

Principles of Marketing, 17e, Global Edition (Kotler/Armstrong)
Chapter 1 Marketing: Creating Customer Value and Engagement

1) Which of the following is NOT an accurate description of modern marketing?

- A) Marketing is the creation of value for customers.
- B) Marketing involves managing profitable customer relationships.
- C) Marketing emphasizes selling and advertising exclusively.
- D) Marketing involves satisfying customers' needs.
- E) Marketing is building value-laden exchange relationships with customers.

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

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

- A) maximize profits of the company
- B) emphasize customer wants and not customer needs
- C) make selling unnecessary
- D) fulfill unrealistic customer expectations
- E) sell products

Answer: C

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Easy

3) Marketing is defined as a social and managerial process by which individuals and organizations obtain what they need and want through _____.

- A) research and development
- B) innovation and creativity
- C) manufacturing efficiencies
- D) value creation and exchange
- E) sales and revenue creation

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

4) According to the five-step model of the marketing process, which of the following is the final step in creating value for customers?

- A) designing a customer-driven marketing strategy
- B) understanding the marketplace and customer needs
- C) constructing an integrated marketing program that delivers superior value
- D) building profitable relationships and creating customer delight
- E) capturing value from customers to create profit and customer equity

Answer: E

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

5) According to the five-step model of the marketing process, a company should _____ before designing a customer-driven marketing strategy.

- A) determine how to deliver superior value to customers
- B) build profitable relationships with customers
- C) use customer relationship management to create full partnerships with key customers
- D) understand the marketplace and customer needs and wants
- E) construct an integrated marketing program

Answer: D

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

6) Marketing is managing profitable customer relationships.

Answer: TRUE

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Easy

7) _____ are human needs that are shaped by culture and individual personality.

- A) Necessities
- B) Wants
- C) Demands
- D) Values
- E) Exchanges

Answer: B

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

8) When backed by buying power, wants become _____.

- A) social needs
- B) demands
- C) physical needs
- D) self-esteem needs
- E) exchanges

Answer: B

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

9) Needs include all of the following EXCEPT _____.

- A) food
- B) knowledge
- C) affection
- D) the newest iphone
- E) belonging

Answer: D

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

10) Greg Williams now has the buying power to purchase the desktop computer that he has wanted for the last six months. Greg's want now has become a(n) _____.

- A) need
- B) necessity
- C) demand
- D) exchange
- E) transaction

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

11) A _____ is some combination of products, services, information, or experiences provided to consumers to satisfy a need or want.

- A) market offering
- B) value proposition
- C) brand positioning
- D) market segment
- E) market mix

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

12) Which of the following terms refers to sellers being preoccupied with their own products and losing sight of underlying consumer needs?

- A) vendor lock-in
- B) social loafing
- C) value proposition
- D) marketing myopia
- E) conspicuous consumption

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

13) When marketers set low expectations for a market offering, they run the risk of _____.

- A) disappointing loyal customers
- B) having to use an outside-in rather than an inside-out perspective
- C) failing to attract enough customers
- D) failing to understand their customers' needs
- E) incorrectly identifying a target market

Answer: C

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

14) _____ is the act of obtaining a desired object from someone by offering something in return.

- A) Valuation
- B) Exchange
- C) Market offering
- D) Confiscation
- E) Donation

Answer: B

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

15) A(n) _____ is the set of actual and potential buyers of a product or service.

- A) market
- B) control group
- C) subsidiary
- D) focus group
- E) audience

Answer: A

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

16) Consumer research, product development, communication, distribution, pricing, and service are all core _____ activities.

- A) positioning
- B) marketing
- C) outsourcing
- D) production
- E) logistics

Answer: B

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

17) When are sellers most effective?

- A) when they focus more on their specific products and services
- B) when they focus more on the price of their products and services
- C) when they focus more on the benefits and experiences produced by their products and services
- D) when they focus more on where their products and services can be purchased
- E) when they focus more on cost to produce the product or service

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

Refer to the scenario below to answer the following question(s).

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 cliff overlooking the Maine coast, Seagull Terrace had attracted thousands of visitors during summer, but then faced a tremendous downturn in business during winter. "But, given the established industries 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 travelers year-round. Carol's plan also 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 travelers—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 delicatessen offers entrees that are a part of the local cuisine, 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 getaways throughout winter."

18) Seagull Terrace offers its customers good accommodations, local delicacies, and amazing seaside views. The overall experience provided at the motel is a part of its _____.

- A) market offering
- B) target market
- C) market segment
- D) product positioning
- E) marketing mix

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Challenging

19) Human needs are shaped by culture and individual personality.

Answer: FALSE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

20) The difference between human needs and wants is that needs are not created by marketers.

Answer: TRUE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

21) When backed by buying power, needs become wants.

Answer: FALSE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

22) Market offerings are limited to physical products.

Answer: FALSE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

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

Answer: TRUE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

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

Answer: FALSE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

25) A market is the set of actual and potential buyers of a product or service.

Answer: TRUE

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

26) How do suppliers help companies like Walmart maintain consistently low prices?

Answer: Walmart has been able to maintain its promise of providing low prices to its customers only because of its suppliers who provide merchandise at low costs. Walmart has developed and managed relationships with its suppliers.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

27) What should sellers consider if they wish to avoid marketing myopia?

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

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

28) Briefly compare and contrast the concepts of needs, wants, and demands and provide examples to illustrate your answer. How do these three concepts relate to marketing practices?

Answer: Human needs are states of felt deprivation. Needs are a basic part of the human makeup; they are not created by marketers. 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. 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. Wants become demands when they are backed by consumers' buying power. For example, an American with ten dollars needs food, wants a Big Mac and soft drink, and demands lunch at McDonald's. Marketers conduct extensive research to understand customers' wants and demands. They then attempt to fulfill customers' wants and demands through their market offerings.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

29) You are a manufacturer of tents, sleeping bags, and outdoor cooking equipment. How might you go about creating brand experiences for your customers?

Answer: Such manufacturers should focus on the benefits enjoyed through the use of their products, such as arrangements to visit great outdoor locations, chances for customers to enjoy time with their families, and relive their memories of camping trips.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Challenging

30) Explain how and why marketers go beyond selling a product or service to create brand experiences.

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. Satisfied customers buy again and tell others about their good experiences.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

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

- A) marketing management
- B) positioning
- C) marketing mix
- D) market offering
- E) differentiation

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

32) Selecting which segments of a population to serve is called _____.

- A) market segmentation
- B) positioning
- C) customization
- D) target marketing
- E) differentiation

Answer: D

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

33) Dividing the market into various groups of customers that a company may serve is called _____.

- A) market segmentation
- B) positioning
- C) customization
- D) target marketing
- E) differentiation

Answer: A

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

34) Cathy's Clothes is a small yet successful retail chain that sells women's clothing and accessories with a focus on buyers who have relatively modest means. For this specific purpose, the firm has rolled out several marketing initiatives aimed at women of a specific demographic. This is an example of _____.

- A) ambush marketing
- B) social marketing
- C) societal marketing
- D) target marketing
- E) cause marketing

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

35) An organic farmer has identified three distinct groups that might be interested in his products: vegetarians, health-conscious individuals, and people identified as trendsetters who try out new products in the market before others. These three groups are examples of _____.

- A) marketing mixes
- B) market segments
- C) value propositions
- D) market offerings
- E) marketing intermediaries

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

36) Which of the following refers to a set of benefits that a company promises to deliver to customers to satisfy their needs?

- A) customer lock-in
- B) a cartel
- C) marketing mix
- D) value proposition
- E) market segmentation

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

37) Which of the following customer questions is answered by a company's value proposition?

- A) "Why should I buy your brand rather than a competitor's?"
- B) "What is your company's estimated customer equity?"
- C) "What are the costs involved in the production of your brand?"
- D) "What is the budget allocated by your company for research and development?"
- E) "What is the financial stability of your company?"

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

38) Which of the following marketing management orientations focuses primarily on improving efficiencies along the supply chain?

- A) production concept
- B) product concept
- C) selling concept
- D) marketing concept
- E) societal marketing concept

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

39) Which of the following marketing management concepts is most likely to lead to marketing myopia?

- A) customer-driven marketing concept
- B) customer-driving marketing concept
- C) societal marketing concept
- D) marketing concept
- E) product concept

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

40) Which of the following statements is true of the production concept?

- A) It considers customer focus and value to be the paths to sales and profits.
- B) It follows the customer-centered sense-and-respond philosophy.
- C) It takes an outside-in perspective.
- D) It calls for sustainable marketing.
- E) It leads to companies focusing too narrowly on their own operations.

Answer: E

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

41) 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.

- A) product
- B) production
- C) societal marketing
- D) marketing
- E) selling

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

42) Which of the following is the aim of the product concept?

- A) improve the marketing of a firm's best products
- B) market only those products with high customer appeal
- C) focus on the target market and make products that meet those customers' demands
- D) focus on making continuous product improvements
- E) ensure that product promotion has the highest priority

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

43) 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.

- A) product
- B) production
- C) selling
- D) marketing
- E) societal marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

44) Railroads were once operated based on the thinking that users wanted trains that would offer the most in quality, performance, and innovative features. The railroad managing companies overlooked the fact that there could be other modes of transportation. This reflects the _____ concept.

- A) product
- B) production
- C) selling
- D) marketing
- E) societal marketing

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

45) Which of the following statements is true of the selling concept?

- A) It requires minimum promotion efforts.
- B) It creates long-term, profitable customer relationships.
- C) It takes an outside-in perspective.
- D) It is typically practiced with unsought goods.
- E) It follows the customer-centered sense-and-respond philosophy.

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

46) Which of the following marketing orientations calls for aggressive promotional efforts and focuses on creating transactions rather than long-term customer relationships?

- A) the marketing concept
- B) the production concept
- C) the product concept
- D) the selling concept
- E) the societal marketing concept

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

47) Jolene's firm markets preplanning services for a mortician. She finds that most of her target market avoids discussing future funeral needs. She convinces people to invest in the firm's services through her large-scale promotional efforts. Jolene's firm most likely practices the _____.

- A) production concept
- B) marketing concept
- C) selling concept
- D) product concept
- E) societal marketing concept

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

48) The selling concept is typically practiced _____.

- A) to balance consumers' wants, company's requirements, and the society's long-run interests
- B) with products that offer the most in terms of quality, performance, and innovative features
- C) when the company focuses on building long-term customer relationships
- D) with goods that buyers normally do not think of buying
- E) by customer-driven companies

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

49) Which of the following marketing orientations holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do?

- A) the product concept
- B) the production concept
- C) the selling concept
- D) the marketing concept
- E) the societal marketing concept

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

50) Which of the following uses a customer-centered "sense-and-respond" philosophy rather than a product-centered "make-and-sell" philosophy?

- A) market segmentation
- B) the production concept
- C) the marketing concept
- D) the inside-out perspective
- E) marketing myopia

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

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

- A) outside-in
- B) niche marketing
- C) inside-out
- D) societal marketing
- E) customer-driven

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

52) The marketing concept takes a(n) _____. It starts with a well-defined market, focuses on customer needs, and integrates all the marketing activities that affect customers.

- A) outside-in perspective
- B) product-centered make-and-sell philosophy
- C) inside-out perspective
- D) consumer-generated marketing approach
- E) telling-and-selling approach

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

53) Which of the following is a characteristic of customer-driven marketing?

- A) Companies understand customer needs even better than customers themselves do.
- B) Customers are unaware of their needs.
- C) Products are created that meet both existing and latent needs, now and in the future.
- D) Customers know what they want.
- E) Customers don't know what is possible.

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

54) _____ marketing is practiced by an organization that understands and anticipates customer needs even better than customers themselves do and creates products and services to meet current and future needs.

- A) Customer-driven
- B) Customer-driving
- C) Affinity
- D) Societal
- E) Ambush

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

55) When customers don't know what they want or don't even know what's possible, the most effective marketing strategy is _____ marketing.

- A) customer-driven
- B) customer-driving
- C) societal
- D) ambush
- E) affinity

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

56) The societal marketing concept seeks to establish a balance between _____.

- A) customer lifetime value and customer equity
- B) an inside-out perspective and an outside-in perspective
- C) consumer short-run wants and consumer long-run welfare
- D) marketing mixes and market offerings
- E) customer-driven marketing and customer-driving marketing

Answer: C

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

57) _____ refers to socially and environmentally responsible marketing that meets the needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs.

- A) Ambush marketing
- B) Evangelism marketing
- C) Sustainable marketing
- D) Database marketing
- E) Affinity marketing

Answer: C

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

58) Some fast-food restaurants offer tasty and convenient food at affordable prices, but in doing so they contribute to a national obesity epidemic and environmental problems. These fast-food restaurants overlook the _____ philosophy.

- A) marketing concept
- B) product concept
- C) production concept
- D) societal marketing concept
- E) selling concept

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

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

- A) promotion mix
- B) product mix
- C) marketing mix
- D) market offering
- E) marketing effort

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

60) Which of the following is the most likely result of a marketing strategy that attempts to serve all potential customers?

- A) All customers will be delighted.
- B) Customer-perceived value will increase.
- C) All customers will directly turn into customer evangelists.
- D) Not all customers will be satisfied.
- E) Customers will not show interest in any other company's products.

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

61) Which of the following statements reflects the marketing concept?

- A) Focus on making continuous product improvements.
- B) Undertake a large-scale selling and promotion effort.
- C) Emphasize an inside-out perspective.
- D) Consider customer focus and value as the paths to sales and profits.
- E) Focus on a product-centered make-and-sell philosophy.

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

62) Bead Beautiful is a jewelry brand targeted at preteen girls. What needs do NOT fit with this audience, as the marketing team develops a value proposition for Bead Beautiful?

- A) variety of colors in products
- B) price
- C) quality of materials
- D) mature designs
- E) ease of availability

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

63) When demand for athletic shoes produced by Nike and endorsed by Michael Jordan is high, Nike limits how many pairs of shoes are manufactured. This action maintains strong demand by limiting supply. This decision contradicts the philosophy of which marketing concept?

- A) marketing concept
- B) product concept
- C) production concept
- D) societal marketing concept
- E) selling concept

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

64) At a local farmers' market, Molly Malone sells mussels while shouting to passersby, "Fresh seafood, get your fresh seafood here!" What kind of perspective is Molly taking?

- A) customer-driving
- B) inside-out
- C) customer-driven
- D) outside-in
- E) niche marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

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

Answer: FALSE

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

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

Answer: TRUE

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

67) An organization's department follows a customer-centered sense-and-respond philosophy. The department is most likely practicing the product concept.

Answer: FALSE

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

68) The production concept and the product concept are marketing management orientations that are more likely to lead to marketing myopia.

Answer: TRUE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

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

Answer: TRUE

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

70) Fast Food, Inc. views marketing as the process of finding and retaining profitable customers by providing them with the food they want. Fast Food, Inc. practices societal marketing.

Answer: FALSE

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

71) Healthy Veggies, LLC, believes that marketing is a tool to use in finding customers and keeping them by providing vegetables that are grown using chemical-free farming techniques and selling through small family-owned stores. Healthy Veggies, LLC, practices societal marketing.

Answer: TRUE

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

72) The marketing mix refers to the set of marketing tools the firm uses to implement its marketing strategy.

Answer: TRUE

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

73) Company X, a manufacturer of office supplies, follows the selling concept. Explain how the firm may lose sight of customer relationships with this marketing orientation.

Answer: The selling concept of Company X focuses on selling its office supplies rather than making what the market wants; such a strategy creates sales transactions but not long-term customer relationships. The company would most likely have a faulty assumption that customers who are persuaded to buy the product will like it or that they will buy the product again later even if they weren't really initially satisfied. Company X will not foster customer loyalty with this approach.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

74) Explain why electronics and pharmaceuticals manufacturers use customer-driving marketing.

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. Customer-driving marketing focuses on understanding customer needs even better than customers themselves do and creating products and services that meet both existing and latent needs, now and in the future.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

75) Compare the selling and marketing concepts, listing the key components of each philosophy.

Answer: The selling concept reflects an inside-out perspective, while the marketing concept takes an outside-in perspective. The selling concept is typically practiced 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 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.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

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

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. The societal marketing concept holds that marketing strategy should deliver value to customers in a way that maintains or improves both the consumer's and society's well-being. It calls for sustainable marketing, socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs. UPS has a mission that stresses economic prosperity, social responsibility, and environmental stewardship. The company proactively seeks opportunities to act responsibly and efficiently. For example, UPS works to make its operations "green" and supports employees volunteering in their communities.

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

- 77) In which of the following situations has a company most actively embraced customer-managed relationships?
- A) American Airlines awards frequent flyer points to returning customers.
 - B) Paige Premium Denim jeans provide superior quality and perfect fit.
 - C) iRobot invites enthusiastic Roomba owners to develop and share their own uses for the company's robotic vacuum cleaner.
 - D) Best Buy distinguishes between its best customers and its less profitable customers, stocking merchandise to appeal to each group.
 - E) Toyota develops a marketing presence on social networks and other online communities.

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

- 78) Which of the following statements is true about creating customer loyalty and retention?
- A) Losing a customer means losing the entire stream of purchases that the customer would make over a lifetime of patronage.
 - B) Customer delight creates a rational preference and not an emotional relationship with the brand.
 - C) The aim of customer relationship management is to focus solely on customer delight.
 - D) Losing a customer hardly makes a difference to a company's sales.
 - E) The aim of customer relationship management is to focus solely on customer satisfaction.

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

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

- A) brand loyalty
- B) customer equity
- C) customer-perceived value
- D) customer lifetime value
- E) a societal marketing campaign

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

80) Customer satisfaction is a goal that companies strive to earn. Companies can achieve customer delight by _____.

- A) regularly putting products on sale
- B) promising only what they can deliver and then delivering more than they promise
- C) offering promotional deals such as "buy one and get one free"
- D) creating contests with exciting prizes
- E) using celebrities to advertise the products

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

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

- A) customer lifetime value
- B) customer-perceived value
- C) customer relationship management
- D) partner relationship management
- E) customer equity

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

82) Which of the following marketing strategies should marketing managers focus on to manage detailed information about individual customers and carefully manage customer touchpoints to maximize customer loyalty?

- A) customer divestment
- B) customer-managed relationships
- C) the societal marketing concept
- D) partner relationship management
- E) customer relationship management

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

83) _____ is determined by a customer's evaluation of the benefits and costs of a market offering relative to those of competing offers.

- A) Customer-perceived value
- B) Customer lifetime value
- C) Share of customer
- D) Customer-managed relationship
- E) Brand value proposition

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

84) Customer equity refers to _____.

- A) a firm's current sales
- B) the share a firm earns of a customer's purchasing in their product categories
- C) the amount a customer is spending each year on certain products
- D) the total combined customer lifetime value of all of the company's current and potential customers
- E) a firm's market share

Answer: D

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

85) It is most accurate to say that when customers purchase products they act on _____ as they judge values and costs.

- A) objective value
- B) perceived value
- C) customer lifetime value
- D) company image
- E) society's interests

Answer: B

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

86) The primary key to delivering customer satisfaction is to match product performance with _____.

- A) the performance of competitive products
- B) competitive prices
- C) aggressive advertising
- D) limited customer services
- E) customer expectations

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

87) Which of the following terms refers to customers who make repeat purchases and tell others about their positive experiences with a product or service?

- A) barnacles
- B) customer evangelists
- C) butterflies
- D) surrogate customers
- E) market mavens

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

88) Sally recently purchased Brand X lotion. In comparing her perception of how the lotion made her skin feel and look to her expectations about Brand X lotion, Sally was measuring her level of _____.

- A) share of customer
- B) customer satisfaction
- C) customer equity
- D) customer-perceived value
- E) customer lifetime value

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

89) Which of the following strategies would a company most likely use to increase customer satisfaction?

- A) decreasing the variety of offered services
- B) divesting
- C) lowering prices
- D) "firing" unprofitable customers
- E) limiting customer experiences with a brand

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

90) Hank is an assistant marketing director for a firm in a market with many low-margin customers. What type of relationship with these customers would be the most profitable for him?

- A) full partnerships
- B) basic relationships
- C) causal relationships
- D) club marketing programs
- E) inverse relationships

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

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

- A) a frequency marketing program
- B) a basic relationship
- C) a club marketing program
- D) partner relationship management
- E) sustainable marketing

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

92) A gym equipment manufacturer encourages customers to become members of the firm's Web site. Membership provides customers with exercise tips as well as discounts on gym equipment and workout apparel. This is an example of _____.

- A) a frequency marketing program
- B) a basic customer relationship
- C) a club marketing program
- D) the selling concept
- E) consumer-generated marketing

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

93) The marketing world is most likely embracing _____ because consumers wield greater power now with many platforms for airing and sharing their brand views with other consumers.

- A) partner relationship management
- B) supply chain management
- C) customer-managed relationships
- D) market segmentation
- E) consumer ethnocentrism

Answer: C

AACSB: Information technology

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

94) Greater consumer control means that companies can no longer rely on _____.

- A) promoting brand-consumer interaction
- B) marketing by intrusion
- C) creating market offerings and messages that involve consumers
- D) developing marketing concepts with an outside-in perspective
- E) marketing by attraction

Answer: B

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

95) Kao Corp., a deodorant manufacturer, invited teenage girls to make an ad that would encourage other girls to buy the product. This program is an example of _____.

- A) societal marketing
- B) the production concept
- C) the selling concept
- D) partner relationship management
- E) consumer-generated marketing

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

96) Elisandra, a marketing manager at a regional chain restaurant, has decided to organize 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 _____.

- A) consumer-generated marketing
- B) partner relationship management
- C) customer lifetime value
- D) community development around a brand
- E) customer divestment

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

97) Through _____, companies today are strengthening their connections with all partners, from providers of raw materials and components to those involved in the delivery of final goods and services.

- A) supply chain management
- B) direct marketing
- C) customer relationship marketing
- D) customized marketing
- E) inventory management

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

98) The final step in the marketing process is _____.

- A) capturing value from customers
- B) creating customer delight
- C) creating customer lifetime value
- D) understanding the marketplace
- E) designing a customer-driven marketing strategy

Answer: A

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

99) "Losing a customer once means losing the entire stream of possible purchases that the customer would make over an extended period of patronage." This statement specifically indicates loss in terms of _____.

- A) customer-perceived value
- B) marketing offerings
- C) partner relationship management
- D) customer lifetime value
- E) value proposition

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

100) At Gina's retail stores, the posted policy reads, "Without our customers, we don't exist." Gina and her staff aim to delight each customer, and they are quick to offer discounts or extra services whenever a customer is anything less than satisfied. Gina and her staff strive to make every customer a repeat customer. It is most accurate to say that instead of focusing on each individual transaction, Gina and her staff put a priority on _____.

- A) managing partner relationships
- B) selling new products
- C) attracting "butterflies"
- D) converting "barnacles" to "strangers"
- E) capturing customer lifetime value

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

101) The portion of the customer's purchasing that a company gets in its product categories is known as _____.

- A) customer-perceived value
- B) share of customer
- C) customer insight
- D) consumption function
- E) induced consumption

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

102) Apart from retaining good customers, most marketers want to constantly increase their "share of customer." What does this mean in marketing terms?

- A) Marketers want to increase their market share.
- B) Marketers want to increase the share they get of the customer's purchasing in their product categories.
- C) Marketers want to diversify their operations and customize their products to cater to the entire market.
- D) Marketers want to continuously increase their customers' levels of satisfaction.
- E) Marketers want to turn satisfied customers into delighted customers.

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

103) _____ is one of the best ways to increase share of customer.

- A) Targeting new customers
- B) Using bait and switch
- C) Cross-selling
- D) Divesting
- E) Partnership marketing

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

104) Keith, a clothing store owner, offers product suggestions to customers based on their current purchases. Which of the following is Keith trying to increase?

- A) shared value
- B) share of customer
- C) social responsibility
- D) customer-generated marketing
- E) customer loyalty

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

105) Which of the following refers to the total combined customer lifetime value of all of the company's current and potential customers?

- A) share of customer
- B) marketing mix
- C) customer equity
- D) target market
- E) customer-perceived value

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

106) In the context of customer relationship groups, a potentially profitable and short-term customer is referred to as a _____.

- A) true friend
- B) butterfly
- C) stranger
- D) barnacle
- E) market maven

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

107) Customers can be classified into four relationship groups based on their profitability and projected loyalty. Which customer type is associated with high profitability and long-term loyalty?

- A) barnacles
- B) strangers
- C) butterflies
- D) true friends
- E) cash cows

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

108) A company should not always target all possible customers. Which kind of customer is not the most valuable to a company, but, can over time, contribute to the firm's success?

- A) butterflies
- B) shooting stars
- C) barnacles
- D) true friends
- E) strangers

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

109) A financial services firm has several loyal customers who conduct business with them exclusively. However, the company has noticed that this customer group is the least profitable for the company, and in some cases, it increases their losses when engaging in business with this group. Which of the following customer groups is being referred to in this scenario?

- A) butterflies
- B) true friends
- C) strangers
- D) barnacles
- E) cash cows

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

110) Digital technology allows companies to reach out to customers in numerous ways. Which of the following is NOT the purpose of a company reaching out using digital and social media?

- A) solving consumer problems
- B) building customer relationships
- C) helping customers shop
- D) providing product information
- E) working with suppliers

Answer: E

AACSB: Information technology

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

111) A seller pursues a basic relationship with what kind of customers?

- A) many customers regardless of profitability
- B) many high-margin customers
- C) many low-margin customers
- D) a few high-margin customers
- E) a few low-margin customers

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

112) A seller pursues a full partnership with what kind of customers?

- A) many customers regardless of profitability
- B) many high-margin customers
- C) many low-margin customers
- D) a few high-margin customers
- E) a few low-margin customers

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

113) A marketer wants to increase its "share of customer." It can do this by offering a greater variety to customers, or by _____.

- A) decreasing prices
- B) increasing discounts and coupons
- C) sending samples directly to customers
- D) introducing customers to "brand evangelists"
- E) creating programs to cross-sell and up-sell to market more products and service to existing customers

Answer: E

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

Refer to the scenario below to answer the following question(s).

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 cliff overlooking the Maine coast, Seagull Terrace had attracted thousands of visitors during summer, but then faced a tremendous downturn in business during winter. "But, given the established industries 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 travelers year-round. Carol's plan also 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 travelers—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 delicatessen offers entrees that are a part of the local cuisine, 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 getaways throughout winter."

114) Carol Veldt's plan also involves a seasonal promotional gimmick that she wants to promote aggressively. This is an example of the _____ concept.

- A) selling
- B) marketing
- C) product
- D) production
- E) societal marketing

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

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

- A) selling
- B) marketing
- C) product
- D) production
- E) societal marketing

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

116) Carol Veldt has decided to ask selected guests to participate in an extensive survey about their experience at Seagull Terrace and about their requirements in terms of amenities and cuisines. By implementing the suggestions she receives from guests, Carol would be following the _____ concept.

- A) production
- B) product
- C) selling
- D) marketing
- E) societal marketing

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

117) For most marketers, customer relationship management is exclusively a matter of customer data management.

Answer: FALSE

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

118) Customer-perceived value is defined as the customer's evaluation of the difference between all the benefits and all the costs of a market offering relative to those of competing offers.

Answer: TRUE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

119) The meaning of value is perceived identically by all consumers.

Answer: FALSE

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

120) Customer-managed relationships are marketing relationships that are controlled by customers; therefore, they are of no significance to marketers.

Answer: FALSE

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

121) Large-scale marketing approaches that foster two-way customer relationships are made possible by new communication technologies.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

122) In consumer-generated marketing, marketers play a bigger role in shaping consumers' brand experiences and those of others.

Answer: FALSE

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

123) To increase its "share of customer," a firm concentrates on retaining as many customers as possible over its lifetime.

Answer: FALSE

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

124) A company can create customer delight by meeting customer expectations through offering good products that do what is promised.

Answer: FALSE

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

125) Many companies now use customer profitability analysis to identify and weed out unprofitable customers.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

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

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, but they should not expect butterflies to become loyal customers.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

127) 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.

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 customers 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.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

128) Explain how storing customer information in a database might better prepare carmaker Kia in customer relationship management.

Answer: Managing detailed information about customers may allow Kia to design new models based on customer demographics and desires for specific features. These "touch points" can be the key to long-term customer loyalty.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

129) Alex works in the marketing department of an international company. How can Alex use modern technologies to conduct market research and better serve his company's customers?

Answer: Alex could use the company's Web site and social media sites to monitor online discussions of the company's products and services. He could track customer-generated review systems or online data services to learn more about the needs and wants of his customers. Alex could create a customer database for the company to target individual customers with tailored offers.

AACSB: Information technology

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

130) How can a marketer increase its "share of customer"?

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.

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

131) Define customer relationship management and explain its associated tools and levels of relationships.

Answer: Customer relationship management is the 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, public relations, and so on. An organization with few customers and high margins, on the other hand, will work to create full partnerships with key customers. To create stronger bonds with customers, some companies offer frequency marketing programs that reward customers who buy frequently or in large amounts. Other companies sponsor club marketing programs that offer members special benefits and create member communities.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

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

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. Outstanding marketing companies go out of their way to keep important customers satisfied. Most studies show that higher levels of customer satisfaction lead to greater customer loyalty, which in turn results in better company performance. 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 willing marketing partners and "customer evangelists" who tell other potential customers about their positive experiences with the product.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

133) Define customer equity and explain how a company can increase it.

Answer: Customer equity is the sum of the lifetime values of all of the company's current and potential customers. It's a measure of the future value of the company's customer base. Clearly, the more loyal the firm's profitable customers, the higher its customer equity. Customer equity may be a better measure of a firm's performance than current sales or market share. To increase customer equity, companies should work to delight their customers and establish full relationships with their most profitable customers.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

134) Marketers use mobile channels for several purposes. Which of the following is LEAST likely to be one of those purposes?

- A) Enrich the brand experience.
- B) Send billing statement.
- C) Stimulate immediate buying.
- D) Make shopping easier.
- E) Boost sampling.

Answer: B

AACSB: Information technology

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

135) Marketers set up company and brand Web sites that provide information and promote the company's products. Social media is a significant part of today's marketing strategy. Which of these tools is NOT part of the growth in digital technology?

- A) blogs
- B) e-mail
- C) telemarketing calls
- D) mobile apps
- E) videos

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

136) Following the change in consumer values and consumption patterns after the Great Recession, marketers have changed their marketing strategies to emphasize the _____ of their products.

- A) image
- B) value
- C) durability
- D) safety
- E) uniqueness

Answer: B

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

137) Which of the following actions should a marketer take in response to the new economy?

- A) Offer selected discounts.
- B) Cut marketing budgets.
- C) Hold the line on prices.
- D) Cut costs.
- E) Discontinue products.

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

138) Government agencies design _____ to encourage energy conservation and discourage smoking, excessive drinking, and drug use.

- A) club marketing programs
- B) social marketing campaigns
- C) consumer-generated marketing campaigns
- D) ambush marketing campaigns
- E) frequency marketing programs

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

139) As part of the rapid globalization of today's economy, companies are selling more domestically produced goods in international markets and _____.

- A) taking a local view of their industry
- B) purchasing more supplies abroad
- C) reducing competition within their industry
- D) downplaying concerns for social responsibility
- E) competing solely in traditional marketplaces

Answer: B

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

140) Iceco Inc., an ice cream manufacturing company, encourages all stakeholders, including the top management and all employees, to consider individual and community welfare in their day-to-day decisions. This action undertaken by Iceco reflects _____.

- A) environmentalism
- B) social responsibility
- C) the selling concept
- D) partner relationship management
- E) marketing myopia

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Challenging

141) Marketing in the non-profit sector is applied in all but which of these ways?

- A) to enhance their images
- B) to attract memberships
- C) to publicize the organization's supporters
- D) to design social marketing campaigns for specific causes
- E) to encourage donor support

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

142) A church targeting different demographic groups to increase attendance is an example of _____.

- A) affinity marketing
- B) not-for-profit marketing
- C) societal marketing
- D) evangelism marketing
- E) affiliate marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

143) Your state's department of education has budgeted a significant amount of money for a radio, print, television, and online advertising campaign emphasizing the long-term benefits, both educationally and professionally, of reading every day. This is an example of a(n) _____ campaign.

- A) ambush marketing
- B) social marketing
- C) inbound marketing
- D) consumer-generated marketing
- E) affiliate marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

144) Many organizations use multiple social media, such as Facebook, Twitter, Instagram, and YouTube. What is the primary reason a company would use multiple social media?

- A) entice customers to one of the social media sites
- B) present a carefully integrated message to fans and customers
- C) improve its "hit" count
- D) appeal to new customers
- E) increase its prices because it is more well-known

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Challenging

145) Many company and brand Web sites also serve as online brand communities, where customers can congregate and exchange brand-related interests and information.

Answer: TRUE

AACSB: Information technology

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

146) The Internet of Things is a new product created by multiple companies working together.

Answer: FALSE

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

147) Organizations choose to use only a few of the available online and social media. Using multiple social media results in confused fans.

Answer: FALSE

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Challenging

148) Social media sites with small audiences, such as Birdpost.com, can be as effective in creating customer engagement as sites with large audiences, such as Pinterest.

Answer: TRUE

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

149) Companies that do not target individual consumers do not benefit from using social media tools to appeal to their business customers.

Answer: FALSE

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

150) Explain how the growth of digital technology has transformed the way in which companies conduct business today.

Answer: At the most basic level, marketers set up company and brand Web sites that provide information and promote the company's products. Many of these sites also serve as online brand communities, where customers can congregate and exchange brand-related interests and information. Beyond brand Web sites, most companies are also integrating social and mobile media into their marketing mixes.

AACSB: Information technology

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

151) How are local retailers affected by global competition?

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.

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

152) Discuss the challenges and advantages of new communication technologies for marketers as they work to build relationships with their customers.

Answer: Through the Internet and related technologies, people can now interact in direct and surprisingly personal ways with large groups of others, from neighbors within a local community to people across the world. With communication technologies such as e-mail, blogs, Web sites, online communities, and online social networks, 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. In fact, the marketing world is beginning to embrace customer-managed relationships. 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.

AACSB: Information technology

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate