

**Chapter 2: Strategic Market Planning in High-Tech Firms**  
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**Test Bank**

- 2-1. Which of the following are examples of firm resources that may be a source of competitive advantage?
- a. Distribution channels
  - b. Market learning competency
  - c. Brand names
  - d. Patents
  - e. All of the above

**Answer: E**                      **Page: 48**                      **easy**

- 2-2. \_\_\_\_\_ are the set of skills at which a company excels.
- a. Managerial experiences
  - b. Innovative strategies
  - c. Core competencies
  - d. Intangibles
  - e. Technologies

**Answer: C**                      **Page: 49**                      **easy**

- 2-3. \_\_\_\_\_ is the difference between the benefits that a customer realizes from using a product and the total life-cycle costs that the customer incurs in finding, acquiring, using, maintaining, and disposing of the product.
- a. Customer value
  - b. Competitive advantage
  - c. Effectiveness
  - d. Efficiency
  - e. a and b above

**Answer: A**                      **Page: 51**                      **easy**

- 2-4. To be a source of competitive advantage, a resource must:
- a. provide superior benefits to customers.
  - b. give the firm a cost advantage.
  - c. be rare.
  - d. be transparent.
  - e. a and c above

**Answer: E**                      **Page: 51**                      **moderate**

Note: Superior benefits are not sufficient. The resources must create **value superiority**.

- 2-5. In \_\_\_\_\_ technology is a rapidly depreciating resource.
- a. Base-of-the-pyramid markets
  - b. slow-cycle industries
  - c. fast-cycle industries
  - d. B-to-B markets
  - e. B-to-C markets

**Answer: C**                      **Page: 52**                      **easy**

- 2-6. Common resources such as managerial talent are **not** generally:
- a. transferable.
  - b. a source of competitive advantage.
  - c. valuable.
  - d. important.
  - e. core competencies.

**Answer: B**                      **Page: 52**                      **easy**

- 2-7. Sustainability of competitive advantage requires
- a. core competencies.
  - b. superior customer benefits.
  - c. unique resources.
  - d. difficult to imitate resources.
  - e. separability.

**Answer: D**                      **Page: 53**                      **moderate**

- 2-8. Imitation is made more difficult when the foundation for competitive advantage is
- a. observable.
  - b. based on complex organizational routines.
  - c. valuable.
  - d. obtainable in the market.
  - e. based on a tangible asset.

**Answer: B**                      **Page: 53**                      **moderate**

- 2-9. Which of the following is **not** a key strategy question?
- a. Who are our target customers?
  - b. What value do we offer them?
  - c. How can we create and deliver that value effectively and efficiently?
  - d. Will this strategy capture a dominant share of the market?
  - e. All are key strategy questions.

**Answer: D**                      **Page: 54**                      **moderate**

- 2-10. Answering the “who are our customers?” question by focusing on current customers is referred to as
- a. marketing myopia.
  - b. the tyranny of the served market.
  - c. customer intimacy.
  - d. bifocal vision.
  - e. blue ocean strategy.

**Answer: B**                      **Page: 55**                      **easy**

- 2-11. The synergistic intersection of the three strategy decisions - which customers to serve; what value to offer customers (the company’s value proposition), and how to create and deliver that value - to achieve a position of sustainable, superior competitive advantage is
- a. the strategy sweet spot
  - b. a core competency.
  - c. difficult to imitate.
  - d. The framework for the strategic market planning process.
  - e. Assessed with the marketing dashboard.

**Answer: A**                      **Page: 55**                      **easy**

- 2-12. New market space is best described as
- a. markets that are new to the company.
  - b. markets and products that are new to the company.
  - c. customers who are underserved by current offerings in the market or previously unidentified market segments.
  - d. a critical source of competitive advantage
  - e. an opportunity that is best left to established companies.

**Answer: C**                      **Page: 56**                      **moderate**

- 2-13 Base of the pyramid markets
- a. represent new market space for most high-tech firms.
  - b. are generally unattractive.
  - c. are characterized by high competitive intensity.
  - d. have high profit margin potential.
  - e. are relatively small in terms of dollar volume.

**Answer: A**                      **Page: 56**                      **moderate**

- 2-14 This value proposition contrasts the advantages of the seller’s product with that of its competition.
- a. Superior customer value.
  - b. All Benefits.
  - c. Favorable Points of Difference.

- d. Product Leader
- e. Resonating Focus

**Answer: C.**                      **Page: 58**                      **moderate**

- 2-15 Which of the strategic archetypes has a primary focus on developing and maintaining long-term customer relationships?
- a. Product Leader/Prospector
  - b. Fast Follower/Analyzer
  - c. Operationally Excellent/Low Cost Defender
  - d. Customer Intimate/Differentiated Defender
  - e. Both c and d.

**Answer: D**                      **Page: 62**                      **easy**

- 2-16 The most successful Fast Follower/Analyzers target the
- a. innovator and early adopter segments.
  - b. early adopter segment.
  - c. early adopter and early majority segments.
  - d. early and late majority segments.
  - e. late majority and laggard segments.

**Answer: C**                      **Page: 62**                      **moderate**

- 2-17 Which of the following is **not a benefit** to being a Product Leader?
- a. Can influence how attributes are valued by customers.
  - b. Lower risk due to few competitors.
  - c. Able to “skim off” early adopters.
  - d. Can establish barriers to entry by followers.
  - e. All are benefits.

**Answer: B**                      **Page: 63**                      **moderate**

- 2-18. Which of the following is an advantage to being a market follower?
- a. Reputational effects
  - b. Switching costs
  - c. Opportunity for skimming
  - d. Lower development costs
  - e. Experience effects

**Answer: D**                      **Page: 64**                      **moderate**

- 2-19 Which of the following are not ways that the Fast Follower/Analyzer can overcome the Product Leader’s advantage?
- a. Innovate superior products.
  - b. Undercut the leader on prices.

- c. Be first-to-market.
- d. Out advertise/out distribute the leader, thereby beating it at its own game.
- e. Innovate strategies that change the rules of the game.

**Answer: C**                      **Page: 64**                      **easy**

- 2-22. The most successful companies
- a. execute a dominant strategy but demonstrate characteristics of one or two supporting types.
  - b. recognize that they can effectively execute only one archetype and pay little attention to developing competencies required by another archetype.
  - c. focus on revenue growth even if it means sacrificing profitability.
  - d. try to blend the best characteristics of the four strategic archetypes.
  - e. pursue operational excellence because most buyers seek low cost and convenience above all other sources of customer value.

**Answer: A**                      **Page: 66**                      **moderate**

- 2-23. Strategy innovation is primarily concerned with:
- a. the strategic market planning process.
  - b. bringing a unique perspective to customer value creation.
  - c. developing innovative products.
  - d. entering new markets.
  - e. bringing new voices into the strategy formation process.

**Answer: B**                      **Page: 67**                      **moderate**

- 2-24. The starting point in the strategic market planning process is:
- a. identification of opportunities.
  - b. definition of mission and goals.
  - c. identification of markets in which the firm will compete.
  - d. definition of the profit dynamic.
  - e. SWOT analysis.

**Answer: B**                      **Page: 69**                      **moderate**

- 2-25 The most effective innovative firms
- a. have a product focus.
  - b. make extensive use of formal procedures to insure conformity.
  - c. utilize centralized decision making to generate more product concepts.
  - d. are led by Transactional Leaders
  - e. organize around customer groups.

**Answer: E**                      **Page: 69**                      **easy**

- 2-26 A marketing dashboard
- a. is a collection of financial metrics.
  - b. is a collection of non-financial metrics.
  - c. should reflect leading and lagging indicators of the success of the firm's marketing strategy.
  - d. should have a very extensive set of indicators.
  - e. Both b & c

**Answer: C**                      **Page: 70**                      **moderate**