

Chapter 01: Marketing: Creating and Capturing Customer Value

1.0 - Part I True/False Questions

1.0.1. Like Running Room, today's successful companies have one thing in common: they are strongly customer focused and heavily committed to marketing.

- a True
- b False

Difficulty: 1
QuestionID: 01-1-01
Page-Reference: 4
Skill: Recall

Answer: a. True

1.0.2. Not-for-profit organizations, such as universities, hospitals, and museums, do not need to use marketing.

- a True
- b False

Difficulty: 1
QuestionID: 01-1-02
Page-Reference: 5
Skill: Recall

Answer: b. False

1.0.3. Marketing is only selling and advertising.

- a True
- b False

Difficulty: 1
QuestionID: 01-1-03
Page-Reference: 5
Skill: Recall

Answer: b. False

1.0.4. Marketing is the process by which companies create value for all the shareholders in order to build strong relationships with them in return.

- a True
- b False

Difficulty: 2
QuestionID: 01-1-04
Page-Reference: 5
Skill: Applied

Answer: b. False

1.0.5.Human needs are shaped by culture and individual personality.

- a True
- b False

Difficulty: 2
QuestionID: 01-1-05
Page-Reference: 6
Skill: Recall

Answer: b. False

1.0.6.Human wants are states of felt deprivation.

- a True
- b False

Difficulty: 2
QuestionID: 01-1-06
Page-Reference: 6
Skill: Recall

Answer: b. False

1.0.7.When backed by buying power, needs become demands.

- a True
- b False

Difficulty: 2
QuestionID: 01-1-07
Page-Reference: 6
Skill: Recall

Answer: b. False

1.0.8.Market offerings are limited to physical products.

- a True
- b False

Difficulty: 2
QuestionID: 01-1-08
Page-Reference: 7
Skill: Recall

Answer: b. False

1.0.9.An experience such as a vacation can be defined as a market offering.

- a True
- b False

Difficulty: 2
QuestionID: 01-1-09
Page-Reference: 7
Skill: Applied

Answer: a. True

1.0.10. **When sellers focus on existing wants and lose sight of underlying customer needs, they suffer from marketing myopia.**

- a True
- b False

Difficulty: 3
QuestionID: 01-1-10
Page-Reference: 7
Skill: Recall

Answer: a. True

1.0.11. **The David Suzuki Foundation powerfully markets the idea that government, business, and individuals can be involved in creating a healthy and sustainable environment. Its marketing offering is not a physical product but an idea.**

- a True
- b False

Difficulty: 1
QuestionID: 01-1-11
Page-Reference: 7
Skill: Applied

Answer: a. True

1.0.12. **Market offerings are limited to products and services. Persons, places, organizations, information, and ideas are not included.**

- a True
- b False

Difficulty: 1
QuestionID: 01-1-12
Page-Reference: 7
Skill: Recall

Answer: b. False

1.0.13. **Competitors are one of the main elements in the modern marketing system.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-13
Page-Reference: 8
Skill: Recall

Answer: a. True

1.0.14. **Marketing occurs when people decide to satisfy needs and wants through exchange relationships.**

- a True
- b False

Difficulty: 1
QuestionID: 01-1-14
Page-Reference: 8
Skill: Recall

Answer: a. True

1.0.15. **Only sellers of products, services, and ideas practise marketing; buyers do not.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-15
Page-Reference: 8
Skill: Recall

Answer: b. False

1.0.16. **Market segmentation is the process of seeking fewer customers and reduced demand for profit maximization only.**

- a True
- b False

Difficulty: 3
QuestionID: 01-1-16
Page-Reference: 9
Skill: Conceptual

Answer: b. False

1.0.17. **Marketing managers know that they can serve all customers in every way.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-17
Page-Reference: 9
Skill: Applied

Answer: b. False

1.0.18. **Holt Renfrew and Harry Rosen stores want to only select customers they can serve well and profitably so they target affluent professionals.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-18
Page-Reference: 9
Skill: Applied

Answer: a. True

1.0.19. **At TELUS, "The future is friendly" whereas Rogers Wireless promises "Canada's reliable network"; such value propositions differentiate one brand from another.**

- a True
- b False

Difficulty: 3
QuestionID: 01-1-19
Page-Reference: 10
Skill: Applied

Answer: a. True

1.0.20. **The production concept and product concept are orientations that can lead to marketing myopia.**

- a True
- b False

Difficulty: 3
QuestionID: 01-1-20
Page-Reference: 10
Skill: Recall

Answer: a. True

1.0.21. **Computer maker Lenovo dominates the highly competitive, price-sensitive Chinese PC market through low labour costs, high production efficiency, and mass distribution. This is an example of the product concept.**

- a True
- b False

Difficulty: 3
QuestionID: 01-1-21
Page-Reference: 10
Skill: Applied

Answer: b. False

1.0.22. **The selling concept holds that consumers will not buy enough of the firm's products unless it undertakes a large-scale selling and promotion effort.**

- a True
- b False

Difficulty: 1
QuestionID: 01-1-22
Page-Reference: 10
Skill: Conceptual

Answer: a. True

1.0.23. **The aggressive selling concept focuses on creating sales transactions rather than on building long-term and profitable customer relationships.**

- a True
- b False

Difficulty: 3
QuestionID: 01-1-23
Page-Reference: 11
Skill: Recall

Answer: a. True

1.0.24. **Your department holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfaction better than competitors do. Your department is practising the selling concept.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-24
Page-Reference: 11
Skill: Applied

Answer: b. False

1.0.25. **Fast Food Inc. views marketing as the science and art of finding, retaining, and growing profitable customers by providing them with the food they want. Fast Food Inc. practises societal marketing.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-25
Page-Reference: 12
Skill: Applied

Answer: b. False

1.0.26. **Marketers must often understand customer needs even better than the customers themselves do.**

- a True
- b False

Difficulty: 3
QuestionID: 01-1-26
Page-Reference: 12
Skill: Recall

Answer: a. True

1.0.27. **The societal marketing concept calls on marketers to balance consumer wants and desires, company profits, and society's interests.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-27
Page-Reference: 12
Skill: Conceptual

Answer: a. True

1.0.28. **The marketing mix includes production, price, promotion, and packaging; this is known as the four *Ps* of marketing.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-28
Page-Reference: 13
Skill: Recall

Answer: b. False

1.0.29. **Customer relationship management is perhaps the least important concept of modern marketing.**

- a True
- b False

Difficulty: 1
QuestionID: 01-1-29
Page-Reference: 13
Skill: Recall

Answer: b. False

1.0.30. **For most marketers, customer relationship management (CRM) is exclusively a matter of customer data management.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-30
Page-Reference: 13
Skill: Conceptual

Answer: b. False

1.0.31. **The key to building lasting customer relationships is to create superior customer value and satisfaction.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-31
Page-Reference: 13
Skill: Recall

Answer: a. True

1.0.32. **Customer-perceived value is defined as the customer's evaluation of the difference between all benefits and all costs of a marketing offer relative to those of competing offers.**

- a True
- b False

Difficulty: 1
QuestionID: 01-1-32
Page-Reference: 14
Skill: Conceptual

Answer: a. True

1.0.33. **Customer satisfaction is the extent to which a product's perceived performance matches the seller's expectations.**

- a True
- b False

Difficulty: 3
QuestionID: 01-1-33
Page-Reference: 14
Skill: Conceptual

Answer: b. False

1.0.34. **The purpose of marketing is to generate customer value profitably.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-34
Page-Reference: 16
Skill: Recall

Answer: a. True

1.0.35. **In markets with few customers and high margins, sellers want to create full partnerships with key customers.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-35
Page-Reference: 16
Skill: Recall

Answer: a. True

1.0.36. **With selective relationship management, companies use customer profitability analysis to eliminate losing customers and target winning ones.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-36
Page-Reference: 17
Skill: Recall

Answer: a. True

1.0.37. **The changing communications environment caused by the new technologies does not affect how companies and brands relate to customers.**

- a True
- b False

Difficulty: 1
QuestionID: 01-1-37
Page-Reference: 18
Skill: Recall

Answer: b. False

1.0.38. **Consumer-generated marketing, whether invited by marketers or not, has become a significant marketing force.**

- a True
- b False

Difficulty: 1
QuestionID: 01-1-38
Page-Reference: 20
Skill: Recall

Answer: a. True

1.0.39. **The value of the entire stream of purchases that the customer would make over a lifetime of patronage is called customer loyalty.**

- a True
- b False

Difficulty: 2
QuestionID: 01-1-39
Page-Reference: 21
Skill: Recall

Answer: b. False

1.0.40. **To increase their "share of customer," a firm concentrates on retaining as many customers as possible over their lifetimes.**

- a True
- b False

Difficulty: 3
QuestionID: 01-1-40
Page-Reference: 22
Skill: Recall

Answer: b. False

1.0.41. The total combined customer lifetime values of all of the company's current and potential customers are called customer lifetime values.

- a True
- b False

Difficulty: 3
QuestionID: 01-1-41
Page-Reference: 23
Skill: Recall

Answer: b. False

1.0.42. The most dramatic digital technology is the iPad.

- a True
- b False

Difficulty: 2
QuestionID: 01-1-42
Page-Reference: 28
Skill: Recall

Answer: b. False

1.0.43. Today, almost every company, large or small, is touched in some way by global competition.

- a True
- b False

Difficulty: 1
QuestionID: 01-1-43
Page-Reference: 29
Skill: Recall

Answer: a. True

1.0.44. In recent years, marketing also has become a major part of the strategies of many not-for-profit organizations.

- a True
- b False

Difficulty: 1
QuestionID: 01-1-44
Page-Reference: 30
Skill: Recall

Answer: a. True

2.0 - Part II Multiple Choice Questions

2.0.1. _____ is broadly defined as a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others.

- The Internet
- Marketing
- Exchange theory
- Promotion
- A sales call

Difficulty: 1
QuestionID: 01-2-01
Page-Reference: 5
Skill: Conceptual

Answer: Marketing

2.0.2. The following is an accurate description of modern marketing:

- Marketing is maximizing profits.
- Selling and advertising are synonymous with marketing.
- Marketing is all about sales.
- Marketing involves satisfying customers' needs in a socially responsible and ethical manner.
- Marketing is used only by for-profit organizations.

Difficulty: 2
QuestionID: 01-2-02
Page-Reference: 5
Skill: Recall

Answer: Marketing involves satisfying customers' needs in a socially responsible and ethical manner.

2.0.3. According to management guru Peter Drucker, "The aim of marketing is to _____."

- sell products instead of services
- identify customer needs
- make selling unnecessary
- set high customer expectations
- make advertising unnecessary

Difficulty: 2
QuestionID: 01-2-03
Page-Reference: 5
Skill: Recall

Answer: make selling unnecessary

2.0.4. What is the first step of the five-step marketing process?

- Design a customer-driven marketing strategy.
- Set a profitable price.
- Build profitable relationships.
- Understand the marketplace and customer needs and wants.
- Construct a marketing program that delivers superior value.

Difficulty: 2
QuestionID: 01-2-04
Page-Reference: 6
Skill: Recall

Answer: Understand the marketplace and customer needs and wants.

2.0.5. At which step of the five-step marketing process do we examine five core customer and marketplace concepts, including needs and wants, market offerings, value and satisfaction, exchanges and relationships, and markets?

- The first step
- The second step
- The third step
- The fourth step
- The fifth step

Difficulty: 2
QuestionID: 01-2-05
Page-Reference: 6
Skill: Recall

Answer: The first step

2.0.6. A company needs to understand the marketplace and customer needs and wants and then _____ according to the five-step model of the marketing process described in the text.

- determine how to deliver superior value
- build profitable relationships with customers
- use customer relationship management to create full partnerships with key customers
- design a customer-driven marketing strategy
- construct key components of a marketing program

Difficulty: 2
QuestionID: 01-2-06
Page-Reference: 6
Skill: Recall

Answer: design a customer-driven marketing strategy

2.0.7. Greg Williams now has the buying power to purchase the computer system he has wanted for the past six months. Greg's want now has become a(n) _____.

- need
- necessity
- demand
- exchange
- transaction

Difficulty: 1
QuestionID: 01-2-07
Page-Reference: 6
Skill: Applied

Answer: demand

2.0.8. Our _____ are the products and services, backed by buying power, that we believe will provide us with benefits that add up to the most value and satisfaction.

- social needs
- demands
- physical needs
- self-esteem needs
- exchanges

Difficulty: 3
QuestionID: 01-2-08
Page-Reference: 6
Skill: Recall

Answer: demands

2.0.9. A company needs to construct a marketing program that delivers superior value and then _____ according to the five-step model of the marketing process described in the text.

- design a customer-driven marketing strategy
- build profitable relationships and create customer delight
- build strong customer relationships
- understand the marketplace and customer needs and wants
- create customer value

Difficulty: 2
QuestionID: 01-2-09
Page-Reference: 6
Skill: Recall

Answer: build profitable relationships and create customer delight

2.0.10. When sellers become obsessed with their own products and lose sight of the underlying customer needs we say this is _____.

- marketing myopia
- marketing management
- value proposition
- selling myopia
- the product concept

Difficulty: 1
QuestionID: 01-2-10
Page-Reference: 7
Skill: Recall

Answer: marketing myopia

2.0.11. Very low expectations set by marketers for a market offering can likely result in _____.

- disappointment in loyal customers
- decreased customer satisfaction
- misidentification of a target market
- failed understanding of their customers' needs
- the attraction of too few customers

Difficulty: 2
QuestionID: 01-2-11
Page-Reference: 7
Skill: Recall

Answer: the attraction of too few customers

2.0.12. **During a(n) _____ a desired object is obtained from someone while giving something else of value in return.**

value proposition
donation
bribery
value creation
exchange

Difficulty: 1
QuestionID: 01-2-12
Page-Reference: 8
Skill: Recall

Answer: exchange

2.0.13. **Marketing consists of actions taken to build and maintain desirable exchange relationships with _____ involving a product, service, idea, or other object.**

hosts
target audiences
suppliers
target segments
exchanges

Difficulty: 2
QuestionID: 01-2-13
Page-Reference: 8
Skill: Recall

Answer: target audiences

2.0.14. **Core _____ activities include consumer research, product development, communication, distribution, pricing, and service.**

exchange
production
management
marketing
customer relationship management

Difficulty: 1
QuestionID: 01-2-14
Page-Reference: 8
Skill: Recall

Answer: marketing

2.0.15. **Beyond simply attracting new customers and creating transactions, companies want to _____ and grow their businesses.**

- retain customers
- attract more new customers
- satisfy customers
- communicate with customers
- empower consumers

Difficulty: 3
QuestionID: 01-2-15
Page-Reference: 8
Skill: Applied

Answer: retain customers

2.0.16. _____ **is defined as the art and science of choosing target markets and building profitable relationships with them.**

- Customer relationship management
- Value proposition
- Segmentation
- Marketing management
- Customer satisfaction

Difficulty: 2
QuestionID: 01-2-16
Page-Reference: 9
Skill: Conceptual

Answer: Marketing management

2.0.17. **The art and science of choosing target markets and building profitable relationships with them is called _____.**

- differentiation
- positioning
- segmentation
- selling
- marketing management

Difficulty: 1
QuestionID: 01-2-17
Page-Reference: 9
Skill: Conceptual

Answer: marketing management

2.0.18. **Cathy's Clothes is a small retail chain successfully selling women's clothing and accessories with a profitable focus on buyers who have relatively modest means. This is an example of _____.**

- convenience
- social marketing
- market segmentation
- target marketing
- value packing

Difficulty: 2
QuestionID: 01-2-18
Page-Reference: 9
Skill: Applied

Answer: target marketing

2.0.19. **The _____ is the set of benefits or values a company promises to deliver to customer to satisfy their needs.**

value proposition
lowest pricing
service pledge
money-back guarantee
attribute

Difficulty: 1
QuestionID: 01-2-19
Page-Reference: 9-10
Skill: Conceptual

Answer: value proposition

2.0.20. **A company's value proposition should answer this question:**

"What kind of experience will I have with products and services associated with this brand?"
"How does your brand benefit me and society?"
"What are the costs and benefits of your brand?"
"Why should I buy your brand rather than a competitor's?"
"What are the benefits of being a loyal consumer of your brand?"

Difficulty: 3
QuestionID: 01-2-20
Page-Reference: 10
Skill: Recall

Answer: "Why should I buy your brand rather than a competitor's?"

2.0.21. **Which of the following marketing management orientations focuses primarily on improving production and distribution efficiency?**

Production concept
Product concept
Selling concept
Marketing concept
Social marketing concept

Difficulty: 2
QuestionID: 01-2-21
Page-Reference: 10
Skill: Recall

Answer: Production concept

2.0.22. Which of the following marketing management orientations is most likely to lead to marketing myopia?

- Customer-driven marketing
- Production concept
- Social marketing
- Selling concept
- Customer-driven marketing

Difficulty: 3
QuestionID: 01-2-22
Page-Reference: 10
Skill: Recall

Answer: Production concept

2.0.23. According to the production concept, consumers will favour products that are _____ and _____.

- satisfying; quality focused
- advertised; affordable
- in high demand; hard to find
- segmented; convenient
- available; highly affordable

Difficulty: 3
QuestionID: 01-2-23
Page-Reference: 10
Skill: Recall

Answer: available; highly affordable

2.0.24. The _____ concept is aligned with the philosophy of continuous product improvement and the belief that customers will choose products that offer the most in quality, performance, and innovative features.

- product
- production
- customer
- marketing
- promotion

Difficulty: 1
QuestionID: 01-2-24
Page-Reference: 10
Skill: Conceptual

Answer: product

2.0.25. The product concept says that a company should do which of the following?

- Improve marketing of its best products
- Market only those products with high customer appeal
- Focus on the target market and make products that meet those customers' demands
- Focus on making continuous product improvements
- Make promoting products the top priority

Difficulty: 2
QuestionID: 01-2-25
Page-Reference: 10
Skill: Recall

Answer: Focus on making continuous product improvements

2.0.26. "Build a better mousetrap, the world will beat a path to your door" reflects the _____ concept.

production
marketing
selling
product
target marketing

Difficulty: 2
QuestionID: 01-2-26
Page-Reference: 10
Skill: Recall

Answer: product

2.0.27. Railroads were once operated based on the thinking that users wanted trains rather than transportation, overlooking the challenge of other modes of transportation. This reflects the _____ concept.

product
production
selling
marketing
societal marketing

Difficulty: 3
QuestionID: 01-2-27
Page-Reference: 10
Skill: Applied

Answer: product

2.0.28. Henry Ford's philosophy was to perfect the Model-T so that its cost could be reduced further for increased consumer affordability. This reflects the _____ concept.

product
production
selling
marketing
societal marketing

Difficulty: 2
QuestionID: 01-2-28
Page-Reference: 10
Skill: Applied

Answer: production

2.0.29. Which concept calls for aggressive selling and focuses on creating sales transactions rather than on building long-term customer relationships?

- Product
- Production
- Selling
- Societal marketing
- Marketing

Difficulty: 2
QuestionID: 01-2-29
Page-Reference: 11
Skill: Recall

Answer: Selling

2.0.30. Though often criticized, the selling concept is particularly appropriate and effective with which of the following types of products?

- Convenience
- Shopping
- Specialty
- Unsought
- Luxury

Difficulty: 3
QuestionID: 01-2-30
Page-Reference: 11
Skill: Recall

Answer: Unsought

2.0.31. Which concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do?

- Product
- Production
- Selling
- Marketing
- Equity

Difficulty: 1
QuestionID: 01-2-31
Page-Reference: 11
Skill: Conceptual

Answer: Marketing

2.0.32. Under the marketing concept, _____ are the paths to sales and profits.

- product and service
- quality and price
- customer focus and value
- sales and promotion
- advertisement and promotion

Difficulty: 3
QuestionID: 01-2-32
Page-Reference: 11
Skill: Recall

Answer: customer focus and value

2.0.33. Which of the following reflects the marketing concept philosophy?

- "We don't have a marketing department; we have a customer department."
- "We're in the business of making and selling superior products."
- "We build them so you can buy them."
- "When it's profits versus customers' needs, profits will always win out."
- "You won't find a better deal anywhere."

Difficulty: 3
QuestionID: 01-2-33
Page-Reference: 11
Skill: Recall

Answer: "We don't have a marketing department; we have a customer department."

2.0.34. A firm that uses the selling concept takes a(n) _____ approach.

- outside-in
- myopic
- inside-out
- societal
- customer service

Difficulty: 3
QuestionID: 01-2-34
Page-Reference: 11
Skill: Recall

Answer: inside-out

2.0.35. Herb Kelleher of Southwest Airlines used the marketing concept in his successful organization. Having a customer department rather than a marketing department, as suggested by Kelleher, is an example of a(n) _____ perspective.

- outside-in
- external
- inside-out
- modern
- traditional

Difficulty: 3
QuestionID: 01-2-35
Page-Reference: 11
Skill: Recall

Answer: outside-in

2.0.36. Customer-driven marketing usually works well when _____ and when customers _____.

- a clear need exists; are difficult to identify
- customers know what they want; are loyal to the brand
- a firm can deliver the goods desired; are thoroughly researched
- a clear need exists; know what they want
- a need exists; don't know what they want

Difficulty: 2
QuestionID: 01-2-36
Page-Reference: 11
Skill: Recall

Answer: a clear need exists; know what they want

2.0.37. Which of the following reflects the marketing concept?

- "The supplier is king."
- "Marketing should be viewed as hunting and not gardening."
- "This is what I make; won't you please buy it?"
- "We don't have a marketing department; we have a customer department."
- "Customers need to be told where they want to go."

Difficulty: 3
QuestionID: 01-2-37
Page-Reference: 11
Skill: Applied

Answer: "We don't have a marketing department; we have a customer department."

2.0.38. Which concept holds that firms must strive to deliver value to customers in a way that maintains or improves both consumers' and society's well-being?

- Marketing
- Selling
- Product
- Societal marketing
- Equity

Difficulty: 1
QuestionID: 01-2-38
Page-Reference: 12
Skill: Conceptual

Answer: Societal marketing

2.0.39. The societal marketing concept seeks to establish a balance between consumer short-run wants and consumer _____.

- short-run costs and profits
- short-run ethics
- long-run welfare
- immediate health
- value propositions

Difficulty: 2
QuestionID: 01-2-39
Page-Reference: 12
Skill: Recall

Answer: long-run welfare

2.0.40. **The three areas of consideration that should be balanced in the societal marketing concept are consumer wants, society's interests, and _____.**

human welfare
want satisfaction
company profits
short-run wants
long-term needs

Difficulty: 2
QuestionID: 01-2-40
Page-Reference: 12
Skill: Recall

Answer: company profits

2.0.41. **UPS's three-pronged corporate sustainability mission stresses economic prosperity, social responsibility, and _____.**

human welfare
customer satisfaction
community hominy
environmental stewardship
continuous product improvement

Difficulty: 2
QuestionID: 01-2-41
Page-Reference: 12
Skill: Recall

Answer: environmental stewardship

2.0.42. **UPS seeks more than just sales and profits. Its three-pronged corporate sustainability mission stresses economic prosperity, social responsibility, and environmental stewardship. UPS applies the _____ philosophy.**

marketing concept
product concept
production concept
societal marketing concept
selling concept

Difficulty: 2
QuestionID: 01-2-42
Page-Reference: 12
Skill: Applied

Answer: societal marketing concept

2.0.43. The set of marketing tools a firm uses to implement its marketing strategy is called the _____.

- promotion mix
- product mix
- marketing mix
- TQM
- marketing effort

Difficulty: 2
QuestionID: 01-2-43
Page-Reference: 13
Skill: Recall

Answer: marketing mix

2.0.44. Building and maintaining profitable customer relationships by delivering superior customer value and satisfaction is called _____.

- customer lifetime value
- customer perceived value
- customer relationship management
- database marketing
- societal marketing

Difficulty: 1
QuestionID: 01-2-44
Page-Reference: 13
Skill: Conceptual

Answer: customer relationship management

2.0.45. Of the following, which is the most important concept of modern marketing?

- Customer relationship management
- Societal marketing
- Consumer-generated marketing
- Properly trained salespeople
- Low prices

Difficulty: 2
QuestionID: 01-2-45
Page-Reference: 13
Skill: Recall

Answer: Customer relationship management

2.0.46. You have just taken a new position in an organization and you're learning about the job functions of your new colleagues. You observe that your marketing manager is heavily involved in the process of building and maintaining profitable customer relationships. Your marketing manager frequently speaks about the need to deliver superior customer value and satisfaction. Your manager is concerned with which one of the following?

- Database management
- Website hits
- The societal marketing concept
- Partner relationship management
- Customer relationship management

Difficulty: 2
QuestionID: 01-2-46
Page-Reference: 13
Skill: Applied

Answer: Customer relationship management

2.0.47. **Customer-perceived value is determined by a customer's _____ of the difference between all benefits and all costs of a market offering relative to those of competing offers.**

- calculation
- expectation
- assessment
- evaluation
- understanding

Difficulty: 2
QuestionID: 01-2-47
Page-Reference: 14
Skill: Conceptual

Answer: evaluation

2.0.48. _____ **is defined as the customer's evaluation of the differences between all the benefits and all the costs of a marketing offer relative to those of competing offers.**

- Customer equity
- Customer satisfaction
- Customer evangelism
- Customer-perceived value
- Marketing myopia

Difficulty: 1
QuestionID: 01-2-48
Page-Reference: 14
Skill: Conceptual

Answer: Customer-perceived value

2.0.49. **It is most accurate to say that customers buy from stores and firms that offer which of the following?**

- The highest value for the dollar
- The highest customer-perceived value
- The highest level of customer satisfaction
- The most attractive company image
- The most concern for society's interests

Difficulty: 3
QuestionID: 01-2-49
Page-Reference: 14
Skill: Applied

Answer: The highest customer-perceived value

2.0.50. **FedEx offers its customers fast and reliable package delivery. When FedEx customers weigh these benefits against the monetary cost of using FedEx along with any other costs of using the service, they are acting upon _____.**

- loyalty
- relationship marketing
- customer-perceived value
- social relationships
- a societal marketing campaign

Difficulty: 3
QuestionID: 01-2-50
Page-Reference: 14
Skill: Applied

Answer: customer-perceived value

2.0.51. **Which of the following is the term for customers who make repeat purchases and tell others about their positive experiences with a product or service?**

- Satisfied customers
- Customer evangelists
- Butterflies
- Full partners
- Social customers

Difficulty: 2
QuestionID: 01-2-51
Page-Reference: 14
Skill: Recall

Answer: Customer evangelists

2.0.52. **Tommy Gray attempts to deliver customer satisfaction every day in his Audio Expressions installation business. He is a smart operator who knows that the key to this goal is to match _____ with _____.**

- company performance; competition
- company performance; competitive prices
- relationship building; performance tools
- company performance; unique products
- customer expectations; company performance

Difficulty: 3
QuestionID: 01-2-52
Page-Reference: 14
Skill: Applied

Answer: customer expectations; company performance

2.0.53. **Sally purchased Brand X lotion. In comparing her perception of how the lotion made her skin feel and look to her expectations for Brand X lotion, Sally was measuring her level of _____.**

- customer-perceived value
- customer satisfaction
- customer equity
- demand
- customer lifetime value

Difficulty: 3
QuestionID: 01-2-53
Page-Reference: 14
Skill: Applied

Answer: customer satisfaction

2.0.54. **Companies can build customer relationships at many levels, depending on the nature of the _____.**

- shopping habits
- consumer expectation
- product and service
- customer perceived value
- target market

Difficulty: 3
QuestionID: 01-2-54
Page-Reference: 16
Skill: Recall

Answer: target market

2.0.55. **You are an assistant marketing director for a firm in a market with many low-margin customers. What type of relationship would it be most profitable for you to develop with these customers?**

- Full partnerships
- Basic relationships
- Basic partnerships
- Club programs
- Selective relationships

Difficulty: 2
QuestionID: 01-2-55
Page-Reference: 16
Skill: Applied

Answer: Basic relationships

2.0.56. **Nike wants to create _____ through its sales representatives' working closely with Sport Chek, Source For Sports, Foot Locker, and other large retailers.**

- business networks
- full partnerships
- a good reputation
- customer satisfaction
- basic relationships

Difficulty: 3
QuestionID: 01-2-56
Page-Reference: 16
Skill: Applied

Answer: full partnerships

2.0.57. A room upgrade offered by a hotel to a guest who often stays in the hotel is an example of a _____.

- frequency marketing program
- basic customer relationship
- club marketing program
- partner relationship management technique
- structural benefit provided for top customers

Difficulty: 2
QuestionID: 01-2-57
Page-Reference: 16
Skill: Recall

Answer: frequency marketing program

2.0.58. Harley-Davidson sponsors the Harley Owners Group (H.O.G.) worldwide clubs, which gives Harley owners "an organized way to share their passion and show their pride." This is an example of which of the following?

- A frequency marketing program
- A basic customer relationship
- A club marketing program
- A partner relationship
- A structural benefit provided for top customers

Difficulty: 2
QuestionID: 01-2-58
Page-Reference: 17
Skill: Recall

Answer: A club marketing program

2.0.59. Members of the sales team at Dekko International visit only prospective customers who purchase a minimum of \$50 000 of insulated wire per year. Dekko is using _____.

- selective relationship management
- a frequency marketing program
- a club marketing program
- basic relationships
- full partnerships

Difficulty: 3
QuestionID: 01-2-59
Page-Reference: 17
Skill: Applied

Answer: selective relationship management

2.0.60. Which of the following has *not* contributed to the deeper, more interactive nature of today's customer relationships?

- Email
- Websites
- Online social networks
- Traditional advertising
- Video sharing

Difficulty: 2
QuestionID: 01-2-60
Page-Reference: 18
Skill: Recall

Answer: Traditional advertising

2.0.61. **Which of the following best explains why consumers have greater power and control in today's marketplace?**

The production concept and competition have lowered prices.
Implementation of the product concept has resulted in continually improving products.
Customer-driven marketing creates products and services that meet customers' future needs.
More companies are implementing social marketing and weighing long-term costs and benefits.
Through new communication technologies, customers have more information about brands and a wealth of platforms for airing and sharing their views with other consumers.

Difficulty: 3
QuestionID: 01-2-61
Page-Reference: 18
Skill: Recall

Answer: Through new communication technologies, customers have more information about brands and a wealth of platforms for airing and sharing their views with other consumers.

2.0.62. **A marketing relationship in which customers, empowered by today's new digital technologies, interact with companies and with each other to shape their relationships with brands is called _____.**

consumer-generated marketing
customer-managed relationship
partner relationship
online social network
consumer interaction

Difficulty: 2
QuestionID: 01-2-62
Page-Reference: 18
Skill: Conceptual

Answer: customer-managed relationship

2.0.63. **Greater consumer control means that companies must rely more on marketing by _____ than by _____.**

intrusion; attraction
attraction; intrusion
socialization; information
producing; selling
inspiration; competition

Difficulty: 3
QuestionID: 01-2-63
Page-Reference: 18
Skill: Recall

Answer: attraction; intrusion

2.0.64. _____ refers to the brand exchanges create by consumers themselves—both invited and uninvited—through which consumers are playing an increasing role in shaping their own brand experiences and those of other consumers.

- Consumer-generated marketing
- Customer-managed relationship
- Partner relationship
- Online social network
- Consumer interaction

Difficulty: 2
QuestionID: 01-2-64
Page-Reference: 19
Skill: Conceptual

Answer: Consumer-generated marketing

2.0.65. One of Seagull Terrace's regular guests has created a blog devoted to her summer stays at the resort. This has the potential to attract new guests to Seagull Terrace and is an example of _____.

- partner relationship management
- perceived customer-value
- supply chain management
- customer-generated marketing
- not-for-profit marketing

Difficulty: 2
QuestionID: 01-2-65
Page-Reference: 19
Skill: Applied

Answer: customer-generated marketing

2.0.66. Which of the following is an example of consumer-generated marketing?

- Honda's "Everybody Knows Somebody Who Loves a Honda" Facebook page
- Dell's monitoring Twitter-based discussions
- PepsiCo's Doritos brand's "Crash the Super Bowl" contest
- P&G's assigning customer development teams to each of its major retailer accounts
- American Express's offering to some of its members \$300 in exchange for closing their accounts

Difficulty: 3
QuestionID: 01-2-66
Page-Reference: 19
Skill: Applied

Answer: PepsiCo's Doritos brand's "Crash the Super Bowl" contest

2.0.67. Elisandra, a marketing manager at a regional chain restaurant, has decided to sponsor a contest calling for customers to create commercials for the restaurant. Winning entries will be posted on the organization's home page. Elisandra's plan is an example of _____.

- consumer-generated marketing
- partner relationship management
- customer lifetime value
- community development around a brand
- selective relationship management

Difficulty: 3
QuestionID: 01-2-67
Page-Reference: 19
Skill: Applied

Answer: consumer-generated marketing

2.0.68. **To create customer value and build strong customer relationships, today's marketers know they cannot go it alone; therefore, they practise _____.**

- consumer-generated marketing
- database marketing
- attractive website design
- customer equity
- partner relationship management

Difficulty: 2
QuestionID: 01-2-68
Page-Reference: 20
Skill: Recall

Answer: partner relationship management

2.0.69. **In today's more connected world, marketing should be done by _____ employees in an organization.**

- marketing
- all
- sales and technology
- management and marketing
- marketing, sales, and customer-support

Difficulty: 1
QuestionID: 01-2-69
Page-Reference: 20
Skill: Recall

Answer: marketing, sales, and customer-support

2.0.70. **Through _____, many companies today are strengthening their connections to all partners, from providers of raw materials to components to final products that are delivered to final buyers.**

- supply chain management
- direct marketing
- partnership relationship marketing
- customized marketing
- equity marketing

Difficulty: 2
QuestionID: 01-2-70
Page-Reference: 21
Skill: Recall

Answer: supply chain management

2.0.71. Toyota works closely with carefully selected suppliers to improve quality and operations efficiency and with franchise dealers to provide top-grade sales and service support that will bring more customers and keep them coming back. What type of management is Toyota practising?

- Outside partnering
- Inside partnering
- Marketing
- Supply chain
- Customer development

Difficulty: 3
QuestionID: 01-2-71
Page-Reference: 21
Skill: Applied

Answer: Supply chain

2.0.72. The final step in the marketing process is _____.

- capturing value from customers
- creating customer loyalty
- creating customer lifetime value
- understanding the marketplace
- designing a customer-driven marketing strategy

Difficulty: 1
QuestionID: 01-2-72
Page-Reference: 21
Skill: Recall

Answer: capturing value from customers

2.0.73. Stew Leonard, the owner of a highly successful regional supermarket chain, reacts adversely to losing a single customer sale. He feels that this amounts to losing the entire stream of future purchases that a customer is likely to make if he or she remains in the area. Stew Leonard's concern is an illustration of which of the following?

- Share of customer
- Market share
- Profitability
- Customer lifetime value
- Market share maintenance

Difficulty: 2
QuestionID: 01-2-73
Page-Reference: 21
Skill: Applied

Answer: Customer lifetime value

2.0.74. **Beyond simply retaining good customers, marketers want to constantly increase their "share of customer." What does this mean in marketing terms?**

Marketers want to increase their market share.

Marketers want to increase the portion they get of the customer's purchasing in their product categories.

Marketers want to increase the profit margin with this target market.

Marketers want to continuously increase their customers' levels of satisfaction.

Marketers want to turn satisfied customers into delighted customers.

Difficulty: 2
QuestionID: 01-2-74
Page-Reference: 22
Skill: Conceptual

Answer: Marketers want to increase the portion they get of the customer's purchasing in their product categories.

2.0.75. **When an airline goes after a "share of travel" from its customers, it is attempting to increase _____.**

customer lifetime value
share of customer
total customer spending
customer satisfaction
customer ownership

Difficulty: 3
QuestionID: 01-2-75
Page-Reference: 22
Skill: Applied

Answer: share of customer

2.0.76. **_____ is one of the best ways to increase share of customer.**

Targeting new customers
Using bait and switch
Cross-selling
Relationship selling
Partnership marketing

Difficulty: 3
QuestionID: 01-2-76
Page-Reference: 22
Skill: Recall

Answer: Cross-selling

2.0.77. Amazon.com leverages relationships with its 88 million customers by offering them music, videos, gifts, toys, consumer electronics, and office products, among other items. Based on previous purchase history, the company recommends related CDs, books, videos, or other products that might interest a customer. This most directly helps Amazon.com capture a greater _____.

- customer lifetime value
- share of customer
- profit margin
- share of market
- customer equity

Difficulty: 3
QuestionID: 01-2-77
Page-Reference: 22
Skill: Applied

Answer: share of customer

2.0.78. Which of the following defines the total combined customer lifetime values of all of a company's current and potential customers?

- Share of customer
- Customer lifetime value
- Customer equity
- Profitability
- Share of market

Difficulty: 2
QuestionID: 01-2-78
Page-Reference: 23
Skill: Conceptual

Answer: Customer equity

2.0.79. The ultimate aim of customer relationship management is to produce _____.

- high customer equity
- high market share
- high sales volume
- a reliable database
- higher profit margins

Difficulty: 3
QuestionID: 01-2-79
Page-Reference: 23
Skill: Recall

Answer: high customer equity

2.0.80. Customers can be classified into four relationship groups according to their profitability and projected loyalty. Which type of customer has the highest profit potential and strong loyalty?

- Barnacles
- Strangers
- Butterflies
- True friends
- Big fish

Difficulty: 2
QuestionID: 01-2-80
Page-Reference: 23-24
Skill: Recall

Answer: True friends

2.0.81. **A potentially highly profitable, short-term customer is a _____.**

true friend
butterfly
stranger
barnacle
true believer

Difficulty: 2
QuestionID: 01-2-81
Page-Reference: 24
Skill: Recall

Answer: butterfly

2.0.82. **Afia, a team leader in charge of customer relationship management, is planning strategies for improving the profitability of her firm's least profitable but loyal customers. She is also examining methods for "firing" customers in this group who cannot be made profitable. To which of the following customer relationship groups do these customers belong?**

Butterflies
True friends
Strangers
Barnacles
Short-term customers

Difficulty: 2
QuestionID: 01-2-82
Page-Reference: 24
Skill: Applied

Answer: Barnacles

2.0.83. **Which of the following is currently the fastest-growing form of marketing?**

Consumer-generated marketing
Online marketing
Mass media marketing
Social marketing
Word-of-mouth marketing

Difficulty: 3
QuestionID: 01-2-83
Page-Reference: 29
Skill: Recall

Answer: Online marketing

2.0.84. **Today almost every company, small and large, is affected in some way by which of the following?**

- The societal marketing concept
- Not-for-profit marketing
- Global competition
- Customer-generated marketing
- Caring capitalism

Difficulty: 2
QuestionID: 01-2-84
Page-Reference: 29
Skill: Recall

Answer: Global competition

2.0.85. **The _____ responsibility and environmental movements will place even stricter demands on companies in the future.**

- cultural
- economic
- political
- social
- financial

Difficulty: 3
QuestionID: 01-2-85
Page-Reference: 30
Skill: Recall

Answer: social

2.0.86. **A church targeting different demographic groups to increase attendance is an example of _____.**

- for-profit marketing
- not-for-profit marketing
- societal marketing
- customer evangelism
- caring capitalism

Difficulty: 2
QuestionID: 01-2-86
Page-Reference: 30
Skill: Applied

Answer: not-for-profit marketing

2.0.87. **Governmental agencies have also shown an increased interest in marketing. When a local government encourages energy conservation and concern for the environment or discourages smoking, it is involved in _____.**

- green marketing
- social marketing campaigns
- social responsibility
- environmental marketing
- partnership marketing

Difficulty: 2
QuestionID: 01-2-87
Page-Reference: 32
Skill: Recall

Answer: social marketing campaigns

2.0.88. Refer to the scenario below to answer the following question.

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a bluff overlooking the Maine coast, Seagull Terrace had attracted thousands of visits during the summer months, but then faced a tremendous downturn in business during the winter months. "But, given the industry in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!" So Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travellers year-round. Carol's plan, then, involved a seasonal promotional gimmick—to be implemented from early winter to late spring—that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travellers—both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals. "We still have a long way to go," Carol admitted. "Our restaurant offers delicious entrees, but we'd like to expand that. We provide health club privileges off-site, but we'd like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities! With an indoor pool area, I will eventually offer weekend get-aways throughout winter."

Which of the following groups is specifically part of Seagull Terrace's target market?

- Seasonal business travellers
- Young families
- Retirees
- Summer campers
- Athletes

Difficulty: 1
QuestionID: 01-2-88
Page-Reference: 9
Skill: Applied

Answer: Seasonal business travellers

2.0.89. Refer to the scenario below to answer the following question.

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a bluff overlooking the Maine coast, Seagull Terrace had attracted thousands of visits during the summer months, but then faced a tremendous downturn in business during the winter months. "But, given the industry in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!" So Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travellers year-round. Carol's plan, then, involved a seasonal promotional gimmick—to be implemented from early winter to late spring—that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travellers—both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals. "We still have a long way to go," Carol admitted. "Our restaurant offers delicious entrees, but we'd like to expand that. We provide health club privileges off-site, but we'd like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities! With an indoor pool area, I will eventually offer weekend get-aways throughout winter."

Carol Veldt's use of "promotional gimmicks" is an example of the _____ concept.

- selling
- marketing
- product
- production
- societal marketing

Difficulty: 2
QuestionID: 01-2-89
Page-Reference: 10
Skill: Applied

Answer: selling

2.0.90. Refer to the scenario below to answer the following question.

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a bluff overlooking the Maine coast, Seagull Terrace had attracted thousands of visits during the summer months, but then faced a tremendous downturn in business during the winter months. "But, given the industry in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!" So Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travellers year-round. Carol's plan, then, involved a seasonal promotional gimmick—to be implemented from early winter to late spring—that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travellers—both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals. "We still have a long way to go," Carol admitted. "Our restaurant offers delicious entrees, but we'd like to expand that. We provide health club privileges off-site, but we'd like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities! With an indoor pool area, I will eventually offer weekend get-aways throughout winter."

Renovations of the guest rooms at the Seagull Terrace and plans to add an indoor pool area are examples of the _____ concept.

- selling
- marketing
- product
- production
- societal marketing

Difficulty: 2
QuestionID: 01-2-90
Page-Reference: 10
Skill: Applied

Answer: product

2.0.91. Refer to the scenario below to answer the following question.

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a bluff overlooking the Maine coast, Seagull Terrace had attracted thousands of visits during the summer months, but then faced a tremendous downturn in business during the winter months. "But, given the industry in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!" So Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travellers year-round. Carol's plan, then, involved a seasonal promotional gimmick—to be implemented from early winter to late spring—that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travellers—both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals. "We still have a long way to go," Carol admitted. "Our restaurant offers delicious entrees, but we'd like to expand that. We provide health club privileges off-site, but we'd like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities! With an indoor pool area, I will eventually offer weekend get-aways throughout winter."

Ted Jones returns to Seagull Terrace with his family year after year. He feels that although it can be an expensive holiday he derives great pleasure from its scenic views, fine dining, and comfortable rooms. Ted's conclusion, after weighing the pros and cons, is known as

-
- customer relationship management
 - customer-perceived value
 - lifetime customer value
 - the value proposition
 - customer equity

Difficulty: 2
QuestionID: 01-2-91
Page-Reference: 14
Skill: Applied

Answer: customer-perceived value

2.0.92. Refer to the scenario below to answer the following question.

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a bluff overlooking the Maine coast, Seagull Terrace had attracted thousands of visits during the summer months, but then faced a tremendous downturn in business during the winter months. "But, given the industry in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!" So Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travellers year-round. Carol's plan, then, involved a seasonal promotional gimmick—to be implemented from early winter to late spring—that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travellers—both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals. "We still have a long way to go," Carol admitted. "Our restaurant offers delicious entrees, but we'd like to expand that. We provide health club privileges off-site, but we'd like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities! With an indoor pool area, I will eventually offer weekend get-aways throughout winter."

Sue Morgan is a regular guest at Seagull Terrace. She tells everyone she knows about her wonderful vacation, raving about every aspect of the experience, from the garnish on her dinner plate to the thread-count of the sheets. For Seagull Terrace, Sue is what marketing experts call a _____.

- barnacle
- target market
- customer evangelist
- frequency customer
- selective relationship

Difficulty: 2
QuestionID: 01-2-92
Page-Reference: 14
Skill: Applied

Answer: customer evangelist

2.0.93. Refer to the scenario below to answer the following question.

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a bluff overlooking the Maine coast, Seagull Terrace had attracted thousands of visits during the summer months, but then faced a tremendous downturn in business during the winter months. "But, given the industry in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!" So Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travellers year-round. Carol's plan, then, involved a seasonal promotional gimmick—to be implemented from early winter to late spring—that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travellers—both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals. "We still have a long way to go," Carol admitted. "Our restaurant offers delicious entrees, but we'd like to expand that. We provide health club privileges off-site, but we'd like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities! With an indoor pool area, I will eventually offer weekend get-aways throughout winter."

One of Seagull Terrace's regular guests has created a blog devoted to her summer stays at the resort. This has the potential to attract new guests to Seagull Terrace and is an example of _____.

- partner relationship management
- perceived customer value
- supply chain management
- customer-generated marketing
- not-for-profit marketing

Difficulty: 2
QuestionID: 01-2-93
Page-Reference: 19
Skill: Applied

Answer: customer-generated marketing

2.0.94. Refer to the scenario below to answer the following question.

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a bluff overlooking the Maine coast, Seagull Terrace had attracted thousands of visits during the summer months, but then faced a tremendous downturn in business during the winter months. "But, given the industry in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!" So Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travellers year-round. Carol's plan, then, involved a seasonal promotional gimmick—to be implemented from early winter to late spring—that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travellers—both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals. "We still have a long way to go," Carol admitted. "Our restaurant offers delicious entrees, but we'd like to expand that. We provide health club privileges off-site, but we'd like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities! With an indoor pool area, I will eventually offer weekend get-aways throughout winter."

For Seagull Terrace to be successful, Carol must form the right relationships with the right customers. Some of her customers are quite profitable, spending money on many of the resort's services beyond accommodation, but not very loyal as they prefer to try out a new resort for each new holiday. These customers are considered to be _____.

butterflies
barnacles
true friends
strangers
switchers

Difficulty: 3
QuestionID: 01-2-94
Page-Reference: 24
Skill: Applied

Answer: butterflies

3.0 - Part III Short Answer Questions

3.0.1. Briefly compare and contrast the concepts of needs, wants, and demands, giving an example of each. Discuss how these concepts relate to marketing practices.

Difficulty: 2
QuestionID: 01-3-01
Page-Reference: 6
Skill: Applied

Answer: Human needs are states of felt deprivation. Needs are part of the human makeup; they are not created by external forces. Humans have a basic physical need for food, clothing, warmth, and safety; a basic social need for belonging and affection; and a basic individual need for knowledge and self-expression. Unlike needs, wants are not innate; instead, wants are needs shaped by culture, society, and individual personality. For example, an American needs food but wants a Big Mac and a soft drink. An American with ten dollars needs food, wants a Big Mac and soft drink, and demands lunch at McDonald's. Wants become demands when they are backed by consumers' buying power. Marketers conduct extensive research to understand customers' wants and demands. They then attempt to fulfill customers' wants and demands through their market offering.

3.0.2. Briefly explain how and why marketers go beyond selling a product or service to create brand experiences.

Difficulty: 2
QuestionID: 01-3-02
Page-Reference: 7
Skill: Applied

Answer: Sellers are most effective when they focus more on the benefits and experiences produced by their products and services than on the specific products and services themselves. Smart marketers focus on creating a brand experience, incorporating several products and services for their customers. By doing so, marketers hope to increase customer satisfaction, creating a body of customers who will repeatedly purchase their market offerings and recommend those offerings to friends.

3.0.3. What should sellers consider if they wish to avoid marketing myopia?

Difficulty: 1
QuestionID: 01-3-03
Page-Reference: 7
Skill: Applied

Answer: Sellers should consider the particular benefits and experiences desired by their customers, and not just pay attention to the specific products they offer.

3.0.4. Think about suppliers and other marketing partners. A modern marketing system relies on profitable relationships all along the way. How might Walmart rely on its marketing partners in order to offer low prices?

Difficulty: 1
QuestionID: 01-3-04
Page-Reference: 9
Skill: Applied

Answer: Walmart must rely on suppliers that will provide merchandise at low costs, a low-cost and efficient distribution system, an accurate and efficient customer relationship database system, and a strong partnership with each of the members of its supply chain.

- 3.0.5. The marketing team at Bead Beautiful, a line of jewellery targeted at pre-teenage girls, is meeting to formulate the products' value proposition. What should team members consider as they define a value proposition for Bead Beautiful?

Difficulty: 2
QuestionID: 01-3-05
Page-Reference: 9-10
Skill: Applied

Answer: In considering Bead Beautiful's value proposition, the marketing team should identify the benefits and values the company promises to deliver to customers to satisfy their needs. The value proposition should differentiate Bead Beautiful from other similar products, answering the customer's question "Why should I buy this brand rather than a competitor's?"

- 3.0.6. Compare the selling and marketing concepts, listing the key components of each philosophy.

Difficulty: 2
QuestionID: 01-3-06
Page-Reference: 10-11
Skill: Applied

Answer: The selling concept reflects an inside-out philosophy, while the marketing concept takes an outside-in perspective. The selling concept is typically practised when an organization is marketing products or services that buyers do not normally think of purchasing, such as insurance or blood donation. Aggressive selling focuses on creating sales transactions rather than on building long-term relationships with customers, with the aim of selling what the company makes rather than making what the customer wants. The marketing concept, on the other hand, is based upon identifying the needs and wants of target markets and then satisfying those needs and wants better than competitors do. In contrast to the selling concept, marketing focuses on the customer, not the product, as the path to profits.

- 3.0.7. Company X carries organizational and office supplies and follows the selling concept. Explain how Company X may lose sight of customer relationships with its marketing orientation.

Difficulty: 2
QuestionID: 01-3-07
Page-Reference: 10-11
Skill: Applied

Answer: The company's aim is to sell its supplies rather than make what the market wants; such a strategy creates sales transactions but not long-term relationships. The company's likely faulty assumption is that customers who are persuaded to buy the product will like it or that they will buy the product again even if they weren't really initially satisfied. Company X will not foster customer loyalty with this approach.

- 3.0.8. In nineteenth-century Dublin, Molly Malone sold cockles and mussels while shouting to passersby, "Alive-alive-oh." Was Molly taking an outside-in or inside-out perspective? Explain.

Difficulty: 3
QuestionID: 01-3-08
Page-Reference: 11
Skill: Recall

Answer: The vendor's approach was inside-out. The cockles and mussels are available. The vendor's job, then, was to attract willing buyers.

3.0.9. Explain why electronics and pharmaceuticals manufacturers may use customer-driven marketing.

Difficulty: 3
QuestionID: 01-3-09
Page-Reference: 11
Skill: Applied

Answer: In such industries, consumers do not know exactly what new products are available; therefore, consumers rely on such firms to tell them what they need.

3.0.10. Briefly explain the societal marketing concept. Give an example of an organization that has effectively used the societal marketing concept.

Difficulty: 3
QuestionID: 01-3-10
Page-Reference: 12
Skill: Applied

Answer: According to this concept, firms will succeed if they take underlying consumer needs and society's well-being into account over the long term. A pure marketing concept can damage consumers' long-run welfare by focusing exclusively on satisfying consumers' short-run wants. Over a long period of time, this too-narrow focus can be damaging to the company. In setting their marketing strategies, marketers today need to balance company profits, consumer wants, and society's interests. Companies should balance all three considerations in setting their marketing strategies. UPS is an example of a company that has successfully implemented the societal marketing concept. The organization seeks more than just short-run sales and profits. Its three-pronged corporate sustainability mission stresses economic prosperity (profitable growth through a customer focus), social responsibility (community engagement and individual well-being), and environmental stewardship (operating efficiently and protecting the environment).

3.0.11. Define customer relationship management and explain its associated tools, levels of relationships.

Difficulty: 3
QuestionID: 01-3-11
Page-Reference: 13, 16
Skill: Applied

Answer: Customer relationship management (CRM) is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. A company with mostly low-margin customers is likely to seek basic relationships, using brand-building advertising and sales promotion. An organization with few customers and high margins, on the other hand, will work to create key partnerships with select customers. To create stronger bonds with customers, some marketers use tools such as financial benefits or rewards based on frequency of purchase. Other tools include social benefits, like offering key customers the opportunity to network and create communities through club marketing programs. Another approach adds structural ties to the aforementioned financial and social benefits. Hence, to retain current customers and remain profitable, companies today are going beyond transactional marketing to customer relationship management. The key is to create and sustain relationships for the long term.

3.0.12. Explain why the aim of customer relationship management is to create not just customer satisfaction, but also customer delight.

Difficulty: 1
QuestionID: 01-3-12
Page-Reference: 14
Skill: Applied

Answer: Customer satisfaction cannot be taken for granted. Because brand loyalty is dependent upon strong customer satisfaction, companies strive to retain, satisfy, and even delight current customers. Firms create customer delight by promising only what they can deliver and then delivering more than what they promised. They also create emotional relationships with key customers. Delighted customers make repeated purchases and become customers for life. More importantly, they also essentially become an unpaid sales force for the firm as "customer evangelists" who tell other potential customers about their positive experiences with the product.

3.0.13. What determines whether sellers create basic relationships or full partnerships with customers?

Difficulty: 1
QuestionID: 01-3-13
Page-Reference: 16
Skill: Applied

Answer: The type of relationship a seller seeks to create with its customers is dependent on the number of customers and their profitability. A company with many low-margin customers develops basic relationships; a company with just a few high-margin customers invests resources to create full partnerships.

3.0.14. In a short essay, discuss the challenges and advantages that new communication technologies have created for marketers.

Difficulty: 2
QuestionID: 01-3-14
Page-Reference: 18
Skill: Applied

Answer: Through the Internet and related technologies, people can now interact in direct and surprisingly personal ways with large groups of others, from neighbours within a local community to people across the world. With communication technologies, such as email, blogs, websites, cell phones, and video sharing to online communities and social networks, such as Facebook, YouTube, and Twitter, today's marketers incorporate interactive approaches that help build targeted, two-way customer relationships. Marketers can create deeper consumer involvement and a sense of community surrounding a brand, making a brand a meaningful part of consumers' conversations and lives. However, while new communication tools create relationship-building opportunities for marketers, they also create challenges. They give consumers a greater voice, and therefore greater power and control in the marketplace. Today's consumers have more information about brands than ever before, and they have a wealth of platforms for airing and sharing their brand views with other consumers. This benefits companies when views of its products are positive, but can be damaging when customers share stories of negative experiences with a company's products.

3.0.15. How can a marketer increase "share of customer"?

Difficulty: 2
QuestionID: 01-3-15
Page-Reference: 22
Skill: Applied

Answer: The marketer can offer greater variety to customers; in addition, the marketer can train employees to cross-sell and up-sell in order to market more products and services to existing customers.

3.0.16. Define *customer equity* and explain how a company can increase it.

Difficulty: 1
QuestionID: 01-3-16
Page-Reference: 23
Skill: Applied

Answer: Customer equity is the total combined customer lifetime values of all of a company's current and potential customers. Customer equity is dependent upon customer loyalty from a firm's profitable customers. Because customer equity is a reflection of a company's future, companies must manage it carefully, viewing customers as assets that need to be maximized. To increase customer equity, companies should work to delight their customers and establish full relationships with their most profitable customers.

3.0.17. In a short essay, describe and compare the four types of customers classified by their potential profitability to an organization. Explain how an organization should manage each type of customer.

Difficulty: 3
QuestionID: 01-3-17
Page-Reference: 23-24
Skill: Applied

Answer: The four types of customers are strangers, butterflies, true friends, and barnacles. "Strangers" have low potential profitability and loyalty. A company's offerings do not fit well with a stranger's wants and demands. Companies should not invest in building a relationship with this type of customer. Another type of customer in which a company should not invest is the "barnacle." Barnacles are highly loyal but not very profitable because there is a limited fit between their needs and the company's offerings. The company might be able to improve barnacles' profitability by selling them more, raising their fees, or reducing service to them. However, if they cannot be made profitable, they should be "fired." Like strangers, "butterflies" are not loyal. However, they are potentially profitable because there is a good fit between the company's offerings and their needs. Like real butterflies, this type of customer will come and go without becoming a permanent, loyal consumer of a company's products. Companies should use promotional blitzes to attract these customers, create satisfying and profitable transactions with them, and then cease investing in them until the next time around. The final type of customer is "true friends"; they are both profitable and loyal. There is a strong fit between their needs and the company's offerings so the company should make continuous relationship investments in an effort to go beyond satisfying and to delight these customers. A company should try to convert true friends into customer evangelists who tell others about their good experiences with the company.

3.0.18. Explain what marketers can expect from individuals in the customer relationship group classified as "butterflies."

Difficulty: 2
QuestionID: 01-3-18
Page-Reference: 24
Skill: Applied

Answer: "Butterflies" are profitable but not loyal. Marketers should enjoy this type of customer "for the moment" because they soon flutter off. Marketers should create profitable and satisfying transactions with "butterflies," then cease investing in them until the next time around. Marketers can expect transactions with butterflies when conditions are optimal for the customer, but they should not expect butterflies to become loyal customers.

3.0.19. In what ways might even a local retailer find itself touched by global competition?

Difficulty: 1
QuestionID: 01-3-19
Page-Reference: 29
Skill: Applied

Answer: A local retailer might have global suppliers and customers. The retailer's goods may come from abroad, or components of those goods may be produced or assembled abroad. In addition, a local retailer may also sell goods over the Internet to international customers.

3.0.20. How is marketing being applied in the not-for-profit sector?

Difficulty: 2
QuestionID: 01-3-20
Page-Reference: 30
Skill: Applied

Answer: Since the nation's not-for-profits face stiff competition for support and membership, sound marketing can help them attract membership and support. Firms in the not-for-profit sector use marketing to enhance their images, to encourage donor marketing to attract memberships and donors, and to design social marketing campaigns to encourage specific causes.