatable low prices.

Page Ref: 47

Difficulty: Challenging

Chapter LO: 3

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

91) What does the term "value-delivery network" mean? Explain.

Answer: For decades, marketers have traditionally created value to satisfy customer needs and wants. Today, the manufacturer or retailer needs to look beyond its own value chain and into the value chains of suppliers and distributors to create value throughout the entire supply chain. More companies are partnering with other members of the supply chain to improve the performance of the customer value-delivery network. In fact, today competition takes place between entire value delivery networks instead of between individual competitors.

Page Ref: 48

Difficulty: Moderate

Chapter LO: 3

Course LO: Identify and describe the processes and tools of strategic marketing

92) Discuss the four Ps of the typical marketing mix. Some people consider that there should be more than four aspects to the marketing mix. Suggest two additional aspects that the marketing mix could include.

Answer: The marketing mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market. The marketing mix consists of everything the firm can do to influence the demand for its product. The many possibilities can be collected into four groups of variables—the four Ps. Product means the goods-and-services combination the company offers to the target market. Price is the amount of money customers must pay to obtain the product. Place includes company activities that make the product available to target consumers. Promotion refers to activities that communicate the merits of the product and persuade target customers to buy it.

Additional aspects of the marketing mix: (Students' answers to this part of the question may vary. The answer given here is merely indicative.) The other aspects could include market research, performance evaluation, etc.

Page Ref: 52-53

Difficulty: Challenging

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

93) Explain why the four Ps concept of the marketing mix takes a seller's view of the market, not the buyer's view. Why should marketers consider the buyer's view? How can they do this?

Answer: In today's day and age of customer relationship marketing, the four Ps can be described as the four Cs from the customer's point of view. In lieu of product, there is customer solution; that is, customers buy solutions to their problems or look for value in products. Customers are more interested in the total costs of obtaining, using, and disposing of a product. That is, customer cost replaces price in customer relationships. The place element of the marketing mix focuses on convenience. Convenience in availability is the central focus of customers. Finally, customers and marketers want two-way communication. Marketers should use the four Cs as a base for the four Ps of their marketing mix.

Page Ref: 53-54

Difficulty: Challenging

Chapter LO: 4

Course LO: Identify and describe the processes and tools of strategic marketing

94) Describe marketing analysis and SWOT analysis.

Answer: Managing the marketing function begins with a complete analysis of the company's situation. The marketer should conduct a SWOT analysis, by which it evaluates the company's overall strengths (S), weaknesses (W), opportunities (O), and threats (T). Strengths include internal capabilities, resources, and positive situational factors that may help the company serve its customers and achieve its objectives. Weaknesses include internal limitations and negative situational factors that may interfere with the company's performance. Opportunities are favorable factors or trends in the external environment that the company may be able to exploit to its advantage. And threats are unfavorable external factors or trends that may present challenges to performance.

The company should analyze its markets and marketing environment to find attractive opportunities and identify environmental threats. It should analyze company strengths and weaknesses as well as current and possible marketing actions to determine which opportunities it can best pursue. The goal is to match the company's strengths to attractive opportunities in the environment, while simultaneously eliminating or overcoming the weaknesses and minimizing the threats. Marketing analysis provides inputs to each of the other marketing management functions.

Page Ref: 54-55

Difficulty: Moderate

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

95) Define marketing planning. DragonWorks, a media company, is setting its marketing plan for the year. Briefly outline what the company should cover in its marketing plan.

Answer: Marketing planning involves deciding on marketing strategies that will help the company achieve its overall strategic objectives. A detailed marketing plan is needed at the business, product, or brand level. An executive summary is the first step in the plan. It contains a brief summary of the main goals and recommendations of the plan for management review. The main section of the plan presents a detailed SWOT analysis of the current marketing situation, along with potential threats and opportunities. The plan then states major objectives for the brand and outlines the specifics of a marketing strategy for achieving them. In addition, action programs for implementing the marketing strategy along with the details of a supporting marketing budget are presented. The final section outlines the controls used to monitor progress and corrective action.

Page Ref: 55-56

Difficulty: Moderate

Chapter LO: 5

Course LO: Identify and describe the processes and tools of strategic marketing

96) Kawaii Electronics sells air conditioning systems for offices in the U.S. The company uses a functional organization system for its management department at present. However, it is looking to revamp this method. Explain why Kawaii should not opt for a product management or customer management organization.

Answer: (Students' answers may vary.)

Under a product organization, a product manager develops and implements a complete strategy and marketing program for a specific product or brand. Unless the company has a few standout products, this system will not benefit it as much as other methods. Considering that the company sells one basic product type, this system may not be profitable for the company.

Under a market or customer management organization, the company is organized around the needs of specific customer segments. In firms that use this organization, one product line is sold to many different types of markets and customers that have different needs and preferences. Though the firm sells a single type of product and product line, its customers are also offices. Though the company may segment its market based on office size, this may be an inefficient use of company resources.

Page Ref: 57

Difficulty: Challenging

Chapter LO: 5

AACSB: Reflective thinking skills

Course LO: Identify and describe the processes and tools of strategic marketing

97) ToyTrain is a toy company that sells its products in most regions of the U.S. that produces a variety of toys for children of every age group, from toddlers to preteens. Suggest ways in which the company may organize its marketing function. Give reasons for your choice.

Answer: (Students' answers may vary.)

Some common forms of marketing department organization include functional organization, geographical organization, product management organization, and market management organization.

Under a functional department organization, a functional specialist, such as a sales manager, advertising manager, or market research manager, is responsible for all marketing activities. As ToyTrain is based only in the U.S., a functional system of organization may be appropriate, if marketing strategies and messages are consistent across the region. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. As ToyTrain sells products across the country, organizing its sales and marketing personnel by region may also be appropriate.

Under a product organization, a product manager develops and implements a complete strategy and marketing program for a specific product or brand. Unless the company has a few standout brands, this system will not benefit it as much as other methods.

Under a market or customer management organization, the company is organized around the needs of specific customer segments. In firms that use this organization, one product line is sold to many different types of markets and customers that have different needs and preferences. ToyTrain could use this method and organize its department according to the age groups of the children it caters to and the types of toys suitable for each group.

The company could also use some combination of these organizational forms.

Page Ref: 57

Difficulty: Challenging

Chapter LO: 5

AACSB: Reflective thinking skills

Course LO: Identify and describe the processes and tools of strategic marketing

98) RTF Developers is a construction company with a presence in several countries. The company currently organizes its marketing department using a functional system of organization, but this seems inefficient. Explain why a geographic system of organization would benefit the company more than a functional system.

Answer: (Students' answers may vary.)

Under a functional department organization, a functional specialist, such as a sales manager, advertising manager, or market research manager, is responsible for all marketing activities. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. As RTF has a presence in many countries, a geographic system might benefit it more than a functional system. Organizing its marketing department by country would allow its marketing plans and messages to be tailored to the culture and customers of that particular country and may produce a better result than centralized planning across countries.

Page Ref: 57

Difficulty: Challenging

Chapter LO: 5

AACSB: Reflective thinking skills

Course LO: Identify and describe the processes and tools of strategic marketing

99) How do organizations carry out marketing control?

Answer: Because many surprises occur during the implementation of marketing plans, marketers must practice constant marketing control—evaluating the results of marketing strategies and plans and taking corrective action to ensure that the objectives are attained. Marketing control involves four steps. Management first sets specific marketing goals. It then measures its performance in the marketplace and evaluates the causes of any differences between expected and actual performance. Finally, management takes corrective action to close the gaps between goals and performance. This may require changing the action programs or even changing the goals. Operating control involves checking ongoing performance against the annual plan and taking corrective action when necessary. Its purpose is to ensure that the company achieves the sales, profits, and other goals set out in its annual plan. It also involves determining the profitability of different products, territories, markets, and channels. Strategic control involves looking at whether the company's basic strategies are well matched to its opportunities. Marketing strategies and programs can quickly become outdated, and each company should periodically reassess its overall approach to the marketplace.

Page Ref: 57-58

Difficulty: Moderate

Chapter LO: 5

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

100) Renwith and Coleman is a public relations firm that needs to gauge its marketing performance for the year. The vice president of marketing is considering using the marketing ROI method, while the advertising manager says that this will not work for the company. Should Renwith and Coleman use the marketing ROI method? Explain why or why not.

Answer: (Students' answers may vary. The answer given below is indicative.)

Students who agree that the firm should use the marketing ROI method might say that marketing ROI (return on investment) is the net return from a marketing investment divided by the costs of the marketing investment. Therefore, ROI is a measure of the profits generated by investments in a marketing activity and provides a dollar measure of the firm's performance. Marketing ROI can be assessed in terms of brand awareness, sales, or market share.

Students who think that the marketing ROI method should not be used could say that marketing ROI can be difficult to assess because the benefits of marketing are not always easily translated in dollar amounts. Returns like advertising and brand-building impact aren't easily put into dollar returns. As the firm is a public relations firm, brand-building impact would be an important criterion of marketing performance. Beyond standard performance measures, many marketers are using customer-centered measures such as customer acquisition, retention, and lifetime value.

Page Ref: 58

Difficulty: Challenging

Chapter LO: 5

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing

101) Raintree Developers has been using the marketing ROI method to assess its marketing performance for the past few years. Explain why this method may not accurately reflect the company's performance and what Raintree can use to better estimate its performance.

Answer: (Students' answers may vary. The answer given below is indicative.)

Marketing ROI (return on investment) is the net return from a marketing investment divided by the costs of the marketing investment. ROI is a measure of the profits generated by investments in a marketing activity. Marketing ROI can be difficult to assess because the benefits of marketing are not always easily translated in dollar amounts. However, marketing ROI can be assessed in terms of brand awareness, sales, or market share. Beyond standard performance measures, Raintree can use customer—centered measures such as customer acquisition, retention, and lifetime value.

Page Ref: 58

Difficulty: Challenging

Chapter LO: 5

AACSB: Analytic skills

Course LO: Identify and describe the processes and tools of strategic marketing