

Exam

Name _____

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

- 1) When a company identifies the parts of the market it can serve best and most profitably, it is practicing _____. 1) _____
- A) differentiation
 - B) mass marketing
 - C) segmenting
 - D) concentrated marketing
 - E) market targeting
- 2) What are the four steps, in order, to designing a customer-driven marketing strategy? 2) _____
- A) positioning, market segmentation, mass marketing, and targeting
 - B) market recognition, market preference, market targeting, and market insistence
 - C) market segmentation, targeting, differentiation, and positioning
 - D) market segmentation, differentiation, positioning, and targeting
 - E) market alignment, market segmentation, differentiation, and market positioning
- 3) Through market segmentation, companies divide large, heterogeneous markets into smaller segments that can be reached more _____ with products and services that match their unique needs. 3) _____
- A) convincingly
 - B) intensely
 - C) efficiently
 - D) indirectly
 - E) sporadically
- 4) Even though several options are available at any one time, there _____ to segment a market. 4) _____
- A) are limited ways
 - B) are four ways
 - C) is no single way
 - D) is a most effective way
 - E) is one single best way
- 5) Your firm has decided to localize its products and services to meet local market demands. A good approach to use would be _____ segmentation. 5) _____
- A) customer
 - B) image
 - C) end-use
 - D) geographic
 - E) benefit

- 6) Pendergraff Pet Supplies divides the pet market according to the owners' race, occupation, income, and family life cycle. What type of segmentation does Pendergraff use? 6) _____
- A) psychographic
 - B) lifestyle
 - C) behavioural
 - D) geographic
 - E) demographic
- 7) Through talking to numerous competitors at a regional trade show, you learn that most of them use the most popular base for segmenting markets. What is it? 7) _____
- A) demographic
 - B) psychographic
 - C) gender
 - D) geographic
 - E) behavioural
- 8) Demographic variables are so frequently used in market segmentation because they _____. 8) _____
- A) involve fewer attributes to consider than other methods do
 - B) create more easily reached segments than other methods do
 - C) do not involve stereotypes
 - D) create smaller segments than other methods do
 - E) are easy to measure in comparison to many other methods
- 9) Marketers must be most careful to guard against which of the following when using age and life cycle segmentation? 9) _____
- A) stereotyping
 - B) underestimating
 - C) gender bias
 - D) cultural bias
 - E) traditional marketing
- 10) When Positive Image, Inc., caters to clothing, cosmetics, and toiletries markets, it is most likely using which type of segmentation? 10) _____
- A) age and life cycle
 - B) behaviour
 - C) geographic
 - D) gender
 - E) psychographic
- 11) Marketers of automobiles, financial services, and travel are most likely to use which of the following types of segmentation? 11) _____
- A) gender
 - B) income
 - C) benefits sought
 - D) usage rate
 - E) occasion

- 12) The division of buyers into groups based on their knowledge, attitudes, uses, or responses to a product is _____ segmentation. 12) _____
- A) age and life cycle
 - B) demographic
 - C) behavioural
 - D) geographic
 - E) psychographic
- 13) Many marketers believe that which of the following variables are the best starting point for building marketing segments? 13) _____
- A) beneficial
 - B) behavioural
 - C) family size
 - D) age
 - E) gender
- 14) Which type of segmentation centres on the use of the word *when*, such as *when* consumers get the idea to buy, *when* they actually make their purchase, or *when* they use the purchased item? 14) _____
- A) emergency
 - B) psychographic
 - C) behavioural
 - D) occasion
 - E) impulse
- 15) Markets can be segmented into groups of nonusers, ex-users, potential users, first-time users, and regular users of a product. This method of segmentation is called _____. 15) _____
- A) loyalty status
 - B) user status
 - C) benefit
 - D) behaviour
 - E) usage rates
- 16) Consumers can show their allegiance to brands, stores, or companies. Marketers can use this information to segment consumers by _____. 16) _____
- A) store type
 - B) loyalty status
 - C) usage rate
 - D) brand preference
 - E) user status
- 17) By studying its less loyal buyers, a company can detect which brands are most _____ its own. 17) _____
- A) similar to
 - B) used with
 - C) competitive with
 - D) complementary to
 - E) overlooked with

- 18) Many firms make an effort to identify smaller, better-defined target groups by using _____. 18) _____
- A) multiple segmentation bases
 - B) positioning
 - C) loyalty segmentation
 - D) mass marketing
 - E) user rates
- 19) Consumer and business marketers use many of the same variables to segment markets. Business marketers use all of the following EXCEPT _____. 19) _____
- A) situational factors
 - B) purchasing approaches
 - C) personal characteristics
 - D) operating characteristics
 - E) educational status
- 20) As in consumer segmentation, many marketers believe that _____ and _____ segmentation provide the best basis for segmenting business markets. 20) _____
- A) geographic; demographic
 - B) age and life-cycle; psychographic
 - C) user status; user loyalty
 - D) benefits; buying behaviour
 - E) income; usage rate
- 21) International Drilling Company segments its foreign markets by their overall level of economic development. This firm segments on what basis? 21) _____
- A) legal factors
 - B) political factors
 - C) economic factors
 - D) cultural factors
 - E) geographic factors
- 22) Lexus targets wealthy consumers with similar needs and buying behaviours, even though the consumers are located in different countries. This is an example of _____. 22) _____
- A) psychographic segmentation
 - B) intermarket segmentation
 - C) loyalty segmentation
 - D) targeting segmentation
 - E) life-cycle segmentation
- 23) When the size, purchasing power, and profiles of a market segment can be determined, it possesses the requirement of being _____. 23) _____
- A) substantial
 - B) actionable
 - C) observable
 - D) accessible
 - E) measurable

- 24) When a business market segment is large or profitable enough to serve, it is termed _____. 24) _____
- A) substantial
 - B) accessible
 - C) measurable
 - D) actionable
 - E) differentiable
- 25) When an effective program can be designed for attracting and serving a chosen segment, the segment is best described as _____. 25) _____
- A) accessible
 - B) actionable
 - C) reachable
 - D) differentiable
 - E) measurable
- 26) You have discovered that the segments you are targeting are conceptually distinguishable and respond differently to different marketing mix elements and programs. These segments are _____. 26) _____
- A) differentiable
 - B) measurable
 - C) reachable
 - D) observable
 - E) accessible
- 27) To evaluate the different market segments your company serves, you would look at all of these factors EXCEPT which one? 27) _____
- A) company resources
 - B) segment structural attractiveness
 - C) company values
 - D) segment size
 - E) segment growth
- 28) Barney Hopkins has compiled a list of things that make segments more attractive. Which one of the following items should NOT be on the list? 28) _____
- A) lack of powerful suppliers to control prices
 - B) financial resources
 - C) relative power of buyers
 - D) few substitute products
 - E) competition with superior resources
- 29) Which of the following is NOT one of the reasons a segment would be less attractive to a company? 29) _____
- A) substitute products
 - B) concentrated market
 - C) power of suppliers
 - D) strong competitors
 - E) power of buyers

- 30) In general, a company should enter only segments in which it can _____ and _____. 30) _____
A) gain advantages over competitors; differentiate its products
B) identify behaviours; understanding spending power
C) offer lower prices; ship faster
D) offer superior value; gain advantages over competitors
E) offer superior value; ship faster
- 31) Mass marketers, such as Wal-Mart and Zellers, often ignore market segment differences and target the whole market with one offer. What is their approach to segmenting? 31) _____
A) micromarketing
B) undifferentiated marketing
C) concentrated marketing
D) differentiated marketing
E) target marketing
- 32) Fifty five-year-old baby boomers share common needs in music and performers. When a music company decides to serve this group, the group is called a(n) _____. 32) _____
A) target market
B) well-defined market
C) differentiated market
D) market segment
E) undifferentiated market
- 33) When New Port Shipping uses segmented marketing, it targets several segments and designs separate offers for each one. This approach is called _____ marketing. 33) _____
A) target
B) undifferentiated
C) differentiated
D) individual
E) niche
- 34) Developing a strong position within several segments creates more total sales than _____ marketing across all segments. 34) _____
A) target
B) individual
C) undifferentiated
D) niche
E) differentiated
- 35) ByWay Ventures chose a differentiated marketing strategy. The company had to weigh _____ against _____ when selecting this strategy. 35) _____
A) increased sales; increased costs
B) geographic segmentation; demographic segmentation
C) sales analysis; sales
D) attitudes; perceptions
E) extra research; costs

- 36) Procter & Gamble sells four brands of laundry detergent in Canada, each designed for one of six laundry segments Procter & Gamble has identified. Which of the following is a disadvantage of Procter & Gamble's differentiated marketing strategy? 36) _____
- A) increased costs for separate marketing plans for each brand
 - B) lost customer loyalty due to lack of brand loyalty
 - C) lost sales that would have been made with an undifferentiated marketing strategy across all segments
 - D) lack of resources to succeed in an attractive segment
 - E) other suppliers controlling pricing
- 37) Successful niche marketing relies on a firm's _____ and its _____. 37) _____
- A) individual relationships with customers; positioning
 - B) greater knowledge of customers' needs; special reputation
 - C) competitive advantage in comparison to mass-market companies; affordable pricing
 - D) marketing strategy; services
 - E) superior products; value network partners
- 38) Using concentrated marketing, the marketer goes after a _____ share of _____. 38) _____
- A) small; a small market
 - B) large; the mass market
 - C) moderate; local
 - D) small; a large market
 - E) large; one or a few niches
- 39) Niche marketing offers smaller companies the opportunity to compete by focusing their limited resources on serving niches that may be _____ or _____ larger companies. 39) _____
- A) too small; undesirable to
 - B) unknown by; unwanted by
 - C) unimportant to; overlooked by
 - D) unimportant to; unwanted by
 - E) disappointed by; geographically far from
- 40) Today, the low cost of setting up shop _____ makes it even more profitable to serve very small niches. 40) _____
- A) on the Internet
 - B) in mail-order catalogs
 - C) far from competitors
 - D) near major competitors
 - E) in malls in major cities
- 41) Which of the segmenting strategies carries higher - than - average risks in consumer markets? 41) _____
- A) concentrated
 - B) multiple-segment
 - C) mass
 - D) differentiated
 - E) undifferentiated

- 42) As You Like It, Inc., customizes its offers to each individual consumer. This practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations is referred to as _____ marketing. 42) _____
- A) mass
 - B) niche
 - C) micro
 - D) undifferentiated
 - E) differentiated
- 43) _____ tailors brands and promotions to the needs and wants of specific cities, neighbourhoods, and even stores. 43) _____
- A) Undifferentiated marketing
 - B) Niche marketing
 - C) Differentiated marketing
 - D) Individual marketing
 - E) Local marketing
- 44) Which of the following is the narrowest marketing strategy? 44) _____
- A) mass marketing
 - B) segmented strategy
 - C) local marketing
 - D) differentiated marketing
 - E) undifferentiated marketing
- 45) Which of the following is NOT a drawback of local marketing? 45) _____
- A) A brand's overall image might be diluted through too much variation.
 - B) It can drive up manufacturing costs.
 - C) It can create logistics problems.
 - D) It can drive up marketing costs by reducing economies of scale.
 - E) Supporting technologies are expensive.
- 46) Local marketing can be quite effective under all of the following circumstances EXCEPT? 46) _____
- A) when pronounced local differences in lifestyles are present
 - B) when pronounced regional and local differences in demographics and lifestyles are present
 - C) when pronounced local differences in usage rates are present
 - D) when pronounced regional differences in demographics are present
 - E) when regional and local differences in demographics and lifestyles are similar
- 47) When Wal-Mart customizes its merchandise store by store to meet shopper needs, it is practicing _____ 47) _____
- A) niche marketing
 - B) social segmentation
 - C) psychographic marketing
 - D) individual marketing
 - E) local marketing

- 48) When a company interacts one-on-one with large numbers of customers to create customer-unique value by designing products and services tailor-made to individual needs, it is following _____. 48) _____
- A) mass customization
 - B) one-to-one marketing
 - C) localization
 - D) differentiated marketing
 - E) mass marketing
- 49) The move toward individual marketing mirrors the trend in consumer _____. 49) _____
- A) self-conceptualization
 - B) customizing
 - C) self-imaging
 - D) tastes
 - E) self-marketing
- 50) When choosing a target marketing strategy, many factors need to be considered. Which of the following does your text NOT mention as important? 50) _____
- A) degree of product variability
 - B) competitors' marketing strategies
 - C) product life-cycle stage
 - D) product cost
 - E) company resources
- 51) When competitors use differentiated or concentrated marketing, _____ marketing can be disastrous. 51) _____
- A) concentrated
 - B) customized
 - C) differentiated
 - D) localized
 - E) undifferentiated
- 52) Target marketing sometimes generates controversy and concern. Issues usually involve the targeting of _____ consumers with _____ products. 52) _____
- A) vulnerable; marketing
 - B) young; appealing
 - C) unexpected; deceptive
 - D) elderly; expensive
 - E) vulnerable or disadvantaged; controversial or potentially harmful
- 53) It is considered socially irresponsible when the marketing of adult products spills over into the _____ segment. 53) _____
- A) child B) animal C) minority D) elderly E) senior
- 54) Sixteen leading Canadian food and beverage firms made a commitment to shift their advertising directed to children under 12 to the promotion of _____. 54) _____
- A) genetically modified foods
 - B) whole-grain baked goods
 - C) healthier dietary choice and healthy active living
 - D) vitamin-enhanced bottled water
 - E) vegetarian products only

- 55) Most attempts to target children and minority groups provide _____ to target customers. 55) _____
 A) education
 B) harm
 C) disadvantages
 D) expenses
 E) benefits
- 56) In target marketing, the issue is not really who is targeted, but rather _____ and for _____. 56) _____
 A) why; what
 B) how; where
 C) where; how long
 D) why; how long
 E) how; what
- 57) Which group determines a product's position relative to competing products? 57) _____
 A) suppliers
 B) manufacturers
 C) consumers
 D) retailers
 E) wholesalers
- 58) According to one expert, cited in the text, products are created in the factory, but brands are created _____ in the _____. 58) _____
 A) retail outlet
 B) boardroom
 C) R&D lab
 D) supermarket
 E) mind
- 59) Consumers position products and services _____. 59) _____
 A) based on nearby competitors' positions
 B) only reluctantly
 C) generally after consulting friends who use them
 D) with or without the help of marketers
 E) after marketers put marketing mixes in place
- 60) Which of the listed choices is NOT a positioning task? 60) _____
 A) selecting the right competitive advantages
 B) surveying frequent users of the product
 C) identifying a set of possible competitive advantages upon which to build a position
 D) selecting an overall positioning strategy
 E) effectively communicating and delivering the chosen position to the market
- 61) A company or store gains a(n) _____ by differentiating its products and delivering more value. 61) _____
 A) synergy
 B) positioning advantage
 C) competitive advantage
 D) efficiency advantage
 E) cost advantage

- 62) A company or market offer can be differentiated along the lines of product, image, services, channels, or _____. 62) _____
 A) customer service
 B) people
 C) prices
 D) location
 E) nonprice factors
- 63) Which type of differentiation is used to gain competitive advantage through the way a firm designs its distribution coverage, expertise, and performance? 63) _____
 A) people differentiation
 B) product differentiation
 C) price differentiation
 D) services differentiation
 E) channel differentiation
- 64) When firms use symbols, colours, or characters to convey their personalities, they are using _____ differentiation. 64) _____
 A) people B) reputation C) image D) company E) subliminal
- 65) Ad man Rosser Reeves believes that firms should develop a USP for each brand and stick to it. What does USP stand for? 65) _____
 A) unique services practice
 B) unique sales pitch
 C) unique strategic practice
 D) unique selling proposition
 E) unique selling product
- 66) A brand difference is worth establishing and promoting to the extent that it satisfies all of the criteria below EXCEPT which one? 66) _____
 A) distinctive
 B) divisible
 C) recognizable
 D) important
 E) affordable
- 67) You have just created the "perfect" ad. It communicates the full mix of benefits upon which the brand is differentiated and positioned. This full positioning of the brand is called _____. 67) _____
 A) its value proposition
 B) capturing the consumers' attention
 C) target marketing
 D) differentiated marketing
 E) value profiling
- 68) The answer to the customer's question "Why should I buy your brand?" is found in the _____. 68) _____
 A) value proposition
 B) differentiation
 C) quality image
 D) pricing and promotion structure
 E) customer services

- 69) What competitive positioning can attack a more-for-more strategy by introducing a brand offering with comparable quality at a lower price? 69) _____
- A) more-for-less
 - B) all-or-nothing
 - C) same-for-less
 - D) less-for-much-less
 - E) more-for-the-same
- 70) Which positioning strategy offers consumers a "good deal" by offering equivalent-quality products or services at a lower price? 70) _____
- A) less-for-much-less
 - B) more-for-less
 - C) all-or-nothing
 - D) same-for-less
 - E) more-for-the-same
- 71) "Less-for-much-less" positioning involves meeting consumers' _____. 71) _____
- A) quality performance requirements at a lower price
 - B) lower quality requirements in exchange for a lower price
 - C) high quality requirements at a discounted rate
 - D) high quality requirements at the lower possible price
 - E) lower quality requirements at the lowest possible price
- 72) Few people can afford the best in everything they buy. At times everyone needs a product with less quality or performance with a correspondingly lower price. In this case a consumer would purchase a product positioned with a _____ strategy. 72) _____
- A) same-for-less
 - B) more-for-the-same
 - C) less-for-much-less
 - D) all-or-nothing
 - E) more-for-less
- 73) Which difficult-to-sustain positioning strategy attempts to deliver the "best-of-both"? 73) _____
- A) more-for-less
 - B) more-for-the-same
 - C) same-for-less
 - D) less-for-much-less
 - E) more-for-more
- 74) Which type of statement first states the product's membership in a category and then shows its point-of-difference from other members of the category? 74) _____
- A) vision statement
 - B) positioning statement
 - C) mission statement
 - D) statement of intent
 - E) differentiation statement

- 75) What is the following an example of? "To busy, mobile professionals who need to always be in the loop, BlackBerry is a wireless connectivity solution that gives you an easier, more reliable way to stay connected to data, people, and resources while on the go." 75) _____
- A) competitive advantage
 - B) concentrated segmentation
 - C) positioning statement
 - D) service differentiation
 - E) responsible target marketing
- 76) When marketers at Procter & Gamble selected the Millennials, a demographic that includes college students, as an untapped group of potential customers for their Febreze line of products, they were executing which step in the process of designing a customer-driven marketing strategy? 76) _____
- A) market segmenting
 - B) mass marketing
 - C) positioning
 - D) targeting
 - E) differentiation
- 77) When Pacific Fisheries groups its customers by countries and regions such as: Asia, Australia, or New Zealand, it is using which segmenting base? 77) _____
- A) benefits sought
 - B) demographics
 - C) economic factors
 - D) political and legal factors
 - E) geographic location
- 78) When Burger King targets children, teens, adults, and seniors with different ads and media, it is practicing _____ segmentation. 78) _____
- A) generational
 - B) age and life cycle
 - C) demographic
 - D) behavioural
 - E) psychographic
- 79) Which of the following statements illustrates why stereotypes should be avoided when using age and life cycle segmentation? 79) _____
- A) Most 10-year-old boys are mischievous.
 - B) The majority of 20 year olds have to work.
 - C) Some 70 year olds use wheelchairs; others play tennis.
 - D) Most couples start families when they are in their twenties.
 - E) Old women love to shop; young women love it more!
- 80) Segmenting voters as either conservatives or liberals is an example of _____. 80) _____
- A) benefit segmentation
 - B) intermarket segmentation
 - C) psychographic segmentation
 - D) occasion segmentation
 - E) demographic segmentation

- 81) At one time Miller Beer was known as the "champagne of bottled beer." Unfortunately, Miller drinkers did not drink much beer. To increase sales, Miller was repositioned to attract the members of the middle working class. This segmentation approach is _____. 81) _____
- A) usage rate
 - B) behavioural
 - C) benefit
 - D) psychographic
 - E) user status
- 82) Your current assignment at York Foods is to find the major benefits people look for in product classes, the kinds of people who look for each benefit, and the major brands that deliver each benefit. What is this segmentation method called? 82) _____
- A) behavioural
 - B) psychographic
 - C) age and life cycle
 - D) benefit
 - E) demographic
- 83) Shampoo marketers rate buyers as light, medium, or heavy product users. This is _____ segmentation. 83) _____
- A) usage rate
 - B) occasions
 - C) benefit
 - D) user status
 - E) psychographic
- 84) MTV targets the world's teenagers, who have similar needs and buying behaviour even though they are located in different countries. This is called _____ segmentation. 84) _____
- A) individual
 - B) cultural
 - C) intermarket
 - D) political and legal
 - E) cross-cultural
- 85) The markets you have chosen to serve in four western states can be effectively reached and served. You would tell the marketing manager that these segments are _____. 85) _____
- A) profitable
 - B) measurable
 - C) accessible
 - D) substantial
 - E) actionable
- 86) Jolene Enterprises mass produces an all-purpose floor cleaner, mass distributes it and mass promotes it. This firm uses _____ marketing. 86) _____
- A) undifferentiated
 - B) niche
 - C) traditional
 - D) differentiated
 - E) segmented

- 87) A marketer focuses on several commonalities among all consumers. This marketer appears to be engaging in _____. 87) _____
- A) concentrated marketing
 - B) differentiated marketing
 - C) mass customization
 - D) segmented marketing
 - E) undifferentiated marketing
- 88) Which of the following is the most logical reason for Procter & Gamble offering products that compete with one another on the same supermarket shelves? 88) _____
- A) It creates healthy competition.
 - B) Different people want different mixes of benefits from the products they buy.
 - C) Procter & Gamble has little competition.
 - D) Retailers request it.
 - E) Different people want a greater selection.
- 89) Sanguine Services practices a marketing strategy where its limited resources are used to go after a large share of two small niches. Sanguine practices which one of these strategies? 89) _____
- A) geographically dispersed
 - B) differentiated
 - C) concentrated
 - D) mass
 - E) undifferentiated
- 90) Bob and Phyllis Cords own two retail stores, one in Madoc and one in Belleville. Though the towns are only 40 kilometres apart, the consumers at both stores are very different demographically. Bob and Phyllis alter the product offerings between both locations in an effort to cater to both demographic groups. This is an example of _____. 90) _____
- A) psychographic segmentation
 - B) intermarketing
 - C) local marketing
 - D) clustering
 - E) mass customization
- 91) Jay Bee Promotions tailors its advertising and promotional services to the needs and preferences of individual customers. Which of the following terms does NOT apply to this type of marketing? 91) _____
- A) customized
 - B) markets-of-one
 - C) mass customization
 - D) one-to-one
 - E) concentrated
- 92) The Jay Group hires better employees than the competition by conducting lengthy searches and interviews. Management also trains employees much better than competitors do. The Jay Group has gained a strong competitive advantage through which type of differentiation? 92) _____
- A) product
 - B) channel
 - C) image
 - D) services
 - E) people

- 93) Ford Motor Company emphasizes "Quality First—Ford Tough" in its truck products. In doing so, the company has developed a differentiation strategy based on _____. 93) _____
- A) people
 - B) products
 - C) services
 - D) positioning
 - E) image
- 94) Neiman Marcus claims superior quality, performance, and style. The owners provide the most upscale products and services and charge a higher price to cover the higher costs. What type of positioning does Neiman Marcus use? 94) _____
- A) more-for-less
 - B) the-same-for-less
 - C) more-for-the-same
 - D) more-for-more
 - E) repositioning
- 95) When it first opened for business, Home Depot claimed to offer better products at lower prices. This hard-to-sustain value proposition is called _____. 95) _____
- A) more-for-the-same
 - B) more-for-less
 - C) same-for-more
 - D) same-for-less
 - E) more-for-more
- 96) Superior Auto Sales, a chain of high-end used car dealerships, wants to sum up its company positioning and brand positioning in a formal way. Superior's management would use a _____. 96) _____
- A) competitive statement
 - B) positioning statement
 - C) mission statement
 - D) vision statement
 - E) company statement

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

- 97) Today, most companies have moved back toward mass marketing and are being choosier about the customers with whom they wish to build relationships. 97) _____
- 98) Your company wants to move away from mass marketing and engage in customer-driven marketing. The four steps to take, in order, are market segmentation, marketing positioning, differentiation, and targeting. 98) _____
- 99) Bombay Gifts divides its markets into units of nations, regions, and cities. Bombay uses geographic segmentation. 99) _____
- 100) Psychographic segmentation uses different marketing approaches for different time periods of people's lives and different family situations. 100) _____
- 101) Not-for-profit organizations also use age and life-cycle segmentation to help them raise funds. 101) _____

- 102) Shopping for the Rich and Famous is a buying service that helps wealthy clients find the best buys in exclusive clothing, high-end cars, travel, and financial services. This firm most likely uses income segmentation. 102) _____
- 103) Gender segmentation has long been used in clothing, cosmetics, toiletries, and magazines. 103) _____
- 104) Your assignment at work is to divide buyers into different groups based on social class, lifestyle, and personality characteristics. After a planning session with the marketing and sales staff, you issue a memo to upper management recommending psychographic segmentation. You are right on target. 104) _____
- 105) LaGrange Florists segments markets into groups of nonusers, ex-users, potential users, first-time users, and regular users of its flowers and services. This firm uses usage rate as its segmentation approach. 105) _____
- 106) Research about and planning for loyalty status as a segmentation approach is generally not useful or practical for most firms. 106) _____
- 107) For simplicity's sake, most marketers generally limit their segmentation analysis to one or a few variables. 107) _____
- 108) Clusters of marketable groups of customers with similar likes, dislikes, lifestyles, and purchase behaviours can be identified by multivariable segmentation systems that merge and analyze geographic, demographic, lifestyle, and behavioural data. 108) _____
- 109) By going after the whole market instead of segments, companies can deliver just the right value proposition to each segment served and capture more value in return. 109) _____
- 110) There are many exceptions to the geographic segmentation assumption that consumers in nations close to one another will have many common behaviours and traits. 110) _____
- 111) Because there is such variation among the economies of countries around the world, it is not practical to segment international markets on the basis of economic factors. 111) _____
- 112) It would not pay, for example, for an automobile manufacturer to develop cars especially for people whose height is greater than seven feet. 112) _____
- 113) In evaluating different market segments, a firm should look at three factors: segment size and growth, segment structural attractiveness, and company objectives and resources. 113) _____
- 114) At a recent marketing seminar, the featured speaker stated that a target market consists of a set of buyers who share common needs or characteristics that the company decides to serve. This is a correct definition. 114) _____
- 115) Developing a stronger position within several segments creates more total sales than undifferentiated marketing across all segments. 115) _____
- 116) P&G realizes that we all want *some* of every one of these benefits from our laundry detergent, but we may have different *priorities* for each benefit. 116) _____

- 117) Niche marketing offers smaller companies an opportunity to compete by focusing their limited resources on serving niches that may be unimportant to or overlooked by larger companies. 117) _____
- 118) Because Cruise Ships International currently has limited financial and personnel resources, it should avoid concentrated or niche marketing until resources are again substantial. 118) _____
- 119) Wal-Mart uses more than 200 finely tuned planograms (shelf plans) to match soup assortments to each store's demand patterns. 119) _____
- 120) Though the use of mass marketing has been widespread in the past 100 years, for centuries consumers were served as individuals as businesses practiced individual marketing. 120) _____
- 121) Mass marketing is becoming a marketing principle for the 21st century. 121) _____
- 122) When a company chooses a target marketing strategy, its choices are influenced by factors related to company resources, the degree of product variability, and the product's life-cycle stage. 122) _____
- 123) Critics worry that marketers of everything from lingerie and cosmetics to Barbie dolls are directly or indirectly targeting young girls with provocative products. 123) _____
- 124) A product's position is the way the product is defined by the retailers who sell it to target markets. It is how it is defined on important attributes—the place the product occupies in the retailers' minds relative to competing products. 124) _____
- 125) Consumers position products in their minds in order to simplify the buying process. 125) _____
- 126) A market rarely exists for products that offer less and therefore cost less. 126) _____
- 127) When Kia offers a new car model with the same features as a comparable Toyota or Ford and provides a longer warranty, Kia is following a more-for-less strategy. 127) _____

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

- 128) Explain the four major steps in designing a customer-driven marketing strategy.
- 129) Explain the four major segmenting variables for consumer markets.
- 130) Explain how the Art Gallery of Ontario uses age and life-cycle segmentation.
- 131) Describe how marketers use multiple-segmenting bases to their advantage.
- 132) Why do businesses segment their markets?
- 133) Why do international markets need to be segmented?
- 134) Imagine that you are presenting a workshop on the Requirements for Effective Segmentation. Briefly describe the five items that will help your audience understand your topic.

- 135) Explain how companies identify attractive market segments and choose a target marketing strategy.
- 136) Compare and contrast four major segmenting strategies.
- 137) In what ways might a marketer engage in socially responsible target marketing?
- 138) Explain the concept of positioning for competitive advantage.

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

- 139) Why do marketers segment the market? 139) _____
- 140) When might be the best time for a marketer to use geographic segmentation? 140) _____
- 141) Why might demographic segmentation be the most common type of segmentation? 141) _____
- 142) Why must marketers guard against stereotypes when using age and life cycle segmentation? 142) _____
- 143) How did RBC recently use nationality as a variable in demographic segmentation? 143) _____
- 144) Nestle Canada launched a TV marketing campaign for its Aero chocolate bar that pokes fun at the differences between men and women. Why did Nestle use gender as a demographic segmentation variable? 144) _____
- 145) If Kool-Aid promotes a year-round campaign that "Kool-Aid isn't just a summertime drink," what type of segmentation is being used? 145) _____
- 146) What is one way in which a marketer can attract nonloyal consumers? 146) _____
- 147) How might a marketer benefit most from using PRIZM NE? 147) _____
- 148) Describe Canada's "Furs and Philanthropy" group according to Environics. 148) _____
- 149) List three variables not applicable to the consumer market that may be used to segment business markets. 149) _____
- 150) What factors may impact segment attractiveness? 150) _____
- 151) What is one major assumption made by marketers who choose to use an undifferentiated marketing strategy? 151) _____
- 152) XYZ Computers, Inc., a business with limited resources, is a market nicher. How might XYZ benefit from this? 152) _____
- 153) BMW allows customers to design their own vehicle from a set of options at BMW's Web site. What is this called? 153) _____

- 154) Explain how market variability impacts the choice of a target-marketing strategy. 154) _____
- 155) Why did the government of Nova Scotia take action against the distributor of Red Bull? 155) _____
- 156) Fast-food marketers have also generated much controversy in recent years by their attempts to target children and other consumers. How are some marketers responding to these criticisms? 156) _____
- 157) Why might a marketer of laundry detergent be interested in viewing a perceptual positioning map? 157) _____
- 158) In what ways might a marketer be able to gain competitive advantage through channel differentiation? 158) _____

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.

Herb Marks began making wooden writing utensils as a hobby until Mel Yoder recognized Herb's talent. Mel immediately ordered 250 pens and pencils of various styles to be displayed in his shop's showcase. Within three months, the writing utensils were a hit! Herb Marks had never thought of marketing his talent but Mel's enthusiasm and the recent sales were enough to change his mind.

With limited resources, Herb contacted three additional specialty shops within 100 miles. He explained his manufacturing processes and engraving options to each. All three shops' owners placed a trial order. Within two months, just prior to the holiday season, each shop owner placed an additional order. Herb was ecstatic!

"I figured business would slow down after that," Herb stated, "but in February I was contacted by Elmore Distributors. At that point, I had to make a huge decision about how far I wanted to go with this business."

Elmore Distributors provided products for school fundraisers in a seven-state area. Herb was offered a two-year contract and immediate inclusion in Elmore's promotional flyer. Herb Marks accepted the offer and, along with it, the responsibility to produce thousands of wooden pens and pencils.

"I had to get a grip on the magnitude of this project!" Herb added. "I couldn't grow out of control. I was already working to capacity."

Herb decided to place his major focus on the large contract with Elmore. However, to avoid placing his total emphasis with one customer, Herb continued nurturing his four previously established accounts without targeting any additional customers.

"At this point, I had set up an assembly line in a rented building," Herb explained. "I had to hire three full-time employees to work the line while I managed the customer orders and purchased materials." Herb paused. "But I can't take the Elmore project for granted. It might not always be there. I'll have to have a good alternate plan if that day comes."

- 159) In the scenario, how does Herb segment his market? 159) _____
- A) geographically
 - B) income
 - C) demographically
 - D) usage rate
 - E) loyalty status

- 160) In marketing his writing utensils to his four specialty-shop customers, Herb is using _____ marketing. 160) _____
- A) mass
 - B) mass customization
 - C) undifferentiated
 - D) individual
 - E) niche
- 161) If Herb produced a variety of styles of pens and pencils with various wood types and engravings that he tailored specifically to each individual's order, he would be practicing _____. 161) _____
- A) concentrated marketing
 - B) undifferentiated marketing
 - C) local marketing
 - D) mass customization
 - E) micromarketing
- 162) If Herb were to create and offer pencils designed in colours and shapes to appeal specifically to women, which demographic segmentation variable would he be using? 162) _____
- A) family size
 - B) gender
 - C) age and life-cycle
 - D) income
 - E) education
- 163) If Herb were to produce shorter, fatter pencils to appeal to children and their parents, which demographic segmentation variable would he be using? 163) _____
- A) income
 - B) education
 - C) family size
 - D) gender
 - E) age and life-cycle
- 164) Some of the specialty shops Herb sells to only buy pencils from him, but some of his other customers buy pencils from a few different suppliers. What can Herb learn by studying his less-loyal customers? 164) _____
- A) Herb can learn how best to reward loyalty,
 - B) Herb can gather information to guide his pencil design.
 - C) Herb can learn about the occasions where his pencils are used.
 - D) Herb can determine which geographic areas offer the most potential.
 - E) Herb can detect which brands are most competitive with his own.
- 165) Herb could consider using multiple segmentation bases. What is the advantage of this approach? 165) _____
- A) the potential to globalize
 - B) the ability to mass market.
 - C) the ability to identify smaller, better-defined target groups.
 - D) savings based on economies of scale
 - E) the ability to focus on micromarkets

- 166) Herb could seek additional business buyers for his pencils. If he targeted new vendors that had recently opened for business, he would be using which business segmentation variable? 166) _____
- A) situational factors
 - B) benefits sought
 - C) purchasing approaches
 - D) customer operating characteristics
 - E) personal characteristics
- 167) Even in his wildest dreams, Herb didn't see his company going global. However, he could form segments of consumers who have similar needs and buying behaviours even though they are located in different countries. This is called _____. 167) _____
- A) geographic segmentation
 - B) international segmentation
 - C) cultural segmentation
 - D) global segmentation
 - E) intermarket segmentation
- 168) Herb Marks has an opportunity to sell his pencils to both the local university and college bookstores, and is considering separate marketing strategies for each, although these audiences are quite alike. Herb could be forgetting that to be truly useful, marketing segments must be _____. 168) _____
- A) differentiable
 - B) actionable
 - C) measurable
 - D) substantial
 - E) accessible

Answer Key

Testname: UNTITLED8

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

Answer Key

Testname: UNTITLED8

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

Answer Key

Testname: UNTITLED8

- 101) TRUE
- 102) TRUE
- 103) TRUE
- 104) TRUE
- 105) FALSE
- 106) FALSE
- 107) FALSE
- 108) TRUE
- 109) FALSE
- 110) TRUE
- 111) FALSE
- 112) TRUE
- 113) TRUE
- 114) TRUE
- 115) TRUE
- 116) TRUE
- 117) TRUE
- 118) FALSE
- 119) TRUE
- 120) TRUE
- 121) FALSE
- 122) TRUE
- 123) TRUE
- 124) FALSE
- 125) TRUE
- 126) FALSE
- 127) FALSE
- 128) The first step is market segmentation: dividing a market into smaller groups of buyers with distinct needs, characteristics, or behaviours, who might require separate products or marketing mixes. The company identifies different ways to segment the market and develops profiles of the resulting market segments. The second step is market targeting: evaluating each market segment's attractiveness and selecting one or more of the market segments to enter. The third step is differentiation: actually differentiating the firm's market offering to create a superior customer value. Finally, the last step is market positioning: arranging for a market offering to occupy a clear, distinctive, and desirable place relative to competing products in the minds of consumers.
- 129) Geographic segmentation divides the market into different geographic units, such as nations, regions, provinces, countries, cities, or neighbourhoods. Many companies are localizing their products, advertising, promotion, and sales efforts or are seeking to cultivate as-yet untapped geographic territory. Demographic segmentation divides the market into groups based on variables such as age, gender, family size, family life cycle, income, occupation, education, religion, race, generation, and nationality. These are the most popular factors because they are easy to measure, and consumer needs, wants, and usage rates often vary closely with demographic variables. Psychographic segmentation, on the other hand, divides buyers into different groups based on social class, lifestyle, or personality characteristics. People in the same demographic group can have very different psychographic makeup. Behavioural segmentation divides buyers into groups based on their knowledge, attitudes, uses, or responses to a product. Many marketers believe that behaviour variables are the best starting point for building market segments.
- 130) The AGO has created a distinct position for its program to attract younger donors. It decided to name its marketing program the "New Founders" initiative, which immediately told potential patrons they won't be sitting in a room with their mother's friends. It created powerful new events, like its "Massive Party" that wasn't like the stuffy cocktail parties usually associated with cultural fundraisers. The goal of the New Founders initiative was to get 100 new philanthropists who would be willing to donate at least \$50 000. In return for their support, they would be invited to small dinner parties and exclusive tours of exhibitions before they open to the public.

Answer Key

Testname: UNTITLED8

- 131) Marketers rarely limit their segmenting analysis to only one or a few variables. Instead, they use multiple segmentation bases in an effort to identify smaller, better-defined target groups of consumers who share likes, dislikes, lifestyles, and purchase behaviours. Companies often begin by segmenting their markets using a single base, and then expand using other bases.
- 132) By going after segments instead of the whole market, companies have a much better chance to deliver value to customers and to receive maximum rewards for close attention to customer needs. Like consumer groups, business buyers can be segmented using geographic, demographic, benefits sought, user status, usage rate, and loyalty status segmentations. Business buyers are also segmented by the variables of operating characteristics, purchasing approaches, situational factors, and personal characteristics.
- 133) Few companies have either the resources or the will to operate in all, or even most, of the countries that dot the globe. Different countries, even those that are close together, can vary greatly in their economic, cultural, technological, and political makeup. International firms need to group their world markets into segments with distinctive buying needs and behaviours.
- 134) The size, purchasing power, and profiles of the segments must be measurable. The major problem may be that the segment will be hard to identify and measure. The market segments must be accessible; that is they can be effectively reached and served. The segment must be substantial or large/profitable enough to serve. It should be the largest possible homogeneous group worth pursuing with a tailored marketing program. To be differentiable, the segments need to be conceptually distinguishable and respond differently to different marketing mix elements and programs. Finally, the segment must be actionable, meaning that effective programs can be designed for attracting and serving consumers who make up the segment.
- 135) To target the best market segments, the company first evaluates each segment's size and growth characteristics, structural attractiveness, and compatibility with company objectives and resources. It then chooses one of four marketing strategies—ranging from very broad to very narrow targeting. The seller can ignore segment differences and target broadly using undifferentiated marketing. This involves mass-producing, mass-distributing, and mass-promoting nearly the same product in about the same way to all consumers. Or the seller can adopt differentiated marketing—developing different market offers for several segments. Concentrated marketing involves focusing on only one or a few market segments. Finally, micromarketing is the practice of tailoring products and marketing programs to suit the tastes of specific individuals and locations. Micromarketing includes local marketing and individual marketing. Which targeting strategy is best depends on company resources, product variability, product life cycle stage, market variability, and competitive marketing strategies.
- 136) An undifferentiated marketing strategy ignores market segment differences and targets the whole market with one offer. This mass-marketing strategy focuses on what is common in the needs of consumers rather than what is different. In contrast, a differentiated strategy targets several market segments and designs separate offers for each. Companies hope for higher sales and a stronger position within each market segment. Concentrated or niche marketing goes after a large share of one or a few segments or niches instead of going after a share of a large market. These niches may be overlooked by or unimportant to other marketers. Niching offers smaller companies an opportunity to compete by focusing their limited resources more effectively. Using micromarketing, a company can tailor products and marketing programs to suit the tastes of specific individuals and locations. It includes local and individual marketing.
- 137) Socially responsible marketers work to avoid purposefully targeting vulnerable or disadvantaged consumers with controversial or potentially harmful products. In addition, marketers may reconsider the marketing of adult products that may spill over into the child segment—either intentionally or unintentionally; primary examples include beer, cigarettes, and fast food. The growth of the Internet has also presented potential problems—namely that makers of questionable products or deceptive advertisers may more readily victimize the most vulnerable audiences. Marketers can avoid becoming involved in these harmful situations as they attempt to reach vast numbers of consumers with such precise, refined targeting strategies.

Answer Key

Testname: UNTITLED8

- 138) A product's position is the way the product is defined by consumers on important attributes—the place the product occupies in consumers' minds relative to competing products. Positioning involves implanting the brand's unique benefits and differentiation in customers' minds. To carry out effective positioning, a company must identify a set of possible competitive advantages upon which to build a problem, choose the right competitive advantages, and select an overall positioning strategy. The company must then effectively communicate and deliver the chosen position to the market.
- 139) Marketers divide heterogeneous markets into smaller groups that can be reached more efficiently with products and services that match their unique tastes; firms focus on buyers it can serve best and most profitably.
- 140) Geographic segmentation may be especially profitable when consumers in different regions, provinces, municipalities, and so forth have different buying behaviours and product or service preferences.
- 141) Demographic segmentation is often based on observable features, making demographic segmentation easier than other types.
- 142) Not all consumers in the same age and life cycle category share the same abilities and interests; some 40-year-olds may have more in common with typical 20-year-olds, for example, than with other 40-year-olds.
- 143) RBC recently targeted new Canadians with its "Wicket Cricket" program as part of its commitment to serve multicultural communities.
- 144) The company's research showed that women's appreciation of chocolate was deeper than men's—46 percent of women believed there were days where they "couldn't survive" without chocolate, whereas only 20 percent of men felt that way.
- 145) Occasion segmentation is being used in this scenario.
- 146) Marketers can attract nonloyal consumers by putting the brand on sale or by altering price.
- 147) People and locations can be segmented into marketable groups of like-minded consumers, so marketers can more closely tailor their efforts to their target.
- 148) The "Furs and Philanthropy" group, part of the "Urban Elite" social group, are educated, upscale people. Nearly half of them are adherents to the Jewish faith. They consist of larger families as well as empty nesters and widows who tend to live in a few big-city neighbourhoods like the Bathurst Street section of Toronto and Cotes-des-Neiges in Montreal. They tend to have late teens and older children, own elegant houses or condos, and work as white-collar professionals and corporate executives. Maintaining active social lives, they go to the ballet, frequent art galleries, attend health shows, and exercise at health clubs.
- 149) Operating characteristics, purchasing approaches, situational factors, and personal characteristics can all be used to segment business markets but not consumer markets.
- 150) The number of competitors, substitute products, power of buyers, and powerful suppliers may impact segment attractiveness.
- 151) Such marketers assume that all consumers share something in common, regardless of how different the consumers may be.
- 152) XYZ Computers will have an opportunity to compete by focusing its limited resources on serving niches that may be unimportant to or overlooked by larger competitors.
- 153) This is mass customization.
- 154) If most buyers have the same tastes, buy the same amounts, and react the same way to marketing efforts, undifferentiated marketing may be appropriate, for example.
- 155) Marketers in a wide range of industries—from cereal and toys to fast food and fashion—have been heavily criticized for their marketing efforts directed toward children and young teens. Critics worry that premium offers and highpowered advertising appeals presented through the mouths of lovable animated characters will overwhelm children's defences. The government of Nova Scotia took action against the distributor of Red Bull after it received reports that the high caffeine beverage had been handed out to high school students.
- 156) McDonald's has responded to these criticisms by offering more healthy items on its menus and printing nutrition information on its tray liners. Sixteen leading Canadian food and beverage firms, including Campbell's, Kellogg, Kraft, and Weston Bakeries, recently began the Children's Food and Beverage Advertising Initiative to take action against the criticisms. The firms made a commitment to shift their advertising directed to children under 12 to the promotion of healthier dietary choices and healthy, active living

Answer Key

Testname: UNTITLED8

- 157) Perceptual positioning maps show consumer perceptions of their brands versus competing products on important buying dimensions. Laundry detergent, for example, may be placed on a perceptual map based on price and cleaning power; this allows a marketer to view how consumers perceive their product with respect to others' products along those dimensions.
- 158) Firms that practice channel differentiation gain competitive advantage through the way they design their channel's coverage, expertise, and performance. Such factors as the level of customer service, speed of delivery, packaging, transportation type, and so on may play a role in channel differentiation.
- 159) D
- 160) E
- 161) D
- 162) B
- 163) E
- 164) E
- 165) C
- 166) A
- 167) E
- 168) A