

Student: _____

1. Ben & Jerry's is primarily a marketer of
 - A. Woodstock memorabilia
 - B. Chocolate-chip cookie dough franchises
 - C. All natural ice cream
 - D. Programs to save the Amazon rain forests
 - E. All of the above
2. The focus of Ben and Jerry's is
 - A. The environment and sustainable agriculture on family farms
 - B. Profits above everything else
 - C. Making unusual flavors of ice cream
 - D. Return on investment by shareholders
 - E. Amicable relations with the U.S. government
3. In its business Ben & Jerry's has
 - A. Created economic opportunities for those who have been denied them
 - B. Minimized its negative impact on the environment
 - C. Supported sustainable and safe methods of food production
 - D. Shown a deep respect for human beings
 - E. Done all of the above
4. Ben and Jerry's mission statement declares its commitment to incorporating wholesome natural ingredients into its products. An example of action that reflects this commitment is
 - A. Allowing customers to mail order ice cream from the website
 - B. Contributing 7.5 percent of its pretax profits to philanthropic efforts
 - C. Purchasing its supplies from socially responsible suppliers
 - D. Supporting sustainable and safe methods of food production
 - E. All of the above
5. Which of the following statements about Ben and Jerry's is most true?
 - A. It is owned by Unilever
 - B. It earns about \$240 million in annual sales worldwide
 - C. It buys all of its milk and cream from one dairy cooperative
 - D. It works with nonprofit organizations to give jobs to and train at-risk youth
 - E. All of the above are true about Ben and Jerry's
6. In today's global competition, it is important to recognize
 - A. The kinds of organizations that exist
 - B. What strategy is
 - C. How this strategy relates to the corporate level of organizations
 - D. How this strategy relates to the functional level of organizations
 - E. All of the above
7. A(n) _____ is a legal entity of people who share a common mission.
 - A. Business firm
 - B. Organization
 - C. Religious group
 - D. Industry
 - E. Competitor cluster

8. A(n) _____ is a product, service or, idea that creates value for both the organization and its customers by satisfying their needs and wants.
- A. Organization
 - B. Business firm
 - C. Firm
 - D. Offering
 - E. Industry
9. A _____ is a privately owned organization that serves its customers in order to earn a profit.
- A. Business firm
 - B. Nonprofit organization
 - C. Government agency
 - D. Public university
 - E. Household
10. _____ is the reward to a business firm for the risk it undertakes in marketing its offerings.
- A. Shareholders' equity
 - B. Profit
 - C. Inventory turnover
 - D. Contribution margin
 - E. Asset leverage
11. Profit is
- A. The point at which company assets equal company liabilities
 - B. The money left over after a business firm's total expenses are subtracted from its total revenues
 - C. The goodwill earned from implementing the societal marketing concept
 - D. The money earned when the economic order quantity is maintained
 - E. Accurately described by all of the above
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14. A _____ is a nongovernmental organization that serves its customers but does not have profit as an organizational goal.
- A. Business firm
 - B. Community action program
 - C. Nonprofit state agency
 - D. Nonprofit organization
 - E. Cooperative
15. A nongovernmental organization that serves its customers but does not have profit as an organizational goal is called a
- A. Business firm
 - B. Nonprofit organization
 - C. Community action program
 - D. Manufacturing agent
 - E. Cooperative

16. The American Red Cross, a service firm whose goal is that its revenues will equal its costs is a
- A. Business firm
 - B. Nonprofit organization
 - C. Community action program
 - D. Manufacturing agent
 - E. Cooperative
17. Which statement best describes the most significant difference between a business firm and a nonprofit organization?
- A. Business firms operate with larger budgets than nonprofits
 - B. Nonprofit organizations do not carry on economic activities and, business firms do
 - C. Nonprofit organizations are concerned with social issues and, business firms are not
 - D. Both serve customers, but business firms seek a profit while nonprofit organizations do not
 - E. Nonprofit organizations are publicly owned and, business firms are not
18. An example of a nonprofit organization is
- A. The Food and Drug Administration
 - B. FedEx
 - C. The Indianapolis Colts football team
 - D. The American Red Cross
 - E. All of the above
19. Organizations that develop similar offerings, when grouped together, create a(n)
- A. Conglomerate
 - B. Merger
 - C. Industry
 - D. Competitive landscape
 - E. Acquisition
20. Which of the following statements about strategy is most true?
- A. By following the best strategy an organization can be all things to all people
 - B. Once an organization is focused and has developed goals, it can then develop its strategies
 - C. Strategic direction must be explicit to be set by organizations
 - D. Strategy is an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals
 - E. All of the above are true of good strategy
21. _____ is an organization's long-term course of action designed to deliver a unique customer experience while achieving its goals.
- A. Structure
 - B. A performance plan
 - C. Organizational conduct
 - D. Strategy
 - E. A long-term action plan
22. Large organizations are extremely complex. They usually consist of _____ organizational level(s) whose strategy is linked to marketing.
- A. One
 - B. Three
 - C. Five
 - D. Fifteen
 - E. Fifty

23. Bill McDermott is President and CEO of SAP Americas and Asia Pacific Japan. SAP is a company that sells extremely expensive enterprise resource planning software to large and mid-sized companies. McDermott operates at the _____ level of his organization.
- A. Business unit
 - B. Functional
 - C. Corporate
 - D. Strategic
 - E. Back office
24. The corporate level is where top management directs
- A. All employees' training and orientation
 - B. Recruitment strategy and tactics
 - C. Overall strategy for the entire organization
 - D. Overall sales projections
 - E. All of the above
25. The corporate level is where the head of marketing
- A. Directs all employees' training and orientation
 - B. Decides recruitment strategy and tactics
 - C. Sees that marketing strategy is implemented to achieve critical marketing goals
 - D. Develops overall sales projections
 - E. Does all of the above
26. Which of the following statements about the chief executive officer (CEO) in an organization is most true?
- A. The CEO is the highest-ranking officer in the organization
 - B. The CEO is usually a member of the board of directors
 - C. The CEO oversees the organization's daily operations
 - D. The CEO spearheads strategy-planning efforts
 - E. The CEO does all of the above
27. A strategic business unit refers to a subsidiary, division or, unit of an organization that
- A. Directs overall strategy for the organization
 - B. Markets a set of related products to a clearly defined group of customers
 - C. Has marketing and other specialized activities
 - D. Also has a comparable non-business unit
 - E. Is usually non-profit
28. The acronym SBU stands for
- A. Standard business unit
 - B. Strategic business unit
 - C. Strategic benefit of usage
 - D. Service business unit
 - E. Strategic business usage
29. The strategic business unit level
- A. Works most directly with the targeted customers
 - B. Directs the overall strategy for the organization
 - C. Is most likely to change substantially over time
 - D. Provides more end-user analysis
 - E. Is the level at which managers set a more specific strategic direction for their businesses to exploit value-creating opportunities
30. Which of the following statements about the strategic business unit level is most true?
- A. It is the level that works most directly with the targeted customers
 - B. The overall strategy for the organization is directed at the strategic business unit level
 - C. In more complex organizations the corporate level and the strategic business unit level may merge
 - D. More end-user analysis is provided at the strategic business unit level than at the functional level
 - E. The strategic direction is more specific at the strategic business unit level than at the corporate level

31. Each strategic business unit has marketing and other specialized activities (e.g., finance, manufacturing or, research and development) at the _____ level, where groups of specialists create value for the organization.
- A. Top management
 - B. Business unit
 - C. Functional
 - D. Corporate
 - E. Strategic
32. Specialized functions such as marketing and finance are generally referred to as
- A. Functional areas
 - B. Departments
 - C. Groups
 - D. Teams
 - E. Partnerships
33. At what overall organizational level do people in the finance and the human resources departments operate?
- A. Top management level
 - B. Strategic business unit level
 - C. Functional level
 - D. Corporate level
 - E. Middle management level
34. At the strategic business unit level, the marketing department provides leadership activities in
- A. Talent management
 - B. Fiscal restraint
 - C. Look outward, keeping the organization focused on creating value both for it and for customers
 - D. Creating the corporate culture
 - E. Sustaining the means-end chain
35. A key role of the marketing department is to
- A. Allocate financial resources across business units
 - B. Set the overall mission of the company
 - C. Provide talent management services
 - D. Look outward
 - E. Assess global political situations
36. The marketing department helps keep the organization focused on creating value both for it and for customers. This is accomplished by
- A. Listening to customers
 - B. Developing offerings
 - C. Producing offerings
 - D. Implementing marketing program activities
 - E. Doing all of the above
37. When developing marketing programs for new offerings, marketing may provide staff to serve as part of a(n) _____ of specialists from all the functional units who are mutually accountable to a common set of performance goals.
- A. Department
 - B. System
 - C. Organization
 - D. Cross-functional team
 - E. Company

38. On the northern tip of Goose Island in the Chicago River sits the William Wrigley Jr. Company's Global Innovation Center. Here Wrigley can create new products—a joint effort by some 250 full-time food scientists, researchers and, marketers. The people who work in this center are most likely members of
- A. Individualistic teams
 - B. Siloed departments
 - C. Multiple strategic directional teams
 - D. Competitive teams
 - E. Cross-functional teams
39. Today's organizations must be visionary—that is, they must
- A. Forecast sales perfectly
 - B. Examine the past carefully so as to learn from mistakes
 - C. Anticipate future events and respond quickly and effectively
 - D. Turn over the employee base frequently to get the best new ideas
 - E. Do all of the above
40. To be successful a visionary organization must specify its
- A. Core values
 - B. Business
 - C. Goals
 - D. Strategies
 - E. All of the above
41. Chief Marketing Officers (CMO) would most likely do which of the following?
- A. Create and deliver value to the organization and to its customers
 - B. Oversee product planning
 - C. Oversee product positioning
 - D. Coordinate public relations initiatives
 - E. CMOs would likely do all of the above
42. An organization's _____ says, "This is what we are; this is what we stand for".
- A. Direction
 - B. Strategy
 - C. Goal
 - D. Foundation
 - E. All of the above
43. An organization's foundation is composed of which of the following elements?
- A. Organizational culture
 - B. Business
 - C. Goals
 - D. Corporate strategies
 - E. All of the above
44. Which of the following statements about organizational foundation is most correct?
- A. It rarely changes
 - B. It provides guidance and inspiration to its employees
 - C. It is composed of core values, mission and, organizational culture
 - D. It says what the organization is
 - E. All of the above are correct
45. An organization's _____ are the fundamental, passionate and, enduring principles that guide its conduct over time.
- A. Core values
 - B. Missions
 - C. Culture
 - D. Goals
 - E. Strategies

46. The "HP Way" is an example of Hewlett-Packard's
- A. Core values
 - B. Mission
 - C. Culture
 - D. Goals
 - E. Strategy
47. The Ben & Jerry's website states "Central to the mission of Ben & Jerry's is the belief that all three parts [product mission, economic mission, social mission] must thrive equally in a manner that commands deep respect for individuals in and outside the company and supports the communities of which they are a part". This statement is MOST likely the foundation of Ben & Jerry's
- A. Financial strategy
 - B. Financial statements
 - C. Core values
 - D. Human resource strategy
 - E. Global competitive strategy
48. Which of the following statements about core values are true?
- A. Core values are developed by cross-functional teams
 - B. Core values motivate customers
 - C. Core values change depending on the financial condition of the firm
 - D. Core values establish the norms of the firm's organizational culture
 - E. Core values do all of the above
49. _____ are the people who are affected by what a company does and how well it performs.
- A. Every U.S. citizen
 - B. Only stakeholders
 - C. Only shareholders
 - D. Only customers
 - E. Only competitors
50. Stakeholders
- A. Are only the people who own the company
 - B. Are really unimportant to a company
 - C. Are the people who are affected by what a company does and how well it performs
 - D. Are only the customers of a company
 - E. Never include the government
51. Which of the following statements about stakeholders is true?
- A. Employees are an example of an internal stakeholder group
 - B. Stakeholders have a stake in how well a company performs
 - C. Regulatory agencies are a type of external stakeholder
 - D. The community in which an organization is located is a type of external stakeholder
 - E. All of the above statements about stakeholders are true
52. Which of the following statements about stakeholders is true?
- A. Employees are typically not classified as a stakeholder group
 - B. There are only three types of external stakeholders—customers, suppliers and, distributors
 - C. All stakeholders are external to the organization
 - D. Stakeholders have a stake in how well a company performs
 - E. Stakeholders have no real impact on how well a company performs
53. Which of the following is a stakeholder in the CBS, the station that airs the TV sitcom *Two and a Half Men*?
- A. The actors that star in *Two and a Half Men*
 - B. The people that provide the sets and the props used in *Two and a Half Men*
 - C. The television critics that review *Two and a Half Men*
 - D. Its television audiences
 - E. All of the above are stakeholders in CBS

54. Often used interchangeably with "vision" a(n) _____ statement frequently has an inspirational theme.
- A. Point of difference
 - B. Mission
 - C. Business map
 - D. Internal situation analysis
 - E. CEO's annual
55. By understanding its business, an organization can take steps to define its _____, a statement of the organization's functions in society, often identifying its customers, markets, products and, technologies.
- A. Benefit statement
 - B. Business portfolio
 - C. Functional philosophy
 - D. Mission
 - E. Corporate code
56. The _____ for Lucent Technologies is "To use our unique capabilities to ensure that our customers thrive, our business grows and, we enrich the personal communications experience for people around the world".
- A. Benefit statement
 - B. Business portfolio
 - C. Functional philosophy
 - D. Mission
 - E. Corporate code
57. The _____ for American Red Cross is "The American Red Cross, a humanitarian organization led by volunteers and guided by its Congressional Charter and the Fundamental Principles of the International Red Cross Movement, will provide relief to victims of disasters and help people prevent, prepare for and, respond to emergencies".
- A. Benefit statement
 - B. Business portfolio
 - C. Functional philosophy
 - D. Mission
 - E. Corporate code
58. _____ refers to a set of values, ideas, attitudes and, norms of behavior that is learned and shared among the members of an organization.
- A. Corporate philosophy
 - B. Benefits statement
 - C. Organizational culture
 - D. Corporate profile
 - E. Business edge
59. George Zimmer the CEO of Men's Wearhouse is known to the public as the bearded company pitchman who sells suits and sport coats on TV declaring, "I Guarantee it!" He also says that to be successful, "You've got to have a company that starts with trust and fairness". He aims to keep his employees happy and loyal. His philosophy sets the
- A. Corporate confirmation
 - B. Benefits statement
 - C. Organizational culture
 - D. Corporate profile
 - E. Business edge

60. Which of the following statements about organizational culture is most correct?
- A. Organizational culture exists only at the corporate level of an organization
 - B. When corporations merge organizational cultures can collide
 - C. Organizational culture is best used only at the functional level for the most effective results
 - D. Organizational culture is part of the organizational direction
 - E. Organizational culture is a statement of the organization's function in society
61. The organizational _____ includes the "business it is in" and its specific goals.
- A. Foundation
 - B. Direction
 - C. Culture
 - D. Strategy
 - E. Mission
62. A(n) _____ describes the clear, broad, underlying industry category or market sector of an organization's offering.
- A. Business
 - B. Culture
 - C. Mission
 - D. Goal
 - E. Strategy
63. In terms of an organization's business, railroads may have lost market share in the 20th century because they
- A. Were too slow and cumbersome
 - B. Defined their business too narrowly
 - C. Defined their business too broadly
 - D. Priced their services too high
 - E. Were simply an outmoded form of transportation
64. In the 19th century railroads may have let other forms of transportation take business away from them because their definition included only the railroad business, rather than the broader definition of
- A. Transportation
 - B. Mail delivery
 - C. Entertainment
 - D. Services
 - E. Wholesaling
65. Procter and Gamble Co. manufactures consumer products such as Crest toothpaste and the Swiffer mop. But P & G does not see itself as a toothpaste or a mop company. Instead it sees itself as an innovative company with the goal of solving consumer problems. P & G most likely grew its market share in 70% of its businesses because
- A. It was lucky
 - B. It invented new products to solve customer problems
 - C. It increased advertising for tried and true products
 - D. Everyone likes Crest toothpaste
 - E. Lots of people buy consumer products
66. An accomplishment of a task to be achieved, often by a specific time is called a
- A. Plan
 - B. Procedure
 - C. Strategy
 - D. Goal
 - E. Vision

67. Which of the following statements about organizational goals is true?
- A. The terms goal and objective can be used interchangeably
 - B. In an organization, goals exist at the corporate, business and, functional levels
 - C. All lower-level goals should contribute to the achievement of higher-level goals
 - D. Goals convert an organization's mission into performance targets to measure how well it is doing
 - E. All of the above statements accurately describe organizational goals
68. Which of the following is a type of goal a business firm might pursue?
- A. Profit
 - B. Sales revenue
 - C. Market share
 - D. Social responsibility
 - E. All of the above
69. Classic economic theory assumes a firm seeks to maximize its long-run _____, achieving as high a financial return on its investments as possible.
- A. Profit
 - B. Sales revenue
 - C. Market share
 - D. Quality
 - E. Employee welfare
70. A new company projects that its sales will be greater than its expenses within the first year of operation. This is an example of which type of goal?
- A. Profit
 - B. Sales revenue
 - C. Market share
 - D. Unit sales
 - E. Quality
71. If profits are acceptable, a firm may elect to _____ even though profitability may not be maximized.
- A. Abandon green marketing
 - B. Decrease employee loyalty
 - C. Maintain or increase market share
 - D. Decrease social responsibility
 - E. Decrease customer satisfaction
72. A small businesswoman was explaining how she was planning for the upcoming holiday season. "We've got to maximize our sales by using increased advertising because profits are adequate at the moment". From this statement, she is most concerned with _____ goals.
- A. Profit
 - B. Sales revenue
 - C. Market share
 - D. Social responsibility
 - E. Survival
73. When sales revenue is chosen as an organizational goal, a firm
- A. Increases sales levels and strives for a constant level of profits
 - B. Maintains sales levels and strives for maximum profitability
 - C. Maintains or increases sales levels even though profitability may not be maximized
 - D. Decreases sales levels but increases profit margins
 - E. Decreases sales levels and reduces the profit margin

74. The ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself is, called
- A. Sales quality
 - B. Market share
 - C. Industry potential
 - D. Contribution margin
 - E. Marginal revenue
75. Market share is
- A. The ratio of the profit of the firm to the total profits of all firms in the industry, not including the firm itself
 - B. The ratio of the profit of the firm to the total profits of all firms in the industry, including the firm itself
 - C. The ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, not including the firm itself
 - D. The ratio of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself
 - E. The ratio of the profits of all firms in an industry to the profits of the firm
76. Market share is the ratio of sales revenue of the firm to the total sales revenue of all _____, including the firm itself.
- A. Firms in the industry
 - B. Firms in alternative industries
 - C. Firms surveyed by the U.S. Government
 - D. Firms sharing in marketing principles
 - E. Domestic firms
77. A firm may choose to maintain or increase its market share, sometimes at the expense of greater profits if
- A. There are poor sales databases
 - B. There are fluctuations in inventory
 - C. There are unpredictable sales expenses
 - D. Industry status or prestige is at stake
 - E. Inflation is present
78. Xbox video game consoles were developed through a joint venture between Microsoft and the WWE (World Wrestling Entertainment, Inc.). Complaints about the video game began immediately after its introduction. These complaints ranged from missing parts to incorrect programming. It would seem obvious that the manufacturer of Xbox video game consoles should adopt _____ goals.
- A. Profit
 - B. Sales revenue
 - C. Market share
 - D. Quality
 - E. Employee welfare
79. Motorola invented the Six Sigma program that sets as a goal no more than one defect in one million parts manufactured. This is an example of a _____ goal.
- A. Profit
 - B. Sales revenue
 - C. Market share
 - D. Quality
 - E. Employee welfare

80. Apple recently introduced the iPhone to great fanfare. Many corporate users have found that it does not sync with their servers, thus not allowing users to download from his or her company email account. When the phone was introduced, many users could not immediately activate the phone. Based on these examples, it would seem that Apple should have adopted more stringent _____ goals prior to releasing the iPhone.
- A. Technology
 - B. Innovation
 - C. Quality
 - D. Service
 - E. Satisfaction
81. A catalog retailer who set as its qualitative goal to reduce merchandise returns by 20 percent would have set _____ goals.
- A. Customer satisfaction
 - B. Employee welfare
 - C. Market share
 - D. Social responsibility
 - E. Profit
82. Lands' End ships each order within 48 hours and its guarantee is the best in the world—"Guaranteed Period". These actions by Lands' End are most likely examples of _____ goals.
- A. Employee welfare
 - B. Market share
 - C. Social responsibility
 - D. Customer satisfaction
 - E. Profit
83. The founder of Starbucks, Howard Schultz, provides healthcare for all employees who work over 20 hours per week. He says that "the companies that are doing the right thing by covering their employees [with health care coverage] are paying for the companies who don't do the right thing". This is an example of one of Starbucks' _____ goals.
- A. Satisfaction
 - B. Sales revenue
 - C. Market share
 - D. Quality
 - E. Employee welfare
84. Many universities and other educational institutions provide retirement benefits by doubling the percentage the employee pays into the account up to a certain percentage of his or her pay. This provides a wonderful benefit to those who are full-time employees. This is an example of a _____ goal.
- A. Satisfaction
 - B. Sales revenue
 - C. Market share
 - D. Quality
 - E. Employee welfare
85. Pfizer Pharmaceuticals is offering low-income senior citizens some of its most widely used prescriptions for \$15 each a month—much below the regular costs for these drugs. This program, which serves senior citizens most likely grew out of a _____ goal.
- A. Profit
 - B. Unit sales
 - C. Sales revenue
 - D. Market share
 - E. Social responsibility

86. Hasbro is a \$3 billion toy company that prides itself on donating to organizations that help children, since children and their parents are the target market for the business. This is an example of how Hasbro participates in corporate
- A. Return on
 - B. Market share
 - C. Sales revenue
 - D. Unit sales
 - E. Social responsibility
87. The concept of sustainable development asks a country to meet present needs without
- A. Minimizing return on investment
 - B. Decreasing market share
 - C. Decreasing unit sales
 - D. Decreasing sales revenue
 - E. Compromising the needs of future generations
88. Corporate executives and world leaders are increasingly asked to address the issue of _____, a term that refers to meeting present needs "without compromising the ability of future generations to meet their own needs".
- A. Corporate culture
 - B. Profit margins
 - C. Strategic direction
 - D. Acculturation
 - E. Sustainable development
89. _____ are an organization's special capabilities, including skills, technology and, resources that distinguish it from other organizations and that provide value to its customers.
- A. Accomplishments
 - B. Acquisitions
 - C. Capacities
 - D. Characteristics
 - E. Competencies
90. Rhone-Poulenc is an international French company that produces and markets a variety of chemicals and pharmaceuticals. Due to the resources it makes available to its scientists and researchers, the company has a number of Nobel Prize winners working in its laboratories. This ability to attract some of the finest minds in the world to its workforce is an example of a(n):
- A. Synergistic capacity
 - B. Competitive advantage
 - C. Unsought benefit
 - D. Product development strategy
 - E. Competency
91. Designing a car is expensive and time-consuming even with the use of computers because until recently there was no way for all the varied departments that are involved in new car development to work together. DaimlerChrysler has created a unique central Web-based system that cuts the design and production process by at least two years, thus providing value to the customer. This is an example of a(n)
- A. Benchmarking project
 - B. Innovation-oriented mission
 - C. Action program
 - D. Operational goal implementation
 - E. Competency

92. Evergreen Air Center is the world's biggest parking lot for unwanted aircraft. Airlines pay a monthly fee from \$750 to \$5,000 to mothball airplanes at this site. Its location is on 1,600 acres of Arizona desert. The Southwest climate serves as a cheap and effective airplane preservative. Evergreen's location is its
- A. Operational goal
 - B. Competency
 - C. Tactical mission
 - D. Benchmarked differentiator
 - E. Innovative vision
93. Mobile phone companies broke the age-old business rule of staying within their _____ by going beyond their expertise in running networks and billing subscribers to designing handsets. Nokia, on the other hand, boosted its success in handsets in large part by staying focused on what it does best: manufacturing handsets and watching carefully for the latest consumer trends.
- A. Goals
 - B. Mission
 - C. Innovative vision
 - D. Competency
 - E. Action program
94. _____ is a unique strength relative to competitors, often based on quality, time, cost or, innovation.
- A. Market penetration
 - B. Product differentiation
 - C. Competitive advantage
 - D. Business force
 - E. Business competency
95. Which of the following statements about quality as a competitive advantage is true?
- A. The only way to create a competitive advantage is by improving quality
 - B. To be successful, a competitive advantage does not have to be unique
 - C. The ability to satisfy customer needs can be a source of a competitive advantage
 - D. A company must ignore costs when establishing a competitive advantage
 - E. All of the above statements about quality as a competitive advantage are true
96. VideoAdvantage.net is a small company that rents DVD movies by mail using the Web. It jumped into an industry where there were no firm leaders but lots of competitors and established a loyal clientele by seizing the opportunity to provide a service that was not available through other companies that rented movies over the Internet—reliable overnight shipment. Its delivery system created its
- A. Viable mission
 - B. Competitive advantage
 - C. Tactical innovation
 - D. Benchmarking focus
 - E. Sales orientation
97. Men's Wearhouse (MW) caters to the man who doesn't necessarily enjoy shopping. The stores are located in outdoor shopping centers so that customers can get in and out quickly. Additionally the MW targets the budget-conscious consumer with suit prices ranging from \$250-300. Earnings rose 23% recently, indicating that the location of the stores and the pricing strategy both are part of the MW
- A. Competitive advantage
 - B. Benchmarking expertise
 - C. Tactical innovation
 - D. Leapfrogging capabilities
 - E. Viable mission

98. A(n) _____ allows a firm to bring innovative products to markets rapidly in large volumes.
- A. Fast cycle time
 - B. Special delivery
 - C. Asset of reliability
 - D. Rapid volume cycle
 - E. Innovation cycle
99. The acronym TQM stands for
- A. Targeted quota management
 - B. Tactical quota management
 - C. Tangible and quantitative measurements
 - D. Total quality management
 - E. Tactical quantity marketing
100. _____ means those features and characteristics of an offering that influence its ability to satisfy customer needs.
- A. Product concept
 - B. Core benefit proposition
 - C. Strategic benefits
 - D. Quality
 - E. Core competency
101. When Zierer GMBH, a German manufacturer of amusement park rides began manufacturing gravity rides such as the runaway mine train ride, it studied a ride built by a U.S. competitor to learn how its braking system worked and to use this information in its own design. It was engaging in
- A. Benchmarking
 - B. Competitive measuring
 - C. Selective quality
 - D. Resourcing
 - E. Outsourcing
102. _____ is the process of discovering the best practices of organizations in its own and other industries and then imitating them to leapfrog its competitors.
- A. Product emulation
 - B. Competitive measurement
 - C. Benchmarking
 - D. Reverse engineering
 - E. Resourcing
103. When General Mills sought ideas on how to reduce the time to convert its production lines from one cereal to another, it sent a team to observe the pit crews at the Indianapolis 500 race. To learn these lessons from a pit crew, General Mills used
- A. Process emulation
 - B. Research mimicry
 - C. Benchmarking
 - D. Reverse engineering
 - E. Collaborative engineering
104. Which of the following are Lands' End competitors?
- A. Other catalog retailers
 - B. Traditional department stores
 - C. Mass merchandisers
 - D. Specialty shops
 - E. All of the above are Lands' End competitors

105. The Boston Consulting Group (BCG) uses _____ to quantify performance measures and growth targets to analyze its clients' SBUs as though they were a collection of separate investments.
- A. Target marketing
 - B. Business portfolio analysis
 - C. Marketing strategic planning
 - D. Market segmentation
 - E. Stock segmentation
106. In the Boston Consulting Group (BCG) model to analyze a firm's strategic business units or, SBUs, the vertical axis reflects the
- A. Return on investment desired
 - B. Market growth rate
 - C. Market segment size
 - D. Relative market share
 - E. Number of employees
107. In the Boston Consulting Group (BCG) model for analysis of a firm's strategic business units or, SBUs, the horizontal axis reflects the
- A. National forecast
 - B. Business portfolio in dollars
 - C. Years of experience
 - D. Market segment size
 - E. Relative market share
108. SBUs with a high share of high-growth markets that may not generate enough cash to support their own demanding needs for future growth are known as
- A. Dogs
 - B. Cash cows
 - C. Question marks
 - D. Stars
 - E. Bonanzas
109. _____ are SBUs with a low share of slow-growth markets—they may generate enough cash to sustain themselves, but they do not hold the promise of ever becoming real winners for the firm.
- A. Cash cows
 - B. Stars
 - C. Question marks
 - D. Dogs
 - E. Problem children
110. _____ have dominant shares of slow-growth markets and provide cash to cover the organization's overhead and to invest in other SBUs.
- A. Cash cows
 - B. Stars
 - C. Question marks
 - D. Dogs
 - E. Problem children
111. Using a BCG analysis, Kodak's ink-jet printers and cartridge business is, a(n)
- A. Star
 - B. Cash cow
 - C. Question mark
 - D. Exclamation mark
 - E. Shooting star

112. Solarcom is a 30-year-old information technology company that owns several subsidiaries. One of its subsidiaries is Atlantix Global Systems, which is one of the leading wholesalers for refurbished computer equipment, an industry that is growing worldwide. According to the BCG portfolio matrix, Atlantix Global would most likely be classified as a
- Dog
 - Cash cow
 - Question mark
 - Star
 - Problem child
113. Several years ago, Black & Decker purchased General Electric's small appliances product line. Black & Decker purchased the line because it needed the cash infusion from a product line that had a dominant market share. The small appliance industry is a slow-growth one. The small appliances product line is most likely a _____ for Black & Decker.
- Dog
 - Cash cow
 - Question mark
 - Star
 - Problem child
114. Several years ago the Honda Motor Company unveiled the hybrid version of the Honda Civic. While the hybrid vehicles are very fuel efficient, they are also very expensive to purchase. Hybrid vehicles sales have increased over 570 percent with a compound annual growth rate of 88.6%. Sales of the Civic eventually overtook those of the Toyota Prius, making it the number one hybrid car in the U.S. For years Honda has experienced tremendous success with their Accords—in fact, Honda cars are repeatedly the top selling automobiles in the U.S. Where would the Honda Civic (hybrid version) and the Honda Accord fall in the BCG product portfolio matrix?
- The hybrid Civic would be classified as a star and, the Accord would be classified a cash cow
 - The hybrid Civic would be considered a cash cow and, the Accord would be classified as a star
 - Due to the overwhelming success of Honda cars, both the Accords and, the hybrid Civics would be classified as cash cows
 - The Civic would be a problem child and, the Accord would be a cash cow
 - The Civic would be considered a dog and, the Accord would be classified as a star
115. In its business portfolio analysis, an organization's SBUs often start as _____ and then become _____.
- Dogs; question marks
 - Question marks; stars
 - Stars; question marks
 - Stars; dogs
 - Question marks; dogs

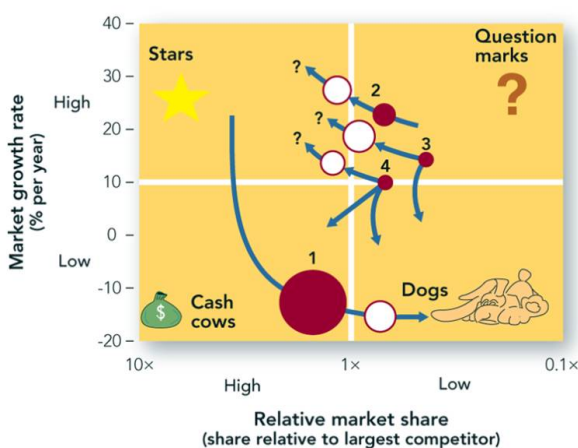


FIGURE 2-3

116. According to Figure 2-3, the circle labeled "2" has _____ market share than its largest competitor.
- A. Slightly more
 - B. Slightly less
 - C. Significantly more
 - D. Significantly less
 - E. About the same
117. According to Figure 2-3, the circle in the highest growth market is
- A. Circle 1
 - B. Circle 2
 - C. Circle 3
 - D. Circle 4
 - E. All of the circles are in low growth markets
118. According to Figure 2-3, the most likely position for circle 1 in the future is as a
- A. Star
 - B. Question mark
 - C. Problem child
 - D. Cash cow
 - E. Dog
119. In Figure 2-3, the most likely reason given below that circle 4 would become a star is
- A. The firm will remove cash from it
 - B. The firm will reduce advertising for it
 - C. The firm will inject cash into it
 - D. The firm will increase the market growth rate
 - E. The firm will decrease the market growth rate
120. The razor and blades strategy that Kodak followed refers to
- A. The similarity of Kodak's strategy with Canon's
 - B. Making repeated sales of film to be used in a camera
 - C. Moving the Kodak film from a cash cow to a dog in the BCG matrix
 - D. Increasing the number of digital cameras that Kodak sells
 - E. Kodak did not follow a razor and blades strategy
121. One of the strengths inherent in the use of the BCG portfolio analysis is the fact that it
- A. Is remarkably easy to locate an SBU on the BCG matrix
 - B. Considers all factors that might impact an SBU's value to an organization
 - C. Acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children
 - D. Forces firms to assess their SBUs in terms of relative market share and industry growth rate
 - E. Shows competitors how to improve
122. One of the weaknesses inherent in the use of the BCG portfolio analysis is that it
- A. Acts as a strong motivational tool for employees in SBUs that have been labeled dogs or problem children
 - B. Is often difficult to get needed information
 - C. Considers so many SBU factors beyond market growth rate and relative market share
 - D. Does not require forecasts in order to be implemented
 - E. Makes efficient use of all competitive information
123. An organization using the _____ develops a simple, excellent offering that captures the imagination of its employees and its customers.
- A. BCG matrix
 - B. Blue Ocean strategy
 - C. Green Forest analysis
 - D. Hedgehog Concept
 - E. Fox Analysis

124. When an organization goes outside of its industry and faces less competition it is following a
- BCG strategy
 - Blue Ocean Strategy
 - Green Forest Analysis
 - Hedgehog strategy
 - Fox Analysis
125. _____ denote all industries (1) not yet in existence or (2) that are created by expanding industry boundaries.
- Green forests
 - Blue oceans
 - Red oceans
 - Purple skies
 - Orange skies
126. A(n) _____ is the visual display on a single computer screen of the essential information related to achieving a marketing objective.
- Marketing screen
 - Objective dash
 - Marketing dashboard
 - Information screen
 - Corporate dashboard
127. A measure of the quantitative value or trend of a marketing activity or result is called a
- Trend analysis
 - Marketing measurement
 - Marketing dashboard
 - Marketing metric
 - Value analysis
128. Which of the following statements about marketing metrics is most true?
- A marketing metric is a qualitative trend
 - A marketing metric is a marketing activity
 - A marketing metric is used by accountants
 - The purpose of a marketing metric is to measure the quantitative value of a marketing activity
 - All of the above are true



FIGURE 2-4

129. To which product category does Figure 2-4 refer?
- Electronics
 - Hardware
 - Software
 - Peripherals
 - Photo

130. According to Figure 2-4, during which year did cost of sales closely approach sales?
- A. 1998
 - B. 1999
 - C. 2000
 - D. 2001
 - E. Each year shown
131. According to Figure 2-4, during which year was the margin the largest?
- A. 1998
 - B. 1999
 - C. 2000
 - D. 2001
 - E. The margin was the same each year
132. According to Figure 2-4, during which year was sales revenue the largest?
- A. 1998
 - B. 1999
 - C. 2000
 - D. 2001
 - E. The sales were flat
133. Which of the following statements about a marketing dashboard is most true?
- A. The more detail that is displayed the better it is for the manager
 - B. Up to 20 marketing metrics are shown on the marketing dashboard screen
 - C. The marketing dashboard is updated weekly
 - D. Marketing dashboards often show key measures such as HR turnover, strategy success and, goals
 - E. Marketing dashboards provide graphic displays of a product category's performance, such as sales, cost of sales and, percent margin
134. The _____ is an approach whereby an organization allocates its marketing mix resources to reach its target markets.
- A. The calibrated marketing process
 - B. The strategic marketing process
 - C. The situational marketing process
 - D. The developmental market analysis
 - E. The market determinant method
135. The key steps of planning, implementation and, evaluation are part of what is called
- A. Gap analysis
 - B. The strategic marketing process
 - C. The situational marketing process
 - D. The developmental market analysis
 - E. The market determinant method
136. In design, a marketing plan is most closely related to a
- A. Novel
 - B. Pyramid
 - C. Road map
 - D. Circle
 - E. Cloverleaf
137. If sales are shown as decreasing on your marketing dashboard, what should you investigate with market research?
- A. The accounting records to be sure they are accurate
 - B. The financial statements
 - C. Whether consumer tastes have changed
 - D. The number of support personnel you have at the plant
 - E. How long the production line is running

138. What are the three steps involved in the PLANNING phase of the strategic marketing process?
- A. Situation (SWOT) analysis; market-product focus and goal setting; and marketing program development
 - B. Planning; implementation; and control
 - C. Set market and product goals; select target markets; find points of difference; and position the product
 - D. Identify industry trends; analyze competitors; assess own company; and research customer
 - E. Identify where we have been; where we are headed; and where we are now
139. Step two in the planning phase of the strategic marketing process is
- A. The situation analysis
 - B. The market-product focus and goal setting
 - C. The marketing program
 - D. Implementation
 - E. Obtaining resources
140. Step three in the planning phase of the strategic marketing process is
- A. The situation analysis
 - B. The market-product focus and goal setting
 - C. The marketing program
 - D. Implementation
 - E. Obtaining resources
141. The market-product focus and goal setting part of the planning process includes
- A. Set market and product goals
 - B. Select target markets
 - C. Find points of difference
 - D. Position the product
 - E. All of the above
142. The first step in the strategic marketing process is
- A. Establishing the budget
 - B. Developing advertising appeals
 - C. Goal setting
 - D. Marketing programming
 - E. Situation analysis
143. Taking stock of where the firm or product has been recently, where it is now and, where it is headed in terms of the organization's plans and the external factors and trends affecting it is called the
- A. Systems analysis
 - B. Strategic market plan
 - C. Goal setting step
 - D. Planning gaps
 - E. Situation analysis
144. The acronym "SWOT" used in the term "SWOT analysis" stands for
- A. Strengths, weaknesses, opportunities and, timing
 - B. Strategies, work load, opportunities and, timing
 - C. Strengths, weaknesses, opportunities and, threats
 - D. Simple, workable, optimal and, timely
 - E. Situational, worldwide or, ganizational and technological
145. An effective technique a firm can use to appraise in detail its internal strengths and weaknesses and external opportunities and threats is called
- A. SWOT analysis
 - B. Strategic management
 - C. Market segmentation
 - D. Market programming
 - E. Marginal analysis

146. In the 1980s, poor quality and Japanese imports drove the Harley-Davidson motorcycle company to the brink of bankruptcy. The company's share of the U.S. super-heavy-weight market—motorcycles with engine capacity of 850 cubic centimeters or more—collapsed from more than 40 percent in the mid 1970s to 23 percent in 1983. However, by 1989, Harley-Davidson controlled some 65 percent of the U.S. market; and both in the U.S. and overseas markets, the company won't be able to meet demand for years. From a marketing perspective, what was the most likely first step in Harley-Davidson's resurgence?
- A. Development of a new mission statement and subsequent marketing strategy
 - B. Repositioning their product in the minds of motorcycle buyers
 - C. Performing a SWOT analysis
 - D. Seeking new markets for the motorcycles both in the U.S. and in foreign markets
 - E. Improving the quality of their product and communicating this to motorcycle buyers
147. The consumer products industry is one with several large competitors, soaring raw materials prices and, strong demands from powerful retailers for lower prices. As a result Colgate-Palmolive Co. and Unilever Group, the makers of products such as Colgate toothpaste and Ben & Jerry's ice cream both reduced their earnings forecasts. Yet Proctor & Gamble, another consumer products company did not. At P & G innovation is a key attribute, allowing the company to update all 200 of their brands and to invent products such as Crest Whitestrips that consumers crave. P & G has also used its marketing know-how to develop unique product placements on television shows that highlight its brands. A SWOT analysis for P & G of this information would indicate that the overall industry situation is a _____ while the invention taking place at P & G is a _____.
- A. Strength; weakness
 - B. Weakness; threat
 - C. Threat; strength
 - D. Opportunity; threat
 - E. Opportunity; strength
148. The consumer products industry is one with several large competitors, soaring raw materials prices and, strong demands from powerful retailers for lower prices. As a result Colgate-Palmolive Co. and Unilever Group, the makers of products such as Colgate toothpaste and Ben & Jerry's ice cream both reduced their earnings forecasts. Yet Proctor & Gamble, another consumer products company did not. At P & G innovation is a key attribute, allowing the company to update all 200 of their brands and to invent products such as Crest Whitestrips that consumers crave. P & G has also used their marketing know-how to develop unique product placements on television shows that highlight its brands. A SWOT analysis for P & G of this information would indicate that the powerful retailers who demand lower pricing is a _____ while the innovation taking place at P & G is a _____.
- A. Strength; weakness
 - B. Weakness; threat
 - C. Threat; strength
 - D. Opportunity; threat
 - E. Opportunity; strength
149. The consumer products industry is one with several large competitors, soaring raw materials prices and, strong demands from powerful retailers for lower prices. As a result Colgate-Palmolive Co. and Unilever Group, the makers of products such as Colgate toothpaste and Ben & Jerry's ice cream both reduced their earnings forecasts. Yet Proctor & Gamble, another consumer products company did not. At P & G innovation is a key attribute, allowing the company to update all 200 of their brands and to invent products such as Crest Whitestrips that consumers crave. P & G has also used their marketing know-how to develop unique product placements on television shows that highlight its brands. A SWOT analysis for P & G of this information would indicate that the soaring raw materials prices are a _____ while the product placement highlighting its brands is a _____.
- A. Strength; weakness
 - B. Weakness; threat
 - C. Threat; strength
 - D. Opportunity; threat
 - E. Opportunity; strength

150. Situation analysis requires a firm to consider both internal and external factors. Which of the following is NOT an example of an external factor?
- A. Competitive
 - B. Technological
 - C. Consumer demand
 - D. Political and legal factors
 - E. Departmental objectives
151. The goal of a SWOT analysis is to
- A. Identify those strategic factors that can have a major effect on the firm
 - B. Keep top management placated
 - C. Discover areas for diversified investment outside the firm's marketing areas
 - D. Develop new products for new market segments
 - E. Allocate financial resources across the industry
152. A recent Congressional initiative mandated that the U.S. Department of Transportation (USDOT) establish a national traffic information collection system. The marketing manager of a company that provided traffic reports for local radio stations would most likely incorporate this knowledge into its SWOT analysis as
- A. A strength if the company has an existing working relationship with the USDOT
 - B. A threat if the USDOT will give this information directly to the radio stations
 - C. A weakness if the company that provides local traffic information has no employees technologically capable of using the USDOT system
 - D. An opportunity if the USDOT is creating a network of local traffic-information providers to address the mandate
 - E. All of the above
153. What is the marketing term for aggregating prospective buyers into groups that have common needs and will respond similarly to a marketing action?
- A. Aggregation marketing
 - B. Market segmentation
 - C. Market clustering
 - D. Profiling
 - E. Mass marketing
154. To develop a successful marketing plan for soda _____ would most likely be used to group consumers on the basis of whether they wanted sugar-free and caffeine-free soda, caffeine-free sugared soda or, regular soda with sugar and caffeine.
- A. Aggregation marketing
 - B. Market segmentation
 - C. Market clustering
 - D. Profiling
 - E. Mass marketing
155. A toothbrush manufacturer sells several lines of toothbrushes. One line is for small children, one line is for people with gum problems and, one is for people who wear dentures. These different products are targeted toward different groups based on
- A. Organizational strengths
 - B. Market programming
 - C. Market segmentation
 - D. Distinctive competencies
 - E. Organizational opportunities

156. Marketing goal setting involves setting measurable _____ to be achieved.
- A. Financial limits
 - B. Marketing objectives
 - C. Quality standards
 - D. Production quotas
 - E. Research and development aspirations
157. Those characteristics of a product that make it superior to competitive substitutes are called
- A. Consumer standards
 - B. Perceptual segments
 - C. Marketing selectives
 - D. Points of difference
 - E. Product stereotypes
158. At which step of the planning stage of the strategic marketing process does a firm develop its marketing mix?
- A. Situation analysis
 - B. Goal setting
 - C. Marketing program
 - D. Sales forecasting
 - E. Market segmentation
159. A cohesive marketing program concentrates on
- A. Product
 - B. Price
 - C. Promotion
 - D. Place
 - E. All of the above
160. The consumer products industry is one with several large competitors, soaring raw materials prices and, strong demands from powerful retailers for lower prices. As a result Colgate-Palmolive Co. and Unilever Group, the makers of products such as Colgate toothpaste and Ben & Jerry's ice cream both reduced their earnings forecasts. Yet Proctor & Gamble, another consumer products company did not. At P & G innovation is a key attribute, allowing the company to update all 200 of their brands and to invent products such as Crest Whitestrips that consumers crave. P & G has also used their marketing know-how to develop unique product placements on television shows that highlight its brands. Crest Whitestrips is an example of P & G's
- A. Products
 - B. Prices
 - C. Promotions
 - D. Places
 - E. All of the above
161. The consumer products industry is one with several large competitors, soaring raw materials prices and, strong demands from powerful retailers for lower prices. As a result Colgate-Palmolive Co. and Unilever Group, the makers of products such as Colgate toothpaste and Ben & Jerry's ice cream both reduced their earnings forecasts. Yet Proctor & Gamble, another consumer products company did not. At P & G innovation is a key attribute, allowing the company to update all 200 of their brands and to invent products such as Crest Whitestrips that consumers crave. P & G has also used their marketing know-how to develop unique product placements on television shows that highlight its brands. Product placement on television shows is an example of P & G's
- A. Products
 - B. Prices
 - C. Promotions
 - D. Places
 - E. All of the above

162. The _____ element of the marketing mix includes features, packaging, brand name and, warranty.
- A. Product
 - B. Pricing
 - C. Promotion
 - D. Place
 - E. Services
163. The _____ element of the marketing mix includes outlets, channels, coverage, transportation and, stock level.
- A. Product
 - B. Pricing
 - C. Promotion
 - D. Place
 - E. Budgeting
164. The second phase of the strategic marketing process is the
- A. Motivational phase
 - B. Strategic phase
 - C. Planning phase
 - D. Implementation phase
 - E. Evaluation phase
165. Two major elements of the implementation phase of the strategic marketing process are
- A. Segmenting the market and selecting target markets
 - B. Establishing a business mission and designing measurable goals and objectives
 - C. Designing the marketing mix and setting the budget
 - D. Identifying deviations in the marketing plan and acting on them
 - E. Executing the marketing program and designing the marketing organization
166. Two major elements of the implementation phase of the strategic marketing process are
- A. Segmenting the market and selecting target markets
 - B. Establishing a business mission and designing measurable goals and objectives
 - C. Designing the marketing mix and setting the budget
 - D. Identifying deviations in the marketing plan and acting on them
 - E. Obtaining resources and developing schedules
167. Two major elements of the implementation phase of the strategic marketing process are
- A. Segmenting the market and selecting target markets
 - B. Establishing a business mission and designing measurable goals and objectives
 - C. Designing the marketing mix and setting the budget
 - D. Identifying deviations in the marketing plan and acting on them
 - E. Obtaining resources and designing the marketing organization
168. Two major elements of the implementation phase of the strategic marketing process are:
- A. Segmenting the market and selecting target markets
 - B. Establishing a business mission and designing measurable goals and objectives
 - C. Developing schedules and executing the marketing program
 - D. Identifying deviations in the marketing plan and acting on them
 - E. Designing the marketing mix and setting the budget

169. The Xbox video game console was developed through a joint venture between Microsoft and the WWE (World Wrestling Entertainment, Inc.). Plans were made to rush the product to market to counter new Playstation and Nintendo consoles that were also being released about the same time. Complaints about the video game began immediately after its introduction. These complaints ranged from missing parts to incorrect programming. In which phase of the strategic marketing process did the Xbox strategy fail?
- A. The goal-setting phase
 - B. The implementation phase
 - C. The control phase
 - D. The strategic development phase
 - E. The resource administration phase
170. A marketing strategy is the means by which a marketing goal is to be achieved. Two factors that usually characterize a marketing strategy are
- A. Specific goals and organizational objectives
 - B. A detailed marketing plan and marketing budget
 - C. Marketing strategies and marketing tactics
 - D. A specified target market and a marketing program to reach it
 - E. Marketing programs and deviation control
171. Which of the following statements reflects both of the key elements in developing a marketing strategy for L. M. Schofield, Inc., a company that produces specialized concrete surfaces for heavily trafficked areas such as retail outlets and amusement parks?
- A. Buy ads in all the major trade journals aimed at businesses in the entertainment and/or sports industry
 - B. Communicate using direct mail about the various walking surfaces Schofield can create for contractors who are building riding and walking paths
 - C. Design a sample ad and test it using visitors to a trade show
 - D. Hire six new sales representatives for the Midwest regional office and train them on all aspects of strategy
 - E. Create a focus group to decide on what surface to use for a religious-theme park in Brazil
172. A marketing _____ is defined as the means by which a marketing goal is to be achieved. It is characterized by a specified target market and the marketing program to reach it.
- A. Plan
 - B. Tactic
 - C. Strategy
 - D. Concept
 - E. Action program
173. Marketing tactics are
- A. The long-term decisions made to implement the marketing program and the monitoring of those decisions
 - B. The detailed day-to-day operational decisions essential to the overall success of marketing strategies
 - C. The steps taken to develop an effective marketing plan
 - D. The development of marketing strategies to achieve the organization's marketing objectives
 - E. The refinement of the organization's mission based on the results obtained from a marketing audit
174. David and Cecilia Stanford, owners of Prairie Herb vinegars, decided to offer the product in 5-ounce and 13-ounce sizes as well as in a 16-ounce European glass bottle. They decided to sell the vinegar only through the mail and to price the smaller bottles at \$4.45 and the largest bottles at \$13.25. They were determining Prairie Herb's marketing
- A. Tactics
 - B. Missions
 - C. Visions
 - D. Strategies
 - E. Operational procedures

175. Compared to marketing strategies, marketing tactics generally involve actions that
- A. Must be taken sooner rather than later
 - B. Are long term and need to be carefully developed rather than short term
 - C. Involve upper levels of management rather than front-line managers
 - D. Are general rather than specific in nature
 - E. Have been successfully implemented in the past
176. The two major aspects of the evaluation phase of the strategic marketing process are
- A. Segmenting the market and selecting target markets
 - B. Establishing a business mission and designing measurable goals and objectives
 - C. Designing the marketing mix and setting the budget
 - D. Identify deviations from goals and act on the deviations
 - E. Executing the marketing plan and designing the marketing organization
177. The third phase of the strategic marketing process is the
- A. Implementation phase
 - B. Planning phase
 - C. Tactical phase
 - D. Evaluation phase
 - E. Goal-setting phase
178. The difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place is called
- A. The contribution margin
 - B. The marginal space
 - C. The breakeven point
 - D. The planning gap
 - E. Differential location
179. Recently Kodak had a very flat level of sales revenue. The CEO did not like the no-growth results and instead forecasted an increase in sales revenue based on new plans and actions. The difference between the existing flat level of sales revenue and the increased level is known as
- A. The contribution margin
 - B. The marginal space
 - C. The breakeven point
 - D. The planning gap
 - E. Differential location
180. Evergreen Air Center is the world's largest parking lot for unwanted commercial aircraft. Airlines pay from \$750 to \$5,000 monthly for the storage services provided by Evergreen. Prior to September 2001, the company had 140 discarded airplanes at its Arizona facilities and was growing at a rate of about six planes monthly with about two a month sold for parts and/or scrap metal. After calamity struck the airline industry in September 2001, the airlines have retired over a thousand planes—many of which found their way to Evergreen. Now the actual number of planes stored at Evergreen differs significantly from the prediction based on previous behavior. This difference is referred to as
- A. The contribution margin
 - B. The marginal space
 - C. The breakeven point
 - D. The planning gap
 - E. Differential location
181. After examining a planning gap, firms typically attempt to
- A. Decide if the time horizon should be increased or decreased
 - B. Perform a SWOT analysis with their major competitor as the focus
 - C. Use statistical trend analysis to interpret the results
 - D. Exploit a positive deviation and correct a negative deviation
 - E. Adopt a product-market focus



FIGURE 2-9

182. As the CEO of the company the sales revenues of which are shown in Figure 2-9 are you
- Proud of your accomplishments between 2002 and 2006?
 - Feeling good because the results are precisely on track with plan?
 - Going to reward your subordinates for outstanding performance?
 - Worried that the board might fire you?
 - Devising a new plan since the prior plan is clearly not working?
183. Based on the information in Figure 2-9 between 1998 and 2010 the planning gap
- Is widening
 - Is becoming narrower
 - Is staying the same
 - Size cannot be determined
 - Occurred in 1998
184. The BP Helios House is
- A green gas station
 - A museum showing sustainable ideas for the future
 - A shelter for the homeless in L.A
 - A home-away-from-home for families of very sick children
 - The name of the BP corporate office park
185. The four brand values of BP include
- Performance-driven
 - Innovative
 - Progressive
 - Green
 - All of the above
186. Which of the following is part of the BP strategy to change the way consumers think about its gas stations?
- Helios House
 - Animated TV ads
 - In-store give-aways
 - Street teams
 - All of the above are part of the BP strategy to change the way consumers think about its gas stations

187. Describe the composition of the three organizational levels whose strategy is linked to marketing.

188. There is a General Motors plant in Spring Hill, Tennessee, that is devoted solely to the production of Saturn cars. At which organizational level is this plant operating? Explain your answer.

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

190. Explain what a visionary organization is and the two key steps that are part of how visionary organizations formulate strategies.

191. List potential stakeholders for the college or university that you attend.

192. What is a corporate mission?

193. Useful criteria for writing effective goals are given by the acronym SMART. What does SMART stand for in this context?
194. Name and briefly describe the seven types of corporate goals.
195. The logistics industry has sales of \$800 billion per year. If a third party logistics provider had sales of \$8 billion, what would its market share be? Be sure to define market share and show your work in your answer.
196. Explain the difference between "competencies" and "competitive advantage" in an organizational setting.
197. One of the most recognized approaches to business portfolio analysis is the Boston Consulting Group's growth-share matrix. By dividing each dimension into high and low categories, the matrix contains four cells. Briefly describe the four quadrants of the matrix.

198.The Boston Consulting Group's business portfolio analysis model can be used to guide a firm as it tries to change its relative market share (the factor on the horizontal axis). What are the strengths and weakness of this model?

199.Explain what the Hedgehog Concept is.

200.Explain what the Blue Ocean Strategy is.

201.Define "marketing dashboard" and "marketing metric" and explain how these terms are related.

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

203.Identify and describe the four factors in a SWOT analysis and give examples for Ben & Jerry's Homemade ice cream that help it identify the critical strategy-related factors that could have major effects on it.

204. A campus service organization annually raises money through the sale of t-shirts. How could it use market segmentation to increase sales of the shirts? Be sure to include a definition of market segmentation in your answer.
205. What are the marketing mix elements that compose a cohesive marketing program?
206. A campus service organization annually raises money through the sale of t-shirts. What are the major components of the marketing program it should use to increase sales? Give one example of each.
207. What are the four components of the implementation phase of the strategic marketing process?
208. What is the difference between marketing strategies and marketing tactics?
209. What is the purpose of the evaluation phase of the strategic marketing process? How is it accomplished?

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

ch02 Key

1. (p. 26) C
2. (p. 26) A
3. (p. 26) E
4. (p. 26) D
5. (p. 27) E
6. (p. 28) E
7. (p. 28) B
8. (p. 28) D
9. (p. 28) A
10. (p. 28) B
11. (p. 28) B
12. (p. 28) B
13. (p. 28) B
14. (p. 28) D
15. (p. 28) B
16. (p. 28) B
17. (p. 28) D
18. (p. 28) D
19. (p. 28) C
20. (p. 28 - 29) D
21. (p. 29) D
22. (p. 29) B
23. (p. 29) C
24. (p. 29) C
25. (p. 29) C
26. (p. 29) E
27. (p. 30) B
28. (p. 30) B
29. (p. 30) E
30. (p. 30) E
31. (p. 30) C
32. (p. 30) B
33. (p. 30) C
34. (p. 30) C
35. (p. 30) D
36. (p. 30) E

37. (p. 30) D
38. (p. 30) E
39. (p. 30) C
40. (p. 30) E
41. (p. 31) E
42. (p. 31) D
43. (p. 31) A
44. (p. 31) E
45. (p. 31) A
46. (p. 31) A
47. (p. 31) C
48. (p. 32) D
49. (p. 32) B
50. (p. 32) C
51. (p. 32) E
52. (p. 32) D
53. (p. 32) E
54. (p. 32) B
55. (p. 32) D
56. (p. 32) D
57. (p. 32) D
58. (p. 33) D
59. (p. 33) C
60. (p. 33) B
61. (p. 33) B
62. (p. 33) A
63. (p. 33) B
64. (p. 33 - 34) A
65. (p. 33) B
66. (p. 34) D
67. (p. 34) E
68. (p. 34) E
69. (p. 34) A
70. (p. 34) A
71. (p. 34) C
72. (p. 34) B
73. (p. 34) C
74. (p. 34) B

75. (p. 34) D
76. (p. 34) A
77. (p. 34) D
78. (p. 34) D
79. (p. 34) D
80. (p. 34) C
81. (p. 34) A
82. (p. 34) D
83. (p. 34) E
84. (p. 34) E
85. (p. 34) E
86. (p. 34) E
87. (p. 34) E
88. (p. 34) E
89. (p. 35) E
90. (p. 35) E
91. (p. 35) E
92. (p. 35) B
93. (p. 35) D
94. (p. 35) C
95. (p. 35) C
96. (p. 35) B
97. (p. 35) A
98. (p. 36) A
99. (p. 36) D
100. (p. 36) D
101. (p. 36) A
102. (p. 36) C
103. (p. 36) C
104. (p. 37) E
105. (p. 37) B
106. (p. 37) B
107. (p. 37 - 38) E
108. (p. 38) D
109. (p. 38) D
110. (p. 38) A
111. (p. 3839) C
112. (p. 38) D

113. (p. 38) B
114. (p. 38) A
115. (p. 38) B
116. (p. 38) B
117. (p. 38) B
118. (p. 38) E
119. (p. 38) C
120. (p. 38 - 39) B
121. (p. 40) D
122. (p. 40) B
123. (p. 40) D
124. (p. 41) B
125. (p. 41) B
126. (p. 41) C
127. (p. 41) D
128. (p. 41) D
129. (p. 41) E
130. (p. 42) A
131. (p. 41) D
132. (p. 41) C
133. (p. 41) E
134. (p. 42) B
135. (p. 42) B
136. (p. 43) C
137. (p. 43) C
138. (p. 44) A
139. (p. 44) B
140. (p. 44) C
141. (p. 44) E
142. (p. 43) E
143. (p. 44) E
144. (p. 44) C
145. (p. 44) A
146. (p. 44) C
147. (p. 44) C
148. (p. 44) C
149. (p. 44) C
150. (p. 45) E

- 151. (p. 45) A
- 152. (p. 45) E
- 153. (p. 46) B
- 154. (p. 46) B
- 155. (p. 46) C
- 156. (p. 46) B
- 157. (p. 46) D
- 158. (p. 46) C
- 159. (p. 47) E
- 160. (p. 47) A
- 161. (p. 47) C
- 162. (p. 47) A
- 163. (p. 47) D
- 164. (p. 48) D
- 165. (p. 48) E
- 166. (p. 48) E
- 167. (p. 48) E
- 168. (p. 48) C
- 169. (p. 48) B
- 170. (p. 49) D
- 171. (p. 49) B
- 172. (p. 49) C
- 173. (p. 49) B
- 174. (p. 49) B
- 175. (p. 49) A
- 176. (p. 49) D
- 177. (p. 49) D
- 178. (p. 49) D
- 179. (p. 49) D
- 180. (p. 49) D
- 181. (p. 49) D
- 182. (p. 50) E
- 183. (p. 49) D
- 184. (p. 52) A
- 185. (p. 52) E
- 186. (p. 53) E

- (3). functional level where groups of specialists actually create value for the organization. (The term "department" generally refers to these specialized functions such as marketing and finance.)
- (2). strategic business unit (strategic business units refers to a subsidiary, division or, unit of an organization that markets a set of related offerings to a clearly defined group of customers) level where business unit managers set a more specific direction for their businesses to exploit value-creating opportunities
- (1). corporate level where the top management directs overall strategy for the entire organization
187. (p. 29 - 30) The three levels are

188. (p. 30) The Saturn plant operates as a business unit of General Motors. It is an organization that markets a set of related products (in this case various Saturn models) to a clearly defined group of customers (people who want to own Saturn cars).

189. (p. 30) When developing marketing programs for new offerings or for improving existing ones, an organization's senior management may form cross-functional teams. These consist of a small number of people from different departments who are mutually accountable to accomplish a task or a common set of performance goals. Sometimes these teams will have representatives from outside the organization, such as suppliers or customers, to assist them.

190. (p. 30) Management experts stress that to be successful, today's organizations must be visionary—must both anticipate future events and respond quickly and effectively. This requires a visionary organization to specify its foundation (why), set a direction (what) and, formulate strategies (how). An organization's foundation is its philosophical reason for being—why it exists. So its senior managers must identify its core values and describe its mission and organizational culture—its purpose for being. Next, these managers can set the direction for the organization by defining its business and specifying its long-term and short-term goals.

191. (p. 32) Students' answers will vary, but each answer should recognize that there are both external and internal stakeholders for each organization. Their lists could include students, deans, instructors, the community in which the institution is located, boards or governments that regulate campus activities, guest speakers and, graduates.

192. (p. 32) By understanding its core values, an organization can take steps to define its mission, a statement of the organization's function in society, often identifying its customers, markets, products and, technologies. Today, often used interchangeably with vision, a mission statement should be clear, concise, meaningful, inspirational and, long-term. A good mission should be a clear, challenging and, compelling picture of an envisioned future.

Time-based: Have a deadline for completion

Relevant: Be pertinent to the organization's mission

Attainable: Be achievable, but challenging

Measurable: Be a quantitative value to show attainment

193. (p. 34) Specific: Be a precise description of what is to be achieved

(7). Social responsibility. A firm may seek to balance the conflicting goals of consumers, employees and, stockholders to promote overall welfare of all these groups, even at the expense of profits.

(6). Employee welfare. An organization may recognize the critical importance of its employees by having an explicit goal stating its commitment to good employment opportunities and working conditions for them.

(5). Customer Satisfaction. Customers are the reason the organization exists, so their perceptions and actions are of vital importance.

(4). Quality. A firm may target the highest quality.

(3). Market Share. A firm may choose to maintain or increase its market share--sometimes at the expense of greater profits.

(2). Sales Revenue. A firm may elect to maintain or increase its sales level, even though profitability may not be maximized.

(1). Profit. Economic theory assumes a firm seeks to maximize long-run profit.

194. (p. 34) The seven types of corporate goals are:

195. (p. 34) Market share is the ration of sales revenue of the firm to the total sales revenue of all firms in the industry, including the firm itself. In this case, the sales of the firm itself (\$8 billion) divided by the sales revenue of all firms in the industry (\$800 billion) means that the third party logistics provider in question has a 1% market share.

Competencies should be distinctive enough to provide a competitive advantage, a unique strength relative to competitors, often based on quality, time, cost or, innovation.

196. (p. 35) An organization's core competencies are its special capabilities, including skills, technologies and, resources that distinguish it from other organizations and that provide value to its customers. Exploiting these competencies can lead to success, particularly if other organizations cannot copy them.

- Dogs—(lower right quadrant) have a low share of low-growth markets; although they may generate enough cash to sustain themselves, they hold little promise of becoming winners for the firm.
 - Question Marks—(upper right quadrant) are SBUs with a low share of high growth markets; they require large amounts of money just to maintain their market share.
 - Stars—(upper left quadrant) have a high share of high-growth markets; they may not generate enough cash to support their own needs to support future growth.
 - Cash Cows—(lower left quadrant) have a dominant share of a slow growth market; they typically generate large amounts of cash to invest in other SBUs.
197. (p. 38) BCG has given specific names and descriptions to the four quadrants in its growth-share matrix. They are as follows:

198. (p. 40) The primary strength of business portfolio analysis lies in forcing a firm to place each of its SBUs in the growth-share matrix, which in turn suggests which SBUs will be cash producers and cash users in the future. Weaknesses of this analysis arise from the difficulty in (1) getting the needed information and (2) incorporating competitive information into business portfolio analysis.

199. (p. 40) Jim Collins, author of *Good to Great*, believes that an excellent organization must employ the "Hedgehog Concept". The Greek parable of the hedgehog and the fox says that "the fox knows many things but the hedgehog knows one big thing". An organization using the Hedgehog Concept develops a simple, excellent offering that captures the imagination of its employees and its customers.

Blue oceans are all industries (1) not yet in existence or (2) that are created by expanding industry boundaries. An organization that follows a blue ocean strategy reduces or eliminates some factors an industry competes on while raising and creating value to buyers on other factors. This creates a leap in value for both the organization and its customers.

Red oceans represent an organization's existing industry whose boundaries are well defined and accepted by its sellers and buyers. Here an organization competes for market share. Over time, the number of competitors increases and they begin to look alike so that their offerings and brands become commodities—barely distinguishable to consumers. So the ocean (market) becomes blood red as competitors (sharks) eat each other up battling for market share.

200. (p. 41) W. Chan Kim and Renée Mauborgne, co-authors of *Blue Ocean Strategy*, believe that an organization must swim out of the "red ocean of bloody competition" and into a "blue ocean having less competition".

Each performance variable is a marketing metric, a measure of the quantitative value or trend of a marketing activity or result. These are displayed on the marketing dashboard.

201. (p. 41) A marketing dashboard is the visual display on a single computer screen of the essential information related to achieving a marketing objective. Often it is an Internet-based display with real-time information and, active hyperlinks to further detail. With a marketing dashboard, a marketing manager glances at a graph or table and makes a decision whether or not to take action or, often to do more analysis to understand the problem better.

- (b) acting to correct negative deviations and, exploit positive ones.
 - (a) comparing the results of the marketing program plans to the results achieved to identify deviations
 - (3) Evaluation Phase involves
 - (d) executing the marketing program.
 - (c) developing schedules
 - (b) designing the marketing organization;
 - (a) obtaining resources
 - (2) Implementation Phase involves
 - (c) marketing program development, which involves developing the program's marketing mix and, developing the budget by estimating revenues, expenses and, profits.
 - (b) market-product focus and goal setting, which involves setting market and product goals, selecting target markets, finding points of difference and, positioning the product
 - (a) situation (SWOT) analysis to identify industry trends, analyze competitors, assess own company and, research customer
 - (1) Planning Phase includes
202. (p. 44) The three phases of the strategic marketing process are: planning, implementation and, evaluation.

(4) external threats, such as consumer concern with fatty desserts; B & J customers are the type who read new government-ordered nutritional labels, competes with giant Nestlé and its Haagen-Dazs brand, international downturns increase the risks for B & J in European and Asian markets
 (3) external opportunities, such as growing demand for quality ice cream in overseas markets, increasing U.S. demand for frozen yogurt and other low-fat desserts, success of many U.S. firms in extending successful brand in one product category to others
 (2) internal weaknesses, such as danger that B & Js social responsibility actions may add costs, reduce focus on core business, need for experienced managers to help growth, modest sales and profits in recent years
 (1) internal strengths, such prestigious, well known brand name among U.S. consumers, large share of the super premium ice cream market, can complement Unilever's existing ice cream brands, widely recognized for its social mission, values and, actions
 203. (p. 45) The four critical factors in a SWOT analysis and examples for Ben & Jerry's are:

204. (p. 46) Market segmentation involves aggregating prospective buyers into groups or, segments that (1) have common needs and (2) will respond similarly to a marketing action. Students' examples will vary. The service organization may decide to sell shirts to two segments, current students and local residents. A marketing plan should be developed for both segments since the marketing plan will not necessarily be identical for each. For example, while the price and product may be the same, the place the shirts are sold to the students would be the campus bookstore, while the local residents may buy the shirts in a local clothing store. The promotion for the shirts aimed at students may be flyers posted in the dorms and ads in the college newspaper. The promotion aimed at the locals may be an ad in the local community newspaper and flyers posted in the grocery store.

205. (p. 47) Figure 2-7 illustrates the principal components under each of the four Ps. Product: features, brand name, packaging, service, warranty. Price list price, discounts, allowances, credit terms, payment period. Promotion: advertising, personal selling, sales promotion, public relations, direct marketing. Place: outlets, channels, coverage, transportation and, stock level. The instructor should probably not expect students to recall every item, but can set a reasonable number of items correctly identified, according to his or her expectations.

206. (p. 47) A marketing program should include product, price, promotion and, place strategies. Students' examples will vary. The product strategy would include packaging and design of shirts. Promotion strategy would encompass how the group plans to communicate information about the sale to other students. Price strategy would include list price and any quantity discounts. Place strategy would include how the shirts will arrive at the point of sale and selection of the point of sale.

(4) actually executing the marketing program designed in the planning phase.
 (3) developing schedules and,
 (2) designing the marketing organization
 (1) obtaining resources

207. (p. 48) The four components of the implementation phase of the strategic marketing process are:

Marketing tactics, on the other hand, are detailed day-to-day operational decisions essential to the overall success of marketing strategies, such as writing advertising copy or selecting the amount for temporary price reductions. Marketing strategies and marketing tactics blend into each other. Effective marketing program implementation requires concern for both.

(2) a marketing program to reach it; it implies both the end sought (target market) and the means to achieve it (marketing program).
 (1) a specified target market and

208. (p. 49) A marketing strategy is the means by which a marketing goal is to be achieved, usually characterized by

209. (p. 49) The evaluation phase of the strategic marketing process seeks to keep the marketing program moving in the direction set for it. Accomplishing this requires the marketing manager to compare the results of the marketing program with goals in the written plans to identify deviations and to act on these deviations—correcting negative deviations and exploiting positive ones.

210. (p. 49 - 50) A planning gap is the difference between the projection of the path to reach a new goal and the projection of the path of the results of a plan already in place. To increase the sales from the current projection to the new, higher projection, a marketing plan should be used.

ch02 Summary

<u>Category</u>	<u># of Questions</u>
AACSB: 2	1
AACSB: 3	209
Kerin - Chapter 02	213
Learning Objective: 1	41
Learning Objective: 2	57
Learning Objective: 3	52
Learning Objective: 4	27
Learning Objective: 5	33
LL: Application	52
LL: Comprehension	85
LL: Knowledge	73