

Exam

Name _____

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

- 1) Which of the following involves adapting a firm to take advantage of opportunities in its constantly changing environment? 1) C
A) annual planning
B) media planning
C) strategic planning
D) short-range planning
E) long-range planning
- 2) When a firm develops and maintains a strategic fit between its goals and capabilities, it is performing _____. 2) E
A) mission planning
B) business-portfolio planning
C) values planning
D) operations planning
E) strategic planning
- 3) Which of the following is the first step in strategic planning? 3) D
A) identify threats and weaknesses
B) set objectives and goals
C) develop the business portfolio
D) define the company mission
E) plan marketing strategies
- 4) Which of the following is NOT a step in the strategic planning process? 4) D
A) planning marketing and other functional strategies
B) designing the business portfolio
C) setting company objectives and goals
D) evaluating all members of the value chain
E) defining the company mission
- 5) Which of the following provides an answer to these questions: What is our business? Who are our customers? What do our customers value? What should our business be? 5) B
A) a business portfolio
B) a mission statement
C) operational strategies
D) marketing and functional strategies
E) objectives and goals
- 6) _____ should be market oriented and defined in terms of _____. 6) C
A) Objectives; competitors' threats
B) Strategic plans; company needs
C) Mission statements; customers' needs
D) Annual plans; product needs
E) Long-range plans; company needs

- 7) All of the following are accurate guidelines for a company's mission statement EXCEPT which one? 7) A
- A) A mission statement should be narrow.
 - B) A mission statement should emphasize the company's strengths in the marketplace.
 - C) A mission statement should be specific.
 - D) A mission statement should be realistic.
 - E) A mission statement should motivate employees.
- 8) A company's mission statement serves as a statement of _____. 8) B
- A) fact
 - B) purpose
 - C) values
 - D) employee commitment
 - E) financial goals
- 9) Which of the following is NOT a market-oriented business definition? 9) E
- A) "to bring aspiration and innovation to every athlete in the world"
 - B) "to make the Internet buying experience fast, easy, and enjoyable"
 - C) "to deliver low prices every day"
 - D) "to be the guardian of our customers' financial dreams"
 - E) "to sell tools and home repair and improvement items"
- 10) All of the following are examples of product-oriented mission statements, EXCEPT which one? 10) E
- A) "We provide online services."
 - B) "We run theme parks."
 - C) "We sell shoes."
 - D) "We rent hotel rooms."
 - E) "We sell lifestyle and self-expression; success and status; memories, hopes, and dreams."
- 11) Which of the following is the principle objective of a market-oriented mission statement? 11) E
- A) to satisfy basic supplier needs
 - B) to satisfy basic stockholder needs
 - C) to satisfy basic owner needs
 - D) to satisfy basic partnership needs
 - E) to satisfy basic customer needs
- 12) Revlon has clearly defined its "mission" of selling lifestyle and self-expression. In order for the firm to launch its strategic plan, the mission needs to next be turned into detailed _____ that guide each level of the company. 12) A
- A) supporting objectives
 - B) sets of promotional tools
 - C) sets of tactics
 - D) product mixes
 - E) sets of strategies
- 13) The collection of businesses and products that make up a company is called its _____. 13) C
- A) operational factor
 - B) mission statement
 - C) business portfolio
 - D) strategic plan
 - E) strategic business unit

- 14) Which of the following can be a company division, a product line within a division, or sometimes a single product or brand? 14) E
- A) the BCG
 - B) a value delivery network
 - C) a market
 - D) a PLC
 - E) an SBU
- 15) After management has identified the key businesses making up its company, what is the next step in portfolio analysis? 15) C
- A) identifying SBUs
 - B) identifying businesses in which to invest
 - C) assessing the attractiveness of its SBUs
 - D) deciding whether to harvest any businesses
 - E) completing short-range planning
- 16) The best known product portfolio planning method was developed by _____. 16) C
- A) Philip Kotler
 - B) Harvard University
 - C) the Boston Consulting Group
 - D) James P. Hess
 - E) the SRI Consulting Firm
- 17) Most portfolio analysis methods evaluate SBUs on two dimensions, namely _____ and _____. 17) E
- A) market growth rates; profits
 - B) market share; strength of the SBU's position
 - C) market penetration; market development
 - D) market diversification; relative market share
 - E) market or industry attractiveness; strength of the SBU's position
- 18) In the Boston Consulting Group approach, _____ provides a measure of market attractiveness. 18) D
- A) market development
 - B) market penetration
 - C) relative market share
 - D) market growth rate
 - E) market segmentation
- 19) In the Boston Consulting Group approach, _____ serves as a measure of company strength in the market. 19) C
- A) market segmentation
 - B) market development
 - C) relative market share
 - D) market growth rate
 - E) market diversification

- 20) The BCG growth-share matrix classifies four types of SBUs. They are _____, _____, _____, and _____. 20) B
- A) market penetration; market development; product development; diversification
 - B) sales; market share; price; promotion
 - C) product; price; promotion; placement
 - D) stars; cash cows; question marks; dogs
 - E) planning; implementing; leading; controlling
- 21) In the BCG approach, _____ are high-share, high-growth businesses or products. They need heavy investment to finance rapid growth. When their growth slows down, they turn into _____. 21) A
- A) stars; cash cows
 - B) question marks; dogs
 - C) cash cows; stars
 - D) stars; question marks
 - E) dogs; cash cows
- 22) _____ are low-growth, high share businesses or products. They generate a lot of cash that the firm uses to pay its bills and support other SBUs that need investment. 22) B
- A) Dogs
 - B) Cash cows
 - C) Stars
 - D) Cats
 - E) Question marks
- 23) In the BCG matrix, income from _____ can be used to help finance the company's question marks and stars. 23) B
- A) dogs
 - B) cash cows
 - C) overseas operations
 - D) low-share businesses
 - E) SBU revenues
- 24) The four possible strategies that can be pursued for each SBU are building, holding, _____, and _____. 24) C
- A) downsizing; expanding
 - B) developing; growing
 - C) harvesting; divesting
 - D) promoting; selling
 - E) diversifying; penetrating
- 25) Which of the following does NOT accurately reflect a problem with the BCG matrix approach? 25) C
- A) It is difficult to define SBUs and measure market share and growth.
 - B) It can be costly to conduct.
 - C) It focuses on planning for the future.
 - D) It can be time consuming to implement.
 - E) It focuses on classifying current businesses.

- 26) Unlike strategic-planning efforts of the past, which were conducted primarily by senior managers, today's strategic planning is _____. 26) A
- A) decentralized
 - B) product oriented
 - C) limitation-free
 - D) centralized
 - E) short-term oriented
- 27) To enter new global markets, a company like BASF can create new local partnerships within targeted countries. These are examples of _____. 27) B
- A) diversification
 - B) broad strategies for growth
 - C) value chains
 - D) brand experiences
 - E) product development
- 28) Which department in a company carries the primary responsibility for achieving profitable growth? 28) D
- A) human resources
 - B) accounting
 - C) operations
 - D) marketing
 - E) product development
- 29) Which of the following is a useful tool for identifying growth opportunities? 29) B
- A) the BCG matrix
 - B) the product/market expansion grid
 - C) the value delivery network
 - D) the value chain
 - E) the business portfolio
- 30) Making more sales to current customers without changing a firm's products is _____. 30) D
- A) market development
 - B) market attractiveness
 - C) diversification
 - D) market penetration
 - E) product development
- 31) Tim Hortons works to train people who come into Tim Hortons first thing in the morning for coffee and breakfast to return several times during the rest of the day. This effort by Tim Hortons management is an example of _____. 31) B
- A) market development
 - B) market penetration
 - C) product adaptation
 - D) product development
 - E) diversification

- 32) While a valuable planning tool, a problem with using the BCG matrix centres is that it focuses on _____ 32) B
- A) the future instead of the present
 - B) the present instead of the future
 - C) financial issues instead of the customer
 - D) the past instead of the present
 - E) the customer instead of suppliers
- 33) A common practice among marketers is to identify and develop new markets for their existing products. This practice is called _____. 33) D
- A) market penetration
 - B) dual adaptation
 - C) product development
 - D) market development
 - E) market skimming
- 34) If Tim Hortons were to leverage its strong brand name onto products like sportswear that fit with its friendly, relaxed image, this would represent which strategy for growth? 34) B
- A) market development
 - B) diversification
 - C) partner development
 - D) market penetration
 - E) product development
- 35) Which of the following entails reducing the business portfolio by eliminating products that no longer fit the company's overall strategy? 35) E
- A) market segmentation
 - B) the BCG approach
 - C) market redesign
 - D) product line extension
 - E) downsizing
- 36) Which of the following is NOT a reason that a firm might want to abandon products or markets? 36) B
- A) The market has changed, making some of the products less profitable.
 - B) The economic environment is showing signs of recovery.
 - C) The firm has grown too rapidly.
 - D) The firm has entered areas in which it does not have expertise.
 - E) The firm has not properly researched foreign markets which it has entered.
- 37) Each department in a company that carries out value-creating activities can be thought of as a link in the company's _____. 37) B
- A) market development
 - B) value chain
 - C) business portfolio
 - D) product development
 - E) value delivery network

- 38) Jack Welch, former CEO at General Electric, said that "Companies can't give job security, only _____ can." 38) C
A) development
B) good strategy
C) customers
D) growth
E) efficiency
- 39) Multinationals like Honda Motor Co. and Wal-Mart stores have designed programs to work closely with their suppliers to help them reduce their costs and improve quality. This illustrates the importance of an efficient _____. 39) B
A) business portfolio
B) value delivery network
C) value chain
D) low-cost operator
E) product mix
- 40) Which of the following is the marketing logic by which a company hopes to achieve profitable customer relationships? 40) B
A) a consistent product mix
B) marketing strategy
C) differentiation
D) price
E) the value delivery network
- 41) Lucy Ortiz is preparing a PowerPoint presentation of the marketing process to show at a sales meeting. _____ should appear in the centre of her diagram depicting marketing strategies and the marketing mix. 41) E
A) Sales goals
B) Customer retention rates
C) Competitors
D) Company objectives
E) Customer value and relationships
- 42) A sound marketing strategy begins with which of the following? 42) E
A) promotion
B) SWOT analysis
C) positioning
D) differentiation
E) customer analysis
- 43) Your firm is attempting to divide up the total market to determine the best segments it can serve. Which is the correct order of doing so? 43) C
A) market positioning, market segmentation, target marketing
B) market segmentation, market positioning, target marketing
C) market segmentation, target marketing, market positioning
D) target marketing, market positioning, market segmentation
E) mass marketing, demographic segmentation, psychographic segmentation

- 44) The process of customer-driven marketing involves which of the following? 44) A
A) market segmentation; target marketing; differentiation; positioning
B) analysis; targeting; implementation; control
C) problem identification; information search; decision; implementation
D) marketing analysis; planning; implementation; feedback
E) product; price; promotion; adaptation
- 45) Which of the following is the process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviours? 45) C
A) differentiation
B) market targeting
C) market segmentation
D) marketing strategy
E) positioning
- 46) Your new employer has asked you, as a new marketing graduate, to develop a group of potential customers who might respond in a similar way to a given set of marketing efforts. You have been asked to develop a(n) _____. 46) A
A) market segment
B) undefined niche
C) target market
D) market strategy
E) market
- 47) Which of the following involves evaluating each market segment's attractiveness and selecting one or more segments to enter? 47) A
A) market targeting
B) market segmentation
C) positioning
D) the market mix
E) differentiation
- 48) Which of the following is the place a product occupies in the consumer's mind relative to competition? 48) A
A) position
B) market segmentation
C) market targeting
D) placement
E) product promotion
- 49) Effective positioning begins with _____ the company's marketing offer in order to give consumers more perceived value. 49) B
A) aligning
B) differentiating
C) placing
D) promoting
E) pricing
- 50) Which of the four Ps describes the goods-and-services combination the company offers to the target market? 50) C
A) price B) package C) product D) place E) promotion

- 51) In the four Ps of the marketing mix, design, packaging, services, and variety all fall under the category of _____.
A) price B) product C) position D) promotion E) place
51) B
- 52) Today the four Ps are compared to the four Cs. Product and place are called _____ and _____, respectively.
A) communication; customer solution
B) customer solution; convenience
C) communication; convenience
D) customer cost; convenience
E) convenience; customer solution
52) B
- 53) In the marketing management functions, a SWOT analysis should _____ a marketing plan.
A) evaluate
B) follow
C) take priority over
D) coincide with
E) precede
53) E
- 54) In a basic SWOT analysis the "T" stands for _____.
A) threats B) tangible C) timing D) trust E) trade
54) A
- 55) In a basic SWOT analysis, the "S" stands for _____.
A) situation
B) strategy
C) strengths
D) satisfactions
E) solutions
55) C
- 56) In SWOT analysis, which of the following would be considered a strength?
A) favourable factors in the environment
B) internal resources
C) trends in the market
D) factors that challenge the company's performance
E) internal limitations
56) B
- 57) In SWOT analysis, which of the following refers to factors in the external environment?
A) opportunities
B) weaknesses
C) strengths
D) strategies
E) trends
57) A
- 58) The main section of the marketing plan presents a detailed _____ analysis of the current marketing situation.
A) competitor
B) when, where, how
C) economic
D) who, when, where
E) SWOT
58) E

- 59) A marketing plan begins with an executive summary, which quickly overviews goals and _____.
- A) recommendations
 - B) obstacles
 - C) controls
 - D) promotions
 - E) budgets
- 60) According to the textbook, your boss is most likely referring to _____ when she mentions "doing things right."
- A) strategy
 - B) planning
 - C) implementation
 - D) efficiency
 - E) objectives
- 61) IBM has its sales and marketing people assigned to markets in specific countries, regions, and districts. This is an example of which type of marketing organization?
- A) product
 - B) functional
 - C) divisional
 - D) psychographic
 - E) geographic
- 62) Which of the following is the most common approach to marketing organization?
- A) functional
 - B) geographic
 - C) product management
 - D) divisional
 - E) combination
- 63) Berman Electric, a chain of 18 appliance stores, has a marketing organization in which specialists head different marketing activities. What is this type of organization called?
- A) market
 - B) geographic
 - C) organic
 - D) product
 - E) functional
- 64) Modern marketing departments are arranged in the following ways, EXCEPT which one?
- A) market management organization
 - B) geographic organization
 - C) product management organization
 - D) functional organization
 - E) strategic management organization

- 65) The _____ organizational format was first used by Procter and Gamble in 1929. 65) C
- A) geographic management
 - B) customer management
 - C) product management
 - D) market management
 - E) functional
- 66) The _____ organizational system's main advantage is that the company is organized around the needs of specific market segments. 66) E
- A) product management
 - B) functional
 - C) vertical
 - D) geographic
 - E) market management
- 67) An increasingly large number of firms are changing their organizational focus from _____ to _____. 67) E
- A) geographic management; functional management
 - B) global management; regional management
 - C) product management; geographic management
 - D) product management; functional management
 - E) brand management; customer management
- 68) Evaluating the results of marketing strategies and plans and taking corrective action to ensure that objectives are attained is called _____. 68) A
- A) marketing control
 - B) developmental control
 - C) strategic control
 - D) operating control
 - E) efficiency
- 69) The marketing control process entails the following steps in order: setting goals, _____, evaluating performance, and _____. 69) D
- A) evaluating goals; measuring performance
 - B) taking corrective action; measuring performance
 - C) achieving goals; measuring performance
 - D) measuring performance; taking corrective action
 - E) taking corrective action; following up
- 70) Which of the following is NOT a step in the marketing control process? 70) D
- A) measuring performance
 - B) setting goals
 - C) evaluating the causes of gaps between expected and actual performance
 - D) defining the mission
 - E) taking corrective action

- 71) Ensuring that the company achieves the sales, profits, and other goals set out in its annual marketing plan is the purpose of _____. 71) B
- A) ROI
 - B) operating control
 - C) a marketing audit
 - D) marketing control
 - E) strategic control
- 72) Which of the following involves looking at whether a company's basic strategies are well matched to its opportunities? 72) D
- A) marketing control
 - B) operating control
 - C) portfolio analysis
 - D) strategic control
 - E) ROI
- 73) Which of the following is a comprehensive and systematic analysis of a company's environment, objectives, strategies, and activities that is conducted by an outside and objective party? 73) C
- A) SWOT analysis
 - B) a marketing plan
 - C) a marketing audit
 - D) a marketing mix analysis
 - E) a portfolio analysis
- 74) Which of the following measures the profits generated by investments in marketing activities? 74) A
- A) marketing ROI
 - B) a budget
 - C) a marketing audit
 - D) an executive summary
 - E) SWOT analysis
- 75) Which of the following would NOT be useful in determining marketing ROI? 75) A
- A) SWOT analysis
 - B) customer equity
 - C) market share
 - D) brand awareness
 - E) a marketing dashboard

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

- 76) Mission statements should be realistic and general in nature. 76) F
- 77) ABC Fortunes has just developed a formal statement of its purpose. This firm has put together a mission statement. 77) T
- 78) Mission statements should both emphasize the company's strengths in the marketplace and be motivating. 78) T
- 79) At Zellers, "we offer products and services that deliver superior style and value to Canadians.," is a product-oriented business definition. 79) F

- 80) At Nike, "we sell athletic shoes and apparel" is a market-oriented business definition. 80) F
- 81) A firm's mission should always be stated as making more sales or profits. 81) F
- 82) The major activity in strategic planning is strategic business unit planning, whereby management evaluates the products and businesses making up the company. 82) F
- 83) An SBU is a company division or product line, never a single product or brand. 83) F
- 84) The purpose of strategic planning is to find ways in which your company can best use its strengths to take advantage of attractive opportunities in the environment. 84) T
- 85) In the BCG matrix, "dogs" are low-growth businesses and products that do not generate enough cash to maintain themselves. 85) F
- 86) Question marks in the BCG matrix require a lot of cash to hold their share, let alone increase it. 86) T
- 87) The growth strategy of diversification involves offering modified or new products to current markets. 87) F
- 88) When an organization identifies and develops new markets for its current products and services, it is engaged in market development. 88) T
- 89) When a firm finds products or businesses that no longer fit its overall strategy, it must carefully milk, harvest, or better develop them. 89) F
- 90) In today's marketplace, competition increasingly takes place between entire value delivery networks rather than between individual competitors. 90) T
- 91) To improve its value delivery network, a company needs to examine the value chains of its suppliers and distributors. 91) T
- 92) Mandros International Foods evaluates each market segment's attractiveness and selects one or more segments to enter when considering adding new lines of imported foods. Mandros is engaged in selective marketing. 92) F
- 93) The image of a product in the minds of consumers is called market segmentation. 93) F
- 94) A market segment consists of consumers who respond in different ways to a given set of marketing efforts. 94) F
- 95) Holiday Inn has divided the total customer market into smaller segments and selected the most promising segments. Deciding what position it wants to occupy in these segments is called targeting. 95) F
- 96) When a company positions its product, it should first identify possible customer value differences within a market segment that could be the basis of a competitive advantage for the product. 96) T

- 97) The marketing mix consists of product, price, place, positioning, and promotion. 97) F
- 98) Guided by marketing strategy, the company designs a marketing mix made up of factors under its control: product, price, place, and promotion. 98) _____
- 99) One valid criticism of the four Ps concept is that services are not considered. 99) _____
- 100) The four Ps concept takes the seller's view of the market. 100) _____
- 101) The four marketing management functions are: analysis, planning, implementation, and control. 101) _____
- 102) A company can *divest* an SBU by selling it or phasing it out and using the resources elsewhere. 102) _____
- 103) A brief summary of the main goals and recommendations of the plan belongs in the Objectives and Issues section of a marketing plan. 103) _____
- 104) The CMO heads up the company's entire marketing operation and represents marketing on the company's top management team. 104) _____
- 105) The marketing audit covers *all* major marketing areas of a business, not just a few trouble spots. 105) _____
- 106) In measuring financial ROI, both the *R* and the *I* are uniformly measured in dollars. But there is as of yet no consistent definition of marketing ROI. 106) _____

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

- 107) Define strategic planning. Discuss the steps involved.
- 108) What is business portfolio planning? Discuss how a company might use the Boston Consulting Group's product portfolio analysis method.
- 109) Describe some of the problems with matrix approaches.
- 110) The BCG is a useful approach to evaluate current businesses. Describe a device that a firm could use to identify future growth opportunities.
- 111) What does the term "value-delivery network" mean? Explain.
- 112) Define marketing strategy. Discuss the steps in formulating marketing strategy.
- 113) Explain why, according to the authors of your text, the four Ps concept of the marketing mix takes a seller's view of the market, not the buyer's view. How should marketers consider the buyer's view?
- 114) Define marketing planning. Briefly outline the major steps in a marketing plan.
- 115) Marketing departments are organized in several ways. Discuss the most common forms of marketing organizations.

- 116) Briefly discuss how marketers measure return on marketing investment, explaining why this figure can be difficult to assess.
- 117) Discuss how Sun-Rype Products Ltd., headquartered in Kelowna, British Columbia, evolved through its use of product-based and geographic segmentation.

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

- 118) NASCAR is the number-one televised motorsport in Canada. It is a premier marketing organization that knows how to create customer value that translates into deep and lasting _____ 118) _____
- A) market segments.
 - B) profit analysis
 - C) value chains,
 - D) customer relationships.
 - E) value delivery network
- 119) Canadian Tire sells tools and home improvement products. The retailer defines its _____ as such: "to offer products and services to meet the everyday needs of Canadian families—today and tomorrow." 119) _____
- A) marketing development
 - B) value-delivery network
 - C) business portfolio
 - D) strategy
 - E) mission
- 120) Google's mission statement could be, "to be the world's best search engine" , yet Google's actual statement is, "to organize the world's information and make it universally accessible and useful." This reflects the guideline that mission statements should be _____. 120) _____
- A) realistic
 - B) specific
 - C) narrow
 - D) market-oriented
 - E) motivating
- 121) A vendor for Ford Motor Company received the following message from one of Ford's marketing managers: "As we move forward during the 21st century, Ford is committed to building profitable customer relationships by creating more environmentally friendly cars and getting them to market faster at lower costs." The marketing manager is referring to Ford's _____. 121) _____
- A) marketing strategy
 - B) mission statement
 - C) business portfolio
 - D) business objectives
 - E) marketing mix

- 122) When the makers of a ballpoint pen state they are in the communication equipment business, they are defining their mission too _____. 122) _____
- A) broadly
 - B) specifically
 - C) futuristically
 - D) realistically
 - E) narrowly
- 123) Kimball Gardens is a company that operates as two distinct businesses: one that sells lawn and garden products and one that markets booklets. Each business is called a _____. 123) _____
- A) strategic business unit (SBU)
 - B) star
 - C) cash cow
 - D) separate entity
 - E) business portfolio
- 124) The pharmaceuticals division of Omni Healthcare holds low market share in a high-growth market. In order to increase market share, managers would be most likely to decide which of the following? 124) _____
- A) divest the SBU
 - B) use money from a cash cow to promote the pharmaceuticals division
 - C) diversify the pharmaceutical division
 - D) hold the pharmaceuticals division's share
 - E) implement a harvest strategy
- 125) Wal-Mart, the world's largest retailer, has successfully launched its stores in Mexico, Canada, the U.K., and Germany, and other nations. This is an example of how Wal-Mart is pursuing _____ as a growth strategy. 125) _____
- A) product development
 - B) geographic market development
 - C) demographic market development
 - D) market penetration
 - E) diversification
- 126) Fence Patrol has developed an entirely new mounting system for chain link fences. Although they are a local company, through the acquisition of a distributor they now have the ability to market their products nationwide. Fence Patrol is most likely to be following a _____ strategy. 126) _____
- A) market penetration
 - B) market development
 - C) diversification
 - D) product development
 - E) divesting
- 127) Tim Hortons might consider adding gas bars to complement its drive-through services. In that case, the company would be pursuing a _____. 127) _____
- A) product development strategy
 - B) downsizing strategy
 - C) market penetration strategy
 - D) product adaptation strategy
 - E) diversification strategy

- 128) Acme, Inc., has slightly modified the production processes of its widgets and gadgets in order to tap into the Eastern European market. Acme is likely following a _____ strategy. 128) _____
A) market penetration
B) product development
C) market development
D) harvesting
E) diversification
- 129) Disney is identifying and developing new markets for its theme parks. Disney is exploring possibilities for _____. 129) _____
A) market development
B) product development
C) harvesting
D) market penetration
E) diversification
- 130) For Hyundai Corporation, customers who care about the price of a car and its operating economy make up one _____. 130) _____
A) customer extension
B) market position
C) value network
D) market segment
E) value chain
- 131) Favorite Memories specializes in serving gift shoppers that major competitors overlook and ignore. Which of the following best describes Favorite Memories? 131) _____
A) full market coverer
B) market challenger
C) market follower
D) market seeker
E) market nicher
- 132) Saturn is "a different kind of company, different kind of a car"; the Hummer is "like nothing else." These statements reflect a firm's _____. 132) _____
A) product portfolio
B) market positioning
C) strategy
D) niche
E) target markets
- 133) Harris, the marketing manager at a small sports retail chain, has conducted a marketing analysis. He has investigated the company's internal resources and situational factors, as well as factors and trends in the competitive sports retail chain market. Which of the following has Harris completed? 133) _____
A) an executive summary
B) a SWOT analysis
C) a marketing plan
D) a business portfolio analysis
E) a marketing mix

- 134) Which of the following most accurately identifies a difference between a weakness and a threat in SWOT analysis? 134) _____
- A) A company is more able to change a threat than a weakness.
 - B) A company can be more negatively affected by a threat than by a weakness.
 - C) A company can be more negatively affected by a weakness than by a threat.
 - D) A company is more able to change a weakness than a threat.
 - E) A company can more easily identify threats than weaknesses.
- 135) Emerson Studios, a chain of 25 portrait stores in five states, has organized its marketing organization into groups headed by a sales manager, an advertising manager, and a customer-service manager. What type of organization is this? 135) _____
- A) geographic
 - B) market
 - C) customer
 - D) product
 - E) functional
- 136) Juanita Castro is looking at whether her company's strategies are well matched to its opportunities. Juanita is utilizing _____. 136) _____
- A) operating control
 - B) SWOT analysis
 - C) marketing control
 - D) strategic control
 - E) a marketing audit
- 137) As Starbucks continues to grow, it is faced with a myriad of challenges and surprises during the implementation of marketing plans. Hence, the marketing department must practice constant _____. 137) _____
- A) performance analysis
 - B) corrective action
 - C) environmental scanning
 - D) customer management
 - E) marketing control

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

- 138) Why should a mission statement be market oriented instead of product or technology oriented? 138) _____
- 139) Why should a mission statement be "motivating" instead of stated in terms of sales or profits? 139) _____
- 140) What is a strategic business unit (SBU) and how is it involved in a business portfolio analysis? 140) _____
- 141) Into what BCG quadrant does a high-share, high-growth SBU fall? 141) _____
- 142) What type of strategy should a company use to manage its cash cows and question marks? 142) _____
- 143) How might the BCG matrix represent a life cycle? 143) _____

- 144) How might Party Planning Paradise, a company that sells a wide range of party supplies for all occasions, implement a market development strategy? 144) _____
- 145) According to the product/market expansion grid, what strategy would a fast-food hamburger restaurant follow if it offered a salad bar option during lunch hours? 145) _____
- 146) Into what quadrant of the product/market expansion grid would a "new and improved" product fall? 146) _____
- 147) How are partner relationship management and the value chain related? 147) _____
- 148) Explain market targeting and the guidelines marketers should use when choosing what markets to enter. 148) _____
- 149) What makes Ferrari a market nicher? 149) _____
- 150) What role does the marketing mix play in positioning? 150) _____
- 151) Why is marketing analysis such an important part of marketing management? 151) _____
- 152) Why are many marketers today using customer-centred measures of marketing ROI? 152) _____
- 153) Why is it more strategic for Canadian Tire's mission to be about meeting the everyday needs of Canadians instead of simply to sell tools and home improvement items? 153) _____
- 154) What are some ways in which Tim Hortons' management has focused on product development as a growth strategy? 154) _____
- 155) What is the role of a company's Chief Marketing Officer (CMO)? 155) _____
- 156) What is the purpose of the Threats and Opportunities Analysis section in a marketing plan? 156) _____
- 157) What is meant by a "marketing dashboard"? 157) _____

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

Refer to the scenario below to answer the following questions.

Fun-Spot Fun Park began as a small amusement park in 1985. With nothing more than a merry-go-round, a slide, pony rides, and an ice cream stand, Fun-Spot grew into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theater.

"My wife, Gail, and I didn't know what we were getting into," commented Ron Hart, the owner. "We just knew that weekenders coming to the lakes in our rural area represented an untapped market."

Today, thousands of visitors flock to Fun-Spot: families, children of all ages, and even senior citizens who enjoy strolling through the gardens and arbor.

"There's something here for everyone," Gail Hart said with a smile. "Dozens of companies hold annual company picnics here. We have welcomed class field trips. And we even had one wedding here at the park!"

"Here's the funny thing," Ron chimed in. "We really don't know why we've been so successful! There is nothing else like Fun-Spot Fun Park in the area. We were just lucky."

"I think it's the ambience of the park that has brought so many visitors," Gail added. "We provide a 'total package' of entertainment. Plus, we try to change our rides and various attractions from time to time."

Ron and Gail Hart admitted that making every visitor happy is a priority. "That has always been our philosophy," they said. "Like it says on the entrance to the park, 'We're here to make you happy!' And we've always been able to deliver on that because we've never allowed ourselves to grow too big too quickly."

- 158) Fun-Spot's mission is _____. 158) _____
- A) product-oriented
 - B) too focused on profits
 - C) too specific
 - D) technology-oriented
 - E) market-oriented
- 159) Into which quadrant of the BCG matrix does Fun-Spot fall? 159) _____
- A) dog
 - B) question mark
 - C) profit centre
 - D) diversification
 - E) star
- 160) Ron and Gail plan to lower prices in an effort to encourage customers to stay longer, visit more often, and spend more money during each visit. What type of strategy are Ron and Gail planning? 160) _____
- A) market penetration
 - B) diversification
 - C) product development
 - D) customer development
 - E) market development
- 161) Gail and Ron strive to provide new offerings and entertainment options for their visitors. What type of strategy is this? 161) _____
- A) market penetration
 - B) customer development
 - C) market development
 - D) product development
 - E) diversification

- 162) Which of the following would be classified as an opportunity in a SWOT analysis of Fun Spot? 162) _____
- A) A new luxury hotel is being constructed in the area, with the aim of luring more high-spending families on vacation.
 - B) Fun Spot employees tend to be enthusiastic and young, projecting an image of fun and vitality at Fun Spot.
 - C) Gail and Ron have paid off the mortgage on Fun Spot, significantly reducing their monthly expenses.
 - D) Fun Spot plans to further diversify its offerings by beginning a two-week summer camp for elementary school students.
 - E) A rival amusement park announces plans to open three new rides next season.
- 163) Fun-Spot has grown into a popular family attraction with 20 rides, a restaurant, and an outdoor performing arts theater. These products and services make up Fun-Spot's _____ 163) _____
- A) marketing plan.
 - B) delivery network.
 - C) cash cows.
 - D) value chain.
 - E) business portfolio.
- 164) Gail and Ron' amusement park serves families, seniors, corporations, and students. Fun-Spot has been very successful in meeting the distinct needs of individual _____. 164) _____
- A) cash cows
 - B) market segments.
 - C) market niches
 - D) partners
 - E) businesses
- 165) Which of the following scenarios would mean that Fun-Spot had become a market nicher? 165) _____
- A) Fun-Spot adds a video game arcade to attract gamers.
 - B) Fun-Spot develops a promotion to attract college students every Friday.
 - C) Activities for families with young children are reduced.
 - D) The restaurant is closed and replaced with a food court.
 - E) The park is overhauled to meet only the needs of the physically disabled.
- 166) "Fun-Spot is the nearby get-away that offers consistently fun, but ever-changing theatre, dining, and midway experience". This is an example of a _____ strategy. 166) _____
- A) proposition
 - B) market
 - C) value
 - D) vision
 - E) positioning
- 167) It takes the unified efforts of several departments at Fun-Spot to make the amusement park a success. The purchasing department, restaurant management, theatre group, and others all work in harmony to deliver a superior product. This is an example of the benefits of a strong _____ 167) _____
- A) value chain
 - B) value delivery network
 - C) market segment
 - D) marketing ROI
 - E) diversification strategy

Answer Key

Testname: UNTITLED2

- 1) C
- 2) E
- 3) D
- 4) D
- 5) B
- 6) C
- 7) A
- 8) B
- 9) E
- 10) E
- 11) E
- 12) A
- 13) C
- 14) E
- 15) C
- 16) C
- 17) E
- 18) D
- 19) C
- 20) D
- 21) A
- 22) B
- 23) B
- 24) C
- 25) C
- 26) A
- 27) B
- 28) D
- 29) B
- 30) D
- 31) B
- 32) B
- 33) D
- 34) B
- 35) E
- 36) B
- 37) B
- 38) C
- 39) B
- 40) B
- 41) E
- 42) E
- 43) C
- 44) A
- 45) C
- 46) A
- 47) A
- 48) A
- 49) B
- 50) C

Answer Key

Testname: UNTITLED2

- 51) B
- 52) B
- 53) E
- 54) A
- 55) C
- 56) B
- 57) A
- 58) E
- 59) A
- 60) C
- 61) E
- 62) A
- 63) E
- 64) E
- 65) C
- 66) E
- 67) E
- 68) A
- 69) D
- 70) D
- 71) B
- 72) D
- 73) C
- 74) A
- 75) A
- 76) FALSE
- 77) TRUE
- 78) TRUE
- 79) FALSE
- 80) FALSE
- 81) FALSE
- 82) FALSE
- 83) FALSE
- 84) TRUE
- 85) FALSE
- 86) TRUE
- 87) FALSE
- 88) TRUE
- 89) FALSE
- 90) TRUE
- 91) TRUE
- 92) FALSE
- 93) FALSE
- 94) FALSE
- 95) FALSE
- 96) TRUE
- 97) FALSE
- 98) TRUE
- 99) FALSE
- 100) FALSE

Answer Key

Testname: UNTITLED2

- 101) TRUE
- 102) TRUE
- 103) FALSE
- 104) TRUE
- 105) TRUE
- 106) TRUE
- 107) The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its marketing opportunities is called strategic planning. At the outset, beginning at the corporate level, each company must define its overall purpose and mission. What is our business? Who is the customer? What do our customers value? Answers to these questions are crucial in writing a clear mission statement. Mission statements need to be carefully defined in terms of customer needs. Missions should be realistic, motivating, and fit the market environment. Missions then lead to setting business and marketing objectives/goals in the planning process. This is followed by decisions regarding what portfolio of businesses and products is best for the company and how much support to give each one. Next, each business and product develops detailed marketing and other functional strategies. In this step, plans are drawn at the business unit, product, and market levels in support of company wide plans.
- 108) A business portfolio is the collection of businesses and products that make up a company. Business portfolio planning entails two steps. First, there is an analysis of the company's current business portfolio, followed by decisions about what businesses should receive more, less, or no investment. Second, planners must shape the future portfolio by developing strategies for growth and/or downsizing. The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in that market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks, and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU.
- 109) The BCG and other portfolio planning approaches can be difficult to execute, time consuming, and also costly to implement. Defining SBUs and the measurement of relative market share and growth can be a difficult task as well. A serious flaw with these approaches is that, while they are helpful for classifying current businesses, they offer little or no advice for future planning.
- 110) The product/market expansion grid is a useful device for identifying growth opportunities in the future. There are four strategies available to companies: market penetration, market development, product development, and diversification. Market penetration entails making more sales to current customers without changing products. Market development involves identifying and developing new markets for a company's products. New markets include demographic groups and geographic regions, among others. Companies can also consider product development, offering modified or new products to current markets. Diversifying companies might consider acquiring or starting new businesses unrelated to their core competencies. However, diversifying too broadly can be detrimental in the long run.
- 111) For decades, marketers have traditionally created value to satisfy customer needs and wants. Today, the manufacturer or retailer needs to look beyond its own value chain and into the value chains of suppliers and distributors to create value throughout the entire supply chain. More companies are partnering with other members of the supply chain to improve the performance of the customer value-delivery network. In fact, today competition takes place between entire value delivery networks instead of between individual competitors.
- 112) The marketing logic by which a company hopes to achieve profitable relationships is called its marketing strategy. Marketing strategy formulation entails four specific steps: market segmentation, market targeting, differentiation, and positioning. The process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviour is called market segmentation. Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain that value over time. Effective positioning begins with actually differentiating the company's marketing offer so that it gives consumers greater value. Positioning is defined as creating a distinct image of a product in the eyes of target consumers. A product's positioning should take advantage of a competitive advantage within the market target.

Answer Key

Testname: UNTITLED2

- 113) In today's day and age of customer relationship marketing, the four Ps can be described as the four Cs from the customer's point of view. In lieu of product, there is customer solution; that is, customers buy solutions to their problems or look for value in products. Customers are more interested in the total costs of obtaining, using, and disposing of a product. That is, customer cost replaces price in customer relationships. The place element of the marketing mix focuses on convenience. Convenience in availability is the central focus of customers. Finally, customers and marketers want two-way communication. Marketers should use the four Cs as a base for the four Ps of their marketing mix.
- 114) Marketing planning involves deciding on marketing strategies that will help the company achieve its overall strategic objectives. A detailed marketing plan is needed at the business, product, or brand level. An executive summary is the first step in the plan. It contains a brief summary of the main goals and recommendations of the plan for management review. The main section of the plan presents a detailed SWOT analysis of the current marketing situation, along with potential threats and opportunities. The plan then states major objectives for the brand and outlines the specifics of a marketing strategy for achieving them. In addition, action programs for implementing the marketing strategy along with the details of a supporting marketing budget are presented. The final section outlines the controls used to monitor progress and corrective action.
- 115) Some common forms of marketing department organization include functional organization, geographical organization, product management organization and market management organization. Under a functional department organization, a functional specialist, such as a sales manager, advertising manager, or market research manager, is responsible for all marketing activities. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. Product management organization first appeared at P&G in 1929. Under this approach, a product manager develops and implements a complete strategy and marketing program for a specific product or brand. Under a market or customer management organization, the company is organized around the needs of specific customer segments. In firms that use this organization, one product line is sold to many different types of markets and customers that have different needs and preferences. Finally, large companies that produce many products sold in many geographic areas typically use some combination of these organizational forms.
- 116) Marketing ROI (return on investment) is the net return from a marketing investment divided by the costs of the marketing investment. In other words, ROI is a measure of the profits generated by investments in a marketing activity. Marketing ROI can be difficult to assess because the benefits of marketing are not always easily translated in dollar amounts. However, marketing ROI can be assessed in terms of brand awareness, sales, or market share. Some companies are now using marketing dashboards, which are single displays showing several sets of marketing performance measures. And beyond standard performance measures, many marketers are using customer-centred measures such as customer acquisition, retention, and lifetime value.
- 117) Most companies enter a new market by serving a single segment, and if this proves successful they add more segments. Sun-Rype began as a regional player, and thus it's not surprising that the Sun-Rype brand is the number-one player in Western Canada, holding a 55 percent share of the pure apple juice category in that region. Over the years, Sun-Rype has added other related products—more juice varieties and other fruitbased products, such as its Fruit to Go and Energy to Go products. Sun-Rype has also expanded its share of central and eastern Canadian marketplaces, and its Fruit to Go and Energy to Go bars command a 31 percent share of this broader market.
- 118) D
119) E
120) D
121) B
122) A
123) A
124) B
125) B
126) C
127) E
128) C
129) A

Answer Key

Testname: UNTITLED2

- 130) D
- 131) E
- 132) B
- 133) B
- 134) D
- 135) E
- 136) D
- 137) E
- 138) A market-oriented mission statement defines the business in terms of customer needs; products and technologies become outdated, but basic market needs may last forever.
- 139) Sales and profits are only a reward for undertaking a useful activity; a company's employees will be more dedicated to the company's mission if they feel that their work is significant.
- 140) An SBU is a key part of a company—whether a product, product line, department, or an entire division—that has its own mission and objectives. Identifying and analyzing a company's SBUs are the first two steps in business portfolio analysis.
- 141) It falls into the "star" category.
- 142) A company should invest in the more promising question marks to make them stars and to maintain the stars so that they will become cash cows as their markets mature. Income from cash cows will help finance a company's question marks, stars, and dogs.
- 143) As time passes, SBUs change their positions in the growth-share matrix. Many SBUs start out as question marks and move into the star category if they succeed. They later become cash cows as market growth falls, then finally die off or turn into dogs toward the end of their life cycle. The company needs to add new products and units continuously so that some of them will become stars and, eventually, cash cows that will help finance other SBUs.
- 144) Party Planning Paradise might attempt to identify and develop new markets for its current products, looking for different demographic markets and geographical markets that might have a need its products would satisfy.
- 145) In this scenario, the restaurant would be following a product development strategy.
- 146) The "new and improved" product would fall into the product development quadrant.
- 147) Marketers must work closely and coordinate activities with partners in other company departments to form an effective value chain, with each department executing value-creating activities to design, produce, market, deliver, and support the company's products.
- 148) Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain it over time.
- 149) Ferrari sells only 1500 of its very high performance cars in North America each year, but at very high prices—from an eye-opening US\$ 190 000 for its Ferrari F430 model to an astonishing US\$2 million for its FXX super sports car, which can be driven only on race tracks. A nicher serves only one or a few special segments or "market niches."
- 150) The marketing mix components of product, price, place, and promotion are the tools that a company can use to differentiate its products from competitors' and to achieve strong positioning in a target market.
- 151) This function allows the marketer to analyze internal strengths and weaknesses as well as environmental opportunities and threats which, in turn, allows the marketer to match the company's strengths to opportunities to pursue. From this starting point, the market can continue with planning, implementation, and control.
- 152) Companies are looking at marketing expenditures as investments in profitable customer relationships, with the goal of increasing individual customer lifetime values and overall customer equity.
- 153) A company's mission should be market-oriented instead of just product-oriented. It must be defined in terms of satisfying basic customer needs. Products and technologies eventually become outdated, but basic market needs may last forever.
- 154) Tim Hortons' management has focused on product development by offering modified or new products to current markets. Tim Hortons introduced cappuccino, bagels, sandwiches, and soup to get consumers to see it as more than just a doughnut shop.

Answer Key

Testname: UNTITLED2

- 155) The CMO heads up the company's entire marketing operation and represents marketing on the company's top management team. The CMO position puts marketing on equal footing with other C-level executives, such as the chief executive officer (CEO) and the chief financial officer (CFO).
- 156) The Threats and Opportunities Analysis assesses major threats and opportunities that the product might face, helping management anticipate important positive or negative developments that might have an impact on the firm and its strategies.
- 157) A company can assess return on marketing in terms of standard marketing performance measures, such as brand awareness, sales, or market share. Many companies are assembling such measures into *marketing dashboards*—meaningful sets of marketing performance measures in a single display used to monitor strategic marketing performance. Just as automobile dashboards present drivers with details on how their cars are performing, the marketing dashboard gives marketers the detailed measures they need to assess and adjust their marketing strategies.
- 158) E
- 159) E
- 160) A
- 161) D
- 162) A
- 163) E
- 164) B
- 165) E
- 166) E
- 167) A