

Exam

Name _____

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

1) The quality a customer receives adjusted for the price a customer pays for a product is known as 1) _____

- A) dividend B) perception C) loyalty D) value

Answer: D

Explanation: A)
 B)
 C)
 D)

2) A firm could most likely increase the perceived benefits of a product by _____. 2) _____

- A) reducing the overall purchase price
B) reducing the operating costs associated with the product
C) adding a desirable new feature to the product without increasing the purchase price
D) adding maintenance costs associated with owning the product

Answer: C

Explanation: A)
 B)
 C)
 D)

3) What is the first step in the strategic marketing and planning process? 3) _____

- A) strategy formation B) market segmentation
C) situation assessment D) product promotion

Answer: C

Explanation: A)
 B)
 C)
 D)

4) Targeting very large markets is best known as _____ marketing. 4) _____

- A) niche B) strategic C) mass D) target

Answer: C

Explanation: A)
 B)
 C)
 D)

5) Research indicates that a firm with an effective marketing-oriented strategy is more likely to experience higher _____. 5) _____

- A) start-up costs B) long-term profits
C) short-term profits D) production costs

Answer: B

Explanation: A)
 B)
 C)
 D)

- 6) _____ is the logic by which a company hopes to achieve profitable customer relationships. 6) _____
A) Strategic HR management B) Corporate branding
C) Product differentiation D) Marketing strategy

Answer: D

Explanation: A)
B)
C)
D)

- 7) According to Peter Drucker, which of the following is most essential to defining the purpose and strategy of a business? 7) _____
A) production efficiencies B) customer needs
C) cross-cultural sales D) value added profits

Answer: B

Explanation: A)
B)
C)
D)

- 8) _____ is how a firm differentiates itself from competitors in a way that customers value. 8) _____
A) Singularity B) Development C) Segmentation D) Diversification

Answer: A

Explanation: A)
B)
C)
D)

- 9) Which of the following is constantly pushing the value frontier towards higher quality and/or lower prices? 9) _____
A) innovation B) government spending
C) wage increases D) market expansion

Answer: A

Explanation: A)
B)
C)
D)

- 10) A _____ is a graphical representation of the ratio between a product's benefits and costs. 10) _____
A) fair value matrix B) value map
C) data mine D) customer data graph

Answer: B

Explanation: A)
B)
C)
D)

- 11) Which marketing strategy involves developing the lowest cost structure in order to earn higher margins? 11) _____
A) cost leadership B) differentiation
C) segmentation D) competitive scope
Answer: A
Explanation: A)
B)
C)
D)
- 12) A firm with a marketing strategy of differentiation most likely sells a product with qualities that 12) _____
_____.
A) competitors offer and that numerous customers demand
B) a wide range of consumers perceive as convenient
C) competitors do not offer and that specific customers value
D) a small segment of consumers demand at a low price
Answer: C
Explanation: A)
B)
C)
D)
- 13) A marketing strategy of competitive advantages is typically based on either _____ or _____. 13) _____
A) mass global appeal; cost leadership B) differentiation; reliability
C) cost leadership; differentiation D) segmentation; globalization
Answer: C
Explanation: A)
B)
C)
D)
- 14) According to marketing strategy expert Michael Porter, "Competitive strategy is about being 14) _____
_____. "
A) satisfactory B) superior C) efficient D) different
Answer: D
Explanation: A)
B)
C)
D)
- 15) Which of the following best describes a growth strategy of market development? 15) _____
A) selling new products to existing markets
B) selling new products to new markets
C) selling existing products to new markets
D) selling existing products to existing markets
Answer: C
Explanation: A)
B)
C)
D)

16) A firm that has determined which customers to serve, where to conduct business, and how to meet customer needs has most likely developed a _____. 16) _____

- A) business portfolio
- B) public relations plan
- C) marketing strategy
- D) profit analysis

Answer: C

Explanation: A)
B)
C)
D)

17) Which of the following marketing strategies is LEAST likely to generate long-term success for a firm? 17) _____

- A) differentiation in a niche market
- B) cost leadership in a mass market
- C) cost leadership in a niche market
- D) differentiation in a mass market

Answer: C

Explanation: A)
B)
C)
D)

18) Which growth strategy is most likely being used by a firm selling new products to existing markets? 18) _____

- A) market penetration
- B) diversification
- C) market development
- D) product development

Answer: D

Explanation: A)
B)
C)
D)

19) The author of the text describes IBM's entry into the area of personal computers as an _____ strategic decision. 19) _____

- A) incompetent
- B) advantageous
- C) ad hoc
- D) insightful

Answer: C

Explanation: A)
B)
C)
D)

20) When Toys-R-Us opened Kids-R-Us and Babies-R-Us, the firm was using the method of _____. 20) _____

- A) diversification
- B) market development
- C) product development
- D) market penetration

Answer: C

Explanation: A)
B)
C)
D)

- 21) A firm selling new products to new markets is most likely using a growth strategy of _____. 21) _____
 A) market penetration B) diversification
 C) market development D) product development
 Answer: B
 Explanation: A)
 B)
 C)
 D)
- 22) A firm's marketing concept should primarily focus on _____. 22) _____
 A) establishing product trends B) educating potential buyers
 C) meeting specific customer needs D) reducing labor and production costs
 Answer: C
 Explanation: A)
 B)
 C)
 D)
- 23) Which of the following is LEAST likely to be used by a firm pursuing a marketing strategy of differentiation? 23) _____
 A) convenience B) reliability C) performance D) cost leadership
 Answer: D
 Explanation: A)
 B)
 C)
 D)
- 24) Which growth strategy involves selling more of a firm's existing products to the firm's existing markets? 24) _____
 A) product development B) diversification
 C) market penetration D) market development
 Answer: C
 Explanation: A)
 B)
 C)
 D)
- 25) Which of the following involves identifying small segments of customers and serving their specific needs? 25) _____
 A) brand leadership strategy B) customer intimacy strategy
 C) cost leadership strategy D) customer advantage strategy
 Answer: B
 Explanation: A)
 B)
 C)
 D)

26) According to a value-frontier framework, which of the following is LEAST likely to be an effective long-term marketing strategy? 26) _____

- A) low price, high performance
- B) high price, high performance
- C) low price, low performance
- D) high price, low performance

Answer: D

Explanation: A)
B)
C)
D)

27) A product that falls within the fair value zone of a value map is perceived by consumers as delivering benefits that are _____ the product's cost. 27) _____

- A) less than
- B) unrelated to
- C) equal to
- D) greater than

Answer: C

Explanation: A)
B)
C)
D)

28) What are the three basic elements of an effective marketing strategy? 28) _____

- A) singularity, product differentiation, corporate resources
- B) singularity, target segments, competitive advantages
- C) target segments, customer needs, geographic markets
- D) competitive advantages, public relations, business models

Answer: B

Explanation: A)
B)
C)
D)

29) What are the two generic frameworks of most marketing strategies? 29) _____

- A) niche scope, target segmentation
- B) competitive advantage, globalization
- C) competitive advantage, competitive scope
- D) customer intimacy, competitive scope

Answer: C

Explanation: A)
B)
C)
D)

30) Strategic decisions primarily affect a firm's _____. 30) _____

- A) marketing
- B) future
- C) present
- D) globalization

Answer: B

Explanation: A)
B)
C)
D)

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 31) For most firms, a niche cost-leadership strategy is difficult to implement and sustain because scale is so closely linked to cost advantage. 31) _____

Answer: ☒ True ☐ False

Explanation:

- 32) According to the product-market growth framework, a firm's strategic growth can only occur through market penetration. 32) _____

Answer: ☐ True ☒ False

Explanation:

- 33) A company can increase the perceived value of its product by increasing the perceived benefits, increasing the perceived costs, or a combination of the two. 33) _____

Answer: ☐ True ☒ False

Explanation:

- 34) A value frontier is based on customer perceptions of price and performance relative to other offerings in the marketplace. 34) _____

Answer: ☒ True ☐ False

Explanation:

- 35) Singularity in a marketing strategy asserts that firms should strive to be better than their competitors in all areas. 35) _____

Answer: ☐ True ☒ False

Explanation:

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

- 36) What growth strategies are available to firms that want to expand their sales?

Answer: Growth strategies are based on relationships with existing company offerings and existing markets. At any given time a firm is selling its existing products to its existing markets. Logically, growth can come from selling more of the firm's existing products to its existing markets (market penetration), selling existing products to *new markets* (market development), selling *new products* to existing markets (product development), or selling new products to new markets (diversification).

- 37) Explain the purpose of a value map, providing details about how the map should be interpreted.

Answer: A manager would use a value map to track and manage the perceived value customers assign to a brand and the competitors' brands. The value map plots the product's selling price against its relative performance. Products that fall in the fair value zone of the map are perceived to have benefits that are equal to the product cost. Products that fall below the fair value zone of a value map are perceived to deliver greater benefits than the product cost. Products that fall above the fair value zone of a value map are perceived to deliver fewer benefits than the product cost.

38) What is a marketing strategy? What questions should a comprehensive marketing strategy answer?

Answer: Marketing strategy is about the "big picture" and whether the firm is: moving in the right direction, setting appropriate objectives, competing for the right customers (and *avoiding* those it should avoid); and developing the right skills, resources, and capabilities for success.

A comprehensive marketing strategy specifies the *who, what, when, where, why, and how* of the business:

1. *Who* the firm will serve—the customers and segments the business will serve;

2. *When* the firm will serve those customers and those needs—that is, what "occasion(s)" the firm will target;

3. *Where* the firm will do business—the geographic markets the firm will serve;

4. *What* needs the firm will meet; 5. *How* the firm will serve those customers and needs—the means (resources and distinctive competencies) the firm will bring to bear to serve those customers and their needs better than the competition; and 6. *Why* the firm will do these things—the compelling business model that specifies how long term revenues will exceed costs by a reasonable rate of return on the capital employed.

Answer Key
Testname: C1

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