

Marketing Channels, 8e (Palmatier)

Chapter 02 End-User Analysis: Segmenting and Targeting

1) According to research, which component of the marketing mix is LEAST amenable to global standardization efforts?

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

Answer: B

Difficulty: Moderate

Objective: LO1

2) According to the text, CDW has most likely distinguished itself in the computer market by _____.

- A) offering the lowest prices at all times
- B) focusing on new product features
- C) providing a variety of service outputs
- D) using standardized global marketing
- E) serving as a wholesaler to businesses

Answer: C

Difficulty: Moderate

Objective: LO2

3) According to the text, CDW offers customers all of the following service outputs EXCEPT _____.

- A) fast delivery
- B) product advice
- C) personal sales assistance
- D) brand variety and assortment
- E) hardware component bulk breaking

Answer: E

Difficulty: Moderate

Objective: LO2

4) Bulk breaking refers to an end-user's ability to _____.

- A) purchase a small number of units
- B) buy directly from a wholesaler
- C) receive expedited shipping
- D) negotiate for lower prices

E) compare similar products

Answer: A

Difficulty: Moderate

Objective: LO2

5) What is the most likely result of bulk breaking?

A) consumers purchasing large lots at high costs

B) end-users minimizing search time and costs

C) wholesalers maintaining steady stock levels

D) end-users carrying less unnecessary inventory

E) service providers offering more flexibility

Answer: D

Difficulty: Moderate

Objective: LO2

6) Maria purchases a twelve-pack of paper towels instead of a package of four rolls because of the lower per-unit price. Maria is most likely benefitting from the service output of _____.

A) information sharing

B) spatial convenience

C) customer service

D) delivery time

E) bulk breaking

Answer: E

Difficulty: Moderate

Objective: LO2

AACSB: Analytical Thinking

7) Which service output increases consumer satisfaction by lowering transportation requirements and search costs?

A) information sharing

B) spatial convenience

C) customer service

D) delivery time

E) bulk breaking

Answer: B

Difficulty: Easy

Objective: LO2

8) Vending machines and community shopping centers are intended to satisfy consumer demands for _____.

A) information sharing

- B) spatial convenience
- C) customer service
- D) delivery time
- E) bulk breaking

Answer: B

Difficulty: Easy

Objective: LO2

9) Dog groomers employed by Groomer-to-Go, a mobile pet grooming salon, drive to the homes of customers to bathe and groom dogs inside the Groomer-to-Go van. The owner of Groomer-to-Go has most likely decided to meet customer demands for _____.

- A) lower per unit pricing
- B) customer follow-up
- C) spatial convenience
- D) service assortment
- E) differentiation

Answer: C

Difficulty: Moderate

Objective: LO2; LO5

AACSB: Analytical Thinking

10) Amazon.com offers free shipping for consumers who spend more than \$25, but free shipping typically takes 7-10 days. Consumers who are willing to pay additional shipping charges receive products more quickly. Amazon's shipping speed options are a function of which service output?

- A) information sharing
- B) spatial convenience
- C) customer service
- D) waiting time
- E) bulk breaking

Answer: D

Difficulty: Moderate

Objective: LO2

AACSB: Analytical Thinking

11) Which term refers to generically different classes of goods that constitute the breadth of product lines?

- A) variety
- B) depth
- C) assortment
- D) complexity

E) intensity

Answer: A

Difficulty: Easy

Objective: LO2

12) Which term refers to the depth of product brands or models offered within each generic product category?

A) intensity

B) variety

C) assortment

D) complexity

E) collection

Answer: C

Difficulty: Easy

Objective: LO2

13) Discount department stores such as Wal-Mart, Target, and Kohl's are most likely characterized by _____ assortments and _____ varieties of products.

A) deep; narrow

B) limited; wide

C) deep; wide

D) limited; narrow

E) wide; limited

Answer: B

Difficulty: Moderate

Objective: LO2

14) Which service output is known as solutions retailing by some manufacturers and retailers?

A) information sharing

B) spatial convenience

C) customer service

D) delivery time

E) bulk breaking

Answer: A

Difficulty: Easy

Objective: LO2

15) On Saturday, Dana, who wants to replace the floor in her living room, attended a do-it-yourself class at Home Depot about tile installation. Which service output demand is Home Depot most likely trying to satisfy?

A) waiting time

- B) bulk breaking
- C) spatial convenience
- D) customer service
- E) information sharing

Answer: E

Difficulty: Moderate

Objective: LO2

AACSB: Analytical Thinking

16) Which of the following is NOT considered a service output?

- A) product price
- B) bulk breaking
- C) product variety
- D) delivery time
- E) information sharing

Answer: A

Difficulty: Easy

Objective: LO2

17) What is the first step to take when segmenting end-users by service outputs?

- A) dividing end-users into groups based on demographic factors
- B) analyzing the buying habits of potential end-users of a product
- C) identifying similar characteristics among the product's end-users
- D) listing service outputs that are potentially demanded by the product's end-users
- E) providing relevant information on service outputs to potential end-users of the product

Answer: D

Difficulty: Difficult

Objective: LO3

18) According to the text, what is the best method for segmenting end-users by service output demands?

- A) conducting research to define segments that describe end-users' service output needs and purchasing patterns
- B) analyzing end-users based on the channel segments used for making product and advertising decisions
- C) correlating end-user shopping habits with media habits, product features, and service outputs
- D) asking potential end-users for their preferences for various service outputs
- E) sorting end-users into segmented groups based on psychographic data

Answer: A

Difficulty: Difficult

Objective: LO3

19) A channel manager most likely names end-user segments based on identifying characteristics for the purpose of _____.

- A) differentiating product benefits
- B) conducting bulk breaking activities
- C) dividing groups by conjoint analysis results
- D) aiding internal communication and organization
- E) ensuring that spatial convenience demands are met

Answer: D

Difficulty: Moderate

Objective: LO3

20) What is the most likely goal of targeting a channel segment?

- A) building new channels
- B) gaining sales and profits
- C) identifying customer needs
- D) evaluating channel members
- E) implementing service strategies

Answer: B

Difficulty: Moderate

Objective: LO4

21) Which factor is LEAST relevant when determining the best segments to target?

- A) segment size
- B) sales potential
- C) length of channel
- D) cost to serve the segment
- E) intensity of competition

Answer: C

Difficulty: Moderate

Objective: LO4

22) When developing a marketing channel strategy, which of the following should be determined first?

- A) product features
- B) end-user demands
- C) service capabilities
- D) technological capabilities
- E) number of channel members

Answer: B

Difficulty: Easy

Objective: LO1

23) Which of the following would most likely help define potential target market segments and design marketing channel solutions?

- A) collecting end-user data based on social media familiarity
- B) distinguishing between business consumers and end-users
- C) identifying the products that end-users tend to purchase
- D) sorting end-users by their product attribute preferences
- E) grouping end-users by their service output demands

Answer: E

Difficulty: Difficult

Objective: LO1; LO6

24) When expanding into global markets, which of the following almost always needs to occur?

- A) standardizing advertising campaigns
- B) modifying packaging designs
- C) segmenting end-users' needs
- D) altering promotional efforts
- E) localizing marketing activities

Answer: C

Difficulty: Moderate

Objective: LO1

25) Which term refers to the benefits of marketing channel systems, such as reduced storage costs, increased product varieties, and faster deliveries?

- A) service outputs
- B) end-user segments
- C) spatial conveniences
- D) product assortments
- E) customization features

Answer: A

Difficulty: Easy

Objective: LO2; LO6

26) Which statement about bulk breaking is most likely FALSE?

- A) Small lot sizes typically support faster consumption.
- B) Larger lot sizes result in higher handling and storage costs.
- C) End-users sometimes prefer small lot sizes despite higher prices.
- D) Lot sizes and per-unit costs usually increase with bulk breaking.
- E) Increased bulk breaking usually results in higher service output levels.

Answer: D

Difficulty: Difficult

Objective: LO2

27) When Sean's riding lawn mower stopped working, he contacted the local John Deere dealer. The John Deere dealer sent a representative to Sean's house to pick up the mower and take it to the shop for repairs. Once the mower was fixed, a John Deere representative returned the machine to Sean's house. Which service output demand is the John Deere dealer most likely addressing?

- A) information sharing
- B) product variety
- C) bulk breaking
- D) waiting time
- E) spatial convenience

Answer: E

Difficulty: Moderate

Objective: LO2; LO5

AACSB: Analytical Thinking

28) Which statement about the service output of waiting time is most likely true?

- A) Waiting time demands are usually low for post-sales service.
- B) An end-user's demand intensity for quick delivery rarely changes.
- C) Longer waiting times are typically compensated with lower prices.
- D) Waiting time refers to the time between manufacturing and marketing.
- E) Waiting time demands when purchasing new equipment are usually very high.

Answer: C

Difficulty: Difficult

Objective: LO2

29) Markets with limited infrastructural development, such as Mexico, are most likely characterized by _____.

- A) manufacturers selling products directly to end-users
- B) consumers with high service output demands
- C) standardization among channel members
- D) end-users with few service output needs
- E) generic channels with high cost gaps

Answer: B

Difficulty: Moderate

Objective: LO2

30) What is the most likely result of increased product variety and assortment in a marketing channel system?

- A) increased distribution costs
- B) reduced storage requirements
- C) higher service output demands
- D) limited bulk breaking opportunities
- E) reduced success rates in customer service

Answer: A

Difficulty: Moderate

Objective: LO2

31) Accent is a small, local store that sells only accessories. Accent offers a large line of belts, purses, earrings, scarves, and necklaces in a significant number of prices, styles, and brands. Accent's customers most likely have a high demand for _____.

- A) information
- B) bulk breaking
- C) product variety
- D) product assortment
- E) spatial convenience

Answer: D

Difficulty: Moderate

Objective: LO2

AACSB: Analytical Thinking

32) According to the text, stores such as JCPenney and Hot Topic are focusing on _____.

- A) segmenting global markets by service output needs
- B) ensuring that spatial convenience demands are met
- C) matching product assortments to target consumers
- D) providing a limited variety of new, trendy items
- E) reducing the waiting time for mail order products

Answer: C

Difficulty: Difficult

Objective: LO2

33) Which term refers to all aspects of easing the shopping and purchase process for end-users as they interact with commercial suppliers or retailers?

- A) direct marketing
- B) personal selling
- C) channel strategy
- D) service output
- E) customer service

Answer: E

Difficulty: Easy

Objective: LO2

34) According to the text, which service output demand does the cable television industry typically fail to meet?

- A) bulk breaking
- B) customer service
- C) product variety
- D) waiting time
- E) information sharing

Answer: B

Difficulty: Easy

Objective: LO2

35) The LEAST likely reason that end-users of DirecTV are satisfied with the firm's customer service is that DirecTV _____.

- A) provides useful information to all customer service representatives
- B) places its own employees at third-party call centers to gain control
- C) offers higher pay than cable providers to call center employees
- D) gives customer service representatives free satellite TV
- E) conducts all customer service functions in-house

Answer: E

Difficulty: Difficult

Objective: LO2

36) How does Cabela's most likely facilitate excellent customer service?

- A) developing information systems
- B) hiring knowledgeable workers
- C) providing product variety
- D) offering free delivery
- E) keeping prices low

Answer: B

Difficulty: Moderate

Objective: LO2

37) Which service output involves educating end-users about product attributes and usage capabilities?

- A) information sharing
- B) customer service
- C) bulk breaking
- D) waiting time
- E) product variety

Answer: A

Difficulty: Easy

Objective: LO2

38) Which statement about market segments is most likely true?

- A) Most end-users are highly service-sensitive and highly price-insensitive.
- B) In most cases, the same channel strategy satisfies the needs of all segments.
- C) A segment's demand for service outputs is typically unrelated to price factors.
- D) End-users in a segment make trade-offs between product attributes, service outputs, and price.
- E) Service outputs are more relevant to segment end-users in the business marketplace than in the consumer marketplace.

Answer: D

Difficulty: Difficult

Objective: LO3

39) Which of the following would most likely help identify the types of service outputs that firms must provide to appeal to consumers?

- A) price-service variability analysis
- B) end-user segmentation analysis
- C) conjoint analysis
- D) cluster analysis
- E) SWOT analysis

Answer: B

Difficulty: Moderate

Objective: LO3

40) According to the text, targeting means _____.

- A) focusing on a single segment
- B) selecting all profitable segments
- C) choosing what segments not to target
- D) investing in all segments that offer some potential
- E) designing new marketing channels to target every segment

Answer: C

Difficulty: Moderate

Objective: LO4

41) When designing a marketing channel, it is best to focus on product features rather than how consumers plan to use a product.

Answer: FALSE

Difficulty: Moderate

Objective: LO1

42) End-users represent the demand component of marketing channels.

Answer: TRUE

Difficulty: Easy

Objective: LO1

43) Most consumers prefer marketing channels with fewer service outputs because price and product features are their only concern when making purchases.

Answer: FALSE

Difficulty: Moderate

Objective: LO2

44) When grouping end-users according to service output needs, it is important to segment the market based on how end-users want to buy a product.

Answer: TRUE

Difficulty: Moderate

Objective: LO3

45) Information about segmented service output demand enables channel managers to determine which segments offer the best growth and profit opportunities for targeting purposes.

Answer: TRUE

Difficulty: Moderate

Objective: LO4

46) How has CDW used market segmentation and service outputs to differentiate itself from the competition?

Answer: CDW has adopted an enduring role as a valued intermediary in specific market segments—particularly small and medium business buyers and government/educational markets. CDW is a key provider of advice and expertise to buyers, pertaining to everything from the appropriate configuration of products to buy to the set-up of a local area network. CDW is also available after the purchase if any customer service problems arise. CDW prides itself on its speed of delivery; 99 percent of orders are shipped the day they are received. CDW offers different customer service options: a customer can buy online, without a great deal of sales help, but CDW also assigns a salesperson to every account, even small, online purchase accounts. CDW offers its customers broad assortment and variety. Thus CDW's strategy of focusing on a particular subset of all computer buyers and providing valued service outputs to them, along with a quality product, has helped the company cement its relationships with these buyers, while also making it a preferred intermediary channel partner to key manufacturers.

Difficulty: Difficult

Objective: LO2; LO3

AACSB: Analytical thinking

47) Briefly describe the six categories of service outputs.

Answer: Service outputs can be classified into six general categories: bulk breaking, spatial convenience, waiting or delivery time, product variety and assortment, customer service, and information sharing. Bulk breaking refers to the end-user's ability to buy a desired (possibly small) number of units, even if the product or service originally was produced in large, batch-production lot sizes. Spatial convenience involves reducing transportation requirements and search costs. Waiting time is the time that the end-user must wait between ordering and receiving the goods or post-sale service. Product variety describes generically different classes of goods that constitute the product offering, namely, the breadth of product lines. Product assortment instead refers to the depth of product brands or models offered within each generic product category. Customer service refers to all aspects of easing the shopping and purchase process for end-users as they interact with commercial suppliers or retailers. Finally, information sharing refers to education provided to end-users about product attributes or usage capabilities, as well as pre- and post-purchase services.

Difficulty: Moderate

Objective: LO2

48) What is the relationship between product price and service outputs? How does this relationship affect the purchasing decisions of end-users?

Answer: Price is not a service output. Price is what the customer pays to consume the bundle of product + service outputs; it is not a service that gets consumed itself. However, it is significant in the sense that end-users routinely make trade-offs among service outputs, product attributes, and price, weighing which product/service bundle (at a specific price) provides the greatest overall utility or satisfaction. End-users make trade-offs among different combinations of (a) product attributes, (b) price, and (c) service outputs offered by different sellers to make final purchase decisions.

Difficulty: Difficult

Objective: LO2

AACSB: Analytical thinking

49) What are the three basic steps for segmenting end-users based on service output demands?

Answer: There are three general steps to segmenting end-users by service outputs. First, it is essential to generate a comprehensive list of all the potential service outputs desired by each end-user for the products being offered. Second, using this list of possible service outputs, the actual segmentation of the market can proceed in multiple ways. The market might be divided into *a priori* segments (e.g., those often used in product or advertising decisions), then analyzed to see whether those segments share common purchasing preferences. Alternatively, research might be designed and conducted to define channel segments that best describe end-users' service output needs and purchasing patterns. Third, the channel manager should name each segment to capture its identifying characteristics.

Difficulty: Difficult

Objective: LO3

AACSB: Analytical thinking

50) How can channel managers use the information gathered through service output segmentation for marketing channel design and management?

Answer: Segmenting the market by service output demands is a useful tool for channel design, that best serves their needs. The ultimate purpose of a service output end-user analysis and design is to identify and assess end-user segments, target a subset of the segments identified, and customize the marketing channel system solution used to sell to each targeted segment.

Difficulty: Difficult

Objective: LO4; LO6

AACSB: Analytical thinking