

Name \_\_\_\_\_

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

- 1) Nike has employed successful marketing strategies in the past. Today, Nike's main source of competitive advantage is based on \_\_\_\_\_. 1) \_\_\_\_\_
  - A) creating a recognizable brand image
  - B) having creative advertising
  - C) building deep community with customers
  - D) moving into new product categories, sports, and regions of the world
  - E) maintaining big-name endorsers
- 2) To gain \_\_\_\_\_ a firm must deliver more value and satisfaction to target consumers than competitors do. 2) \_\_\_\_\_
  - A) benchmarking
  - B) competitive advantage
  - C) competitor analysis
  - D) a market-centre
  - E) a target advantage
- 3) The first step in initiating competitive marketing strategies is to conduct \_\_\_\_\_. 3) \_\_\_\_\_
  - A) a private screening
  - B) a competitive advantage analysis
  - C) management modifications
  - D) absolute advantage processing
  - E) competitor analysis
- 4) Part two of a competitor analysis is assessing all of the following EXCEPT a company's \_\_\_\_\_. 4) \_\_\_\_\_
  - A) strengths and weaknesses
  - B) strategies
  - C) employees
  - D) reaction patterns
  - E) objectives
- 5) Strategies that strongly position the company against competitors and that give the company the strongest possible strategic advantage are \_\_\_\_\_. 5) \_\_\_\_\_
  - A) competitor analyses
  - B) competitive relationship strategies
  - C) universal strategy analyses
  - D) competitive marketing strategies
  - E) customer relationship strategies
- 6) \_\_\_\_\_ involves first identifying and assessing competitors and then selecting which competitors to attack or avoid. 6) \_\_\_\_\_
  - A) Competitor analysis
  - B) Market leading
  - C) Benchmarking
  - D) Customer-centred analysis
  - E) The marketing management process

- 7) To plan effective marketing strategies, the company needs to find out all it can about its competitors. It must constantly compare its marketing strategies, products, prices, channels, and promotion with those of close competitors. This is an example of \_\_\_\_\_. 7) \_\_\_\_\_
- A) product leadership
  - B) benchmarking
  - C) competitor analysis
  - D) customer value analysis
  - E) continuous innovation
- 8) Companies can identify competitors from a \_\_\_\_\_ point of view. Here they define competitors as companies that are trying to satisfy the same customer need or build relationships with the same customer group. 8) \_\_\_\_\_
- A) industry
  - B) market niches
  - C) database
  - D) market
  - E) customer's
- 9) Companies can identify \_\_\_\_\_ from both the industry and market point of view. 9) \_\_\_\_\_
- A) locations
  - B) competitors
  - C) customers
  - D) employees
  - E) products
- 10) A company is guilty of \_\_\_\_\_ if the company forgets latent competitors and only focuses on current competitors. 10) \_\_\_\_\_
- A) misdirected segmentation
  - B) competitor phobia
  - C) competitor myopia
  - D) marketing myopia
  - E) competitor synergy
- 11) Kodak's film business didn't suffer at the hands of direct competitor Fujifilm; it lost out to Sony, Canon, and other digital camera makers, along with a host of digital image developers and online image sharing services. This is an example of \_\_\_\_\_. 11) \_\_\_\_\_
- A) competitor myopia
  - B) benchmarking
  - C) competitor phobia
  - D) a blue ocean strategy
  - E) marketing myopia
- 12) Hallmark's Binney & Smith, maker of Crayola crayons, might define its competitors as other makers of crayons and children's drawing supplies. But from a/an \_\_\_\_\_ point of view, it would include all firms making recreational and educational products for children. 12) \_\_\_\_\_
- A) industry      B) segment      C) niche      D) market      E) expanded

- 13) From a/an \_\_\_\_\_ point of view, Pepsi might see its competition as Coca-Cola, Dr Pepper, 7UP, and the makers of other soft drink brands. From a/an \_\_\_\_\_ point of view, however, the customer really wants "thirst quenching." 13) \_\_\_\_\_
- A) industry; competitive
  - B) industry; market
  - C) company's; consumer's
  - D) market; consumer's
  - E) market; industry
- 14) All of the following are fundamental questions that a marketing management team considers when assessing competitors EXCEPT? 14) \_\_\_\_\_
- A) What are various competitors' locations?
  - B) What are various competitors' weaknesses?
  - C) What are various competitors' strengths?
  - D) What are competitors' objectives—what does each seek in the marketplace?
  - E) What is each competitor's strategy?
- 15) Each competitor has a mix of objectives. The company wants to know the relative importance that a competitor places on all of the following EXCEPT \_\_\_\_\_. 15) \_\_\_\_\_
- A) market share growth
  - B) current profitability
  - C) technological and service leadership
  - D) cash flow
  - E) company history
- 16) A company that pursues \_\_\_\_\_ leadership will react much more strongly to a competitor's \_\_\_\_\_ manufacturing breakthrough than to the same competitor's advertising increase. 16) \_\_\_\_\_
- A) high-cost; cost inflation
  - B) mid-cost; cost inflation
  - C) low-cost; cost structure
  - D) low-cost; cost reducing
  - E) high-cost; cost reducing
- 17) The more that one firm's strategy resembles another firm's strategy, the more the two firms \_\_\_\_\_. 17) \_\_\_\_\_
- A) join
  - B) grow
  - C) compete
  - D) succeed
  - E) fail
- 18) General Electric and Whirlpool each produce a full line of medium-price appliances supported by good service. In contrast, Sub-Zero and Viking produce a narrower line of higher quality appliances, offer a higher level of service, and charge a premium price. GE and Whirlpool are in the same \_\_\_\_\_ group. 18) \_\_\_\_\_
- A) industry
  - B) strategic
  - C) branding
  - D) target
  - E) leading
- 19) Companies need to know each competitor's product quality, features, and mix; customer services; pricing policy; distribution coverage; sales force strategy; and advertising and sales promotion programs. These are all the dimensions that identify \_\_\_\_\_ groups within the industry. 19) \_\_\_\_\_
- A) target
  - B) competing
  - C) strategic
  - D) geographic
  - E) leading

- 20) Companies use secondary data, personal experience, benchmarking, and word of mouth to \_\_\_\_\_. 20) \_\_\_\_\_
- A) estimate competitors' reactions
  - B) identify competitors' target locations
  - C) select competitors to attack or avoid
  - D) learn about their competitors' strengths and weaknesses
  - E) identify competitors' target customers
- 21) \_\_\_\_\_ is the process of comparing the company's products and processes to those of competitors or leading firms in other industries to find ways to improve quality and performance. 21) \_\_\_\_\_
- A) Advertising synergy
  - B) Publicity
  - C) Benchmarking
  - D) Sales promotion
  - E) Competitive advantage
- 22) Benchmarking has become a powerful tool for increasing a company's \_\_\_\_\_. 22) \_\_\_\_\_
- A) distribution channels
  - B) employee training services
  - C) brand image
  - D) mass appeal
  - E) competitiveness
- 23) Knowing how major competitors react gives the company clues on how best to \_\_\_\_\_ competitors or how best to \_\_\_\_\_ the company's current positions. 23) \_\_\_\_\_
- A) remove; decrease
  - B) attack; increase
  - C) decrease; defend
  - D) value; change
  - E) attack; defend
- 24) Most companies aim competition against \_\_\_\_\_. 24) \_\_\_\_\_
- A) their biggest competitor
  - B) the market leader
  - C) distant competitors
  - D) new competitors
  - E) weak competitors
- 25) A firm should compete with \_\_\_\_\_ competitors in order to sharpen its abilities. Succeeding against these competitors often provides greater returns. 25) \_\_\_\_\_
- A) strong
  - B) distant
  - C) weak
  - D) mediocre
  - E) smaller
- 26) Analysis conducted to determine what benefits target customers value and how they rate the relative value of various competitors' offers is known as \_\_\_\_\_. 26) \_\_\_\_\_
- A) competitive customer analysis
  - B) benchmarking
  - C) customer value analysis
  - D) advertising specialty analysis
  - E) power analysis

- 27) PepsiCo conducts a survey on all Coca-Cola drinkers to assess the company's strengths and weaknesses among their target customers. PepsiCo is using a/an \_\_\_\_\_. 27) \_\_\_\_\_
- A) blue ocean strategy
  - B) customer value analysis
  - C) innovative market analysis
  - D) global marketing strategy
  - E) competitive marketing strategy
- 28) A company wants to find the \_\_\_\_\_, the place where it meets customers' needs in a way that rivals can't. 28) \_\_\_\_\_
- A) "red ocean strategy"
  - B) "blue ocean strategy"
  - C) "value innovation"
  - D) "strategic sweet spot"
  - E) "common platform"
- 29) If the company's offer delivers greater value by exceeding the competitor's offer on important attributes, the company can charge a higher price and \_\_\_\_\_, or it can charge the same price and \_\_\_\_\_. 29) \_\_\_\_\_
- A) earn higher profits; lose profits
  - B) earn lower profits; gain higher profits
  - C) lose profits; gain higher profits
  - D) earn higher profits; gain more market share
  - E) lose profits; gain more market share
- 30) Most companies will compete with \_\_\_\_\_ rather than \_\_\_\_\_. 30) \_\_\_\_\_
- A) distant competitors; close competitors
  - B) market challengers; market nichers
  - C) benchmarkers; distant competitors
  - D) close competitors; distant competitors
  - E) market challengers; market followers
- 31) The following are all examples of close competitors EXCEPT \_\_\_\_\_. 31) \_\_\_\_\_
- A) Wal-Mart and Zellers
  - B) Nike and Adidas
  - C) Sears and The Bay
  - D) Pepsi and Coca-Cola
  - E) Nike and Timberland
- 32) A company's close competitors are \_\_\_\_\_. 32) \_\_\_\_\_
- A) those that least resemble the company's operation
  - B) those that most resemble the company's operations
  - C) considered "bad" competitors
  - D) not a threat
  - E) the sole focus of all successful companies

- 33) All of the following statements are benefits from the existence of competitors EXCEPT? 33) \_\_\_\_\_
- A) Competitors help legitimize new technologies.
  - B) Competitors may help increase total demand.
  - C) Competitors serve less-attractive segments or lead to more product differentiation.
  - D) Competitors may share the costs of market and product development.
  - E) Competitors divide the target market.
- 34) An industry often contains "good" and "bad" competitors. Good competitors \_\_\_\_\_. 34) \_\_\_\_\_
- A) are nice people
  - B) share their marketing strategies
  - C) play by the rules
  - D) dominate the market
  - E) break all of the rules
- 35) Most competitors in the music download industry see Apple's iTunes Music Store as a \_\_\_\_\_ 35) \_\_\_\_\_
- because they created a closed system with mass appeal.
- A) good competitor
  - B) marginal competitor
  - C) market-centred competitor
  - D) maverick competitor
  - E) bad competitor
- 36) The implication suggested by strategic actions of "good competitor companies" is that they would 36) \_\_\_\_\_
- like to shape an industry that consists of \_\_\_\_\_.
- A) all would-be competitors
  - B) only well-behaved competitors
  - C) monopolists
  - D) "good" and "bad" competitors
  - E) groups that support a democratic model of behaviour
- 37) Rather than competing head to head with established competitors, many companies seek out 37) \_\_\_\_\_
- unoccupied positions in uncontested market spaces. They try to create products and services for which there are no direct competitors. This is called a \_\_\_\_\_.
- A) "common platform"
  - B) "red ocean strategy"
  - C) "blue ocean strategy"
  - D) "strategic platform"
  - E) "strategic sweet spot"
- 38) Tomorrow's leading companies will succeed by creating "blue oceans" of uncontested market 38) \_\_\_\_\_
- space. Such strategic moves, termed \_\_\_\_\_, create powerful leaps in value for both the firm and its buyers, creating all new demand and rendering rivals obsolete.
- A) "service nichers"
  - B) "common platforms"
  - C) "strategic platform"
  - D) "value innovation"
  - E) "strategic sweet spots"

- 39) An example of a company exhibiting blue-ocean thinking is \_\_\_\_\_. 39) \_\_\_\_\_
- A) Amazon's digital music download services
  - B) a Starbucks opening in the same vicinity of an independent coffee house
  - C) Cirque du Soleil's reinvention of the circus as a higher form of modern entertainment
  - D) Whirlpool's full line of medium-price appliances supported by good service
  - E) Nike's brand image of the "swoosh"
- 40) There are specific kinds of information that companies need to know about their competitors. The \_\_\_\_\_ system first identifies the vital types of competitive information and the best sources of this information. 40) \_\_\_\_\_
- A) collaborative
  - B) competitive intelligence
  - C) marketing research
  - D) marketing information
  - E) global network
- 41) Which statement is NOT a factor of the competitive intelligence system? 41) \_\_\_\_\_
- A) The system identifies the vital types of competitive information needed and the best sources of this information.
  - B) The system creates a new brand image and marketing concept.
  - C) The system checks information for validity and reliability, interprets it, and organizes it in an appropriate way.
  - D) The system collects information from the field and from published data.
  - E) The system sends key information to relevant decision makers and responds to inquiries from managers about competitors.
- 42) A manager who used to work for a competitor might follow that competitor closely to see what it does in the marketplace. Such a manager would be considered to be your company's \_\_\_\_\_ expert. 42) \_\_\_\_\_
- A) strategy
  - B) market leader
  - C) market follower
  - D) in-house
  - E) technical
- 43) Having identified and evaluated its major competitors, the company now must design broad competitive marketing strategies by which it can gain competitive advantage through superior \_\_\_\_\_. 43) \_\_\_\_\_
- A) employee service
  - B) target locations
  - C) employee value
  - D) customer value
  - E) customer service
- 44) Companies that operate large marketing departments, conduct expensive marketing research, spell out elaborate competitive strategies, and spend huge sums on advertising are using \_\_\_\_\_ competitive marketing strategies. 44) \_\_\_\_\_
- A) technical      B) informal      C) formal      D) blue ocean      E) red ocean

- 45) Approaches to marketing strategy and practice often pass through which of the three following stages? 45) \_\_\_\_\_
- A) entrepreneurial marketing, formulated marketing, and intreprenurial marketing
  - B) entrepreneurial marketing, intreprenurial marketing, and innovative marketing
  - C) entrepreneurial marketing, formulated marketing, and strategic marketing
  - D) formulated marketing, intreprenurial marketing, and innovative marketing
  - E) innovative marketing, strategic marketing, and formulated marketing
- 46) Most companies are started by individuals who live by their wits. They visualize an opportunity, construct flexible strategies on the backs of envelopes, and knock on every door to gain attention. What stage in marketing strategy are these individuals in? 46) \_\_\_\_\_
- A) intreprenurial marketing
  - B) formulated marketing
  - C) innovative marketing
  - D) entrepreneurial marketing
  - E) exponential marketing
- 47) Gary Hirshberg of Stonyfield Farm yogurt company stated that "companies can do better with less advertising, less marketing research, more guerilla marketing, and more acting from the gut." At this point, Hirshberg was following which marketing strategy? 47) \_\_\_\_\_
- A) intreprenurial marketing
  - B) exponential marketing
  - C) entrepreneurial marketing
  - D) innovative marketing
  - E) formulated marketing
- 48) As small companies achieve success, they inevitably move toward more \_\_\_\_\_ marketing. They pore over the latest Nielsen numbers, scan market research reports, and try to fine-tune their competitive strategies and programs. 48) \_\_\_\_\_
- A) intreprenurial
  - B) entrepreneurial
  - C) diversified
  - D) formulated
  - E) targeted
- 49) Companies that have been in existence for some time often lose the marketing creativity and passion that they had at the start. They now need to refresh their marketing strategies and try new approaches. This new strategy is known as \_\_\_\_\_. 49) \_\_\_\_\_
- A) formulated marketing
  - B) marketing myopia
  - C) entrepreneurial marketing
  - D) intreprenurial marketing
  - E) network marketing
- 50) There will be a constant tension between the formulated side of marketing and the \_\_\_\_\_. 50) \_\_\_\_\_
- A) product value
  - B) competitor side
  - C) creative side
  - D) overall cost leadership
  - E) customer side



- 51) Michael Porter suggests four basic competitive positioning strategies that companies can follow –three winning strategies and one losing one. Which of the following are considered winning strategies? 51) \_\_\_\_\_
- A) differentiation, operational excellence, and focus
  - B) focus, differentiation, and middle-of-the-roader
  - C) overall cost leadership, differentiation, and focus
  - D) overall cost leadership, differentiation, and middle-of-the-roader
  - E) middle-of-the-roader, focus, and overall cost leadership
- 52) Wal-Mart, Texas Instruments, and Dell all achieve the lowest production and distribution costs to win a large market share. They utilize a(n) \_\_\_\_\_ strategy very effectively. 52) \_\_\_\_\_
- A) customer intimacy
  - B) focus
  - C) operational
  - D) overall cost leadership
  - E) differentiation
- 53) Companies that pursue a clear strategy will likely perform well. Firms that do not pursue a clear strategy are called \_\_\_\_\_. 53) \_\_\_\_\_
- A) nichers
  - B) analyzers
  - C) challenger risk-takers
  - D) middle-of-the-roaders
  - E) overall cost leaders
- 54) Sears and Holiday Inn encountered difficult times because they did not stand out as the lowest in cost, highest in perceived value, or best in serving some market segment. Both companies are \_\_\_\_\_. 54) \_\_\_\_\_
- A) formulated
  - B) differentiated
  - C) nichers
  - D) challenger risk-takers
  - E) middle-of the roaders
- 55) Companies can pursue any of the following three strategies, called value disciplines, for delivering superior customer value: 55) \_\_\_\_\_
- A) operational excellence, overall cost leadership, and differentiation
  - B) employee relations, product leadership, and overall cost leadership
  - C) customer intimacy, operational excellence, and focus
  - D) product leadership, customer intimacy, and focus
  - E) operational excellence, customer intimacy, and product leadership
- 56) When a company provides superior value by leading its industry in price and convenience, it has obtained what is called \_\_\_\_\_. 56) \_\_\_\_\_
- A) employee intimacy
  - B) product leadership
  - C) cost leadership
  - D) operational excellence
  - E) employee excellence

- 57) Wal-Mart, Dell, and WestJet serve customers who want reliable, good-quality products or services, but who want them cheaply and easily. They are all known for pursuing a value discipline known as \_\_\_\_\_. 57) \_\_\_\_\_
- A) middle-of-the-road
  - B) customer intimacy
  - C) product leadership
  - D) operational excellence
  - E) marketing insight
- 58) When customers are willing to pay a premium to get precisely what they want and the company can respond quickly to satisfy customer needs, the company has achieved what is called \_\_\_\_\_. 58) \_\_\_\_\_
- A) operational excellence
  - B) employee intimacy
  - C) marketing intelligence
  - D) customer intimacy
  - E) promotional intimacy
- 59) Lexus, American Express, British Airways, and Ritz-Carlton Hotels will do almost anything to build long-term customer loyalty and to capture customer lifetime value. These companies are pursuing which of the following competitive marketing strategies? 59) \_\_\_\_\_
- A) differentiation
  - B) operational excellence
  - C) employee intimacy
  - D) product leadership
  - E) customer intimacy
- 60) If a company's aim is to make its own and competing products obsolete and serve customers who want state-of-the-art products and services, it is using a value discipline called \_\_\_\_\_. 60) \_\_\_\_\_
- A) promotional innovation
  - B) new product innovation
  - C) product leadership
  - D) captive-product innovation
  - E) market leadership
- 61) Nokia and Apple are open to new ideas, relentlessly pursue new solutions, and work to get new products to market quickly. They serve customers who want state-of-the-art products and services, regardless of the costs in terms of price or inconvenience. These companies are offering what value discipline? 61) \_\_\_\_\_
- A) product leadership
  - B) differentiation
  - C) customer intimacy
  - D) promotional innovation
  - E) operational excellence
- 62) Which of the following is NOT an example of the competitive positions or roles that firms play in the target market? 62) \_\_\_\_\_
- A) market follower
  - B) market nicher
  - C) market challenger
  - D) market leader
  - E) market provider

- 63) Most of the market is in the hands of the \_\_\_\_\_, the firm with the largest market share. 63) \_\_\_\_\_  
A) market analyzer  
B) market nicher  
C) market follower  
D) market leader  
E) market challenger
- 64) Forty percent of the market is in the hands of Company A. Another 30 percent is in the hands of Company B. Twenty percent is in the hands of Company C, and the remaining 10 percent is in the hands of Company D. Based on these hypothetical numbers Company B is the market \_\_\_\_\_. 64) \_\_\_\_\_  
A) follower      B) strategist      C) nicher      D) leader      E) challenger
- 65) Forty percent of the market is in the hands of Company A. Another 30 percent is in the hands of Company B. Twenty percent is in the hands of Company C, and the remaining 10 percent is in the hands of Company D. Based on these hypothetical numbers Company D is the market \_\_\_\_\_. 65) \_\_\_\_\_  
A) leader      B) challenger      C) nicher      D) strategist      E) follower
- 66) Firms that serve small segments not being pursued by other firms are called \_\_\_\_\_. 66) \_\_\_\_\_  
A) market leaders  
B) market nichers  
C) market followers  
D) market challengers  
E) direct marketers
- 67) \_\_\_\_\_ are those runner-up firms that are working to increase its market share in an industry. 67) \_\_\_\_\_  
A) Market challengers  
B) Market followers  
C) Market analyzers  
D) Market nichers  
E) Market leaders
- 68) A runner-up firm that wants to hold its share in an industry without rocking the boat is a \_\_\_\_\_. 68) \_\_\_\_\_  
A) direct marketer  
B) market nicher  
C) market challenger  
D) market follower  
E) market leader
- 69) When it comes to creating \_\_\_\_\_, Ritz-Carlton sets the gold standard. "It's all about providing a unique, personal, memorable experience." 69) \_\_\_\_\_  
A) product leadership  
B) overall cost leadership  
C) focus  
D) customer intimacy  
E) differentiation

- 70) Expanding the total market, protecting market share, and expanding market share are all strategies for \_\_\_\_\_. 70) \_\_\_\_\_
- A) market providers
  - B) market nichers
  - C) market challengers
  - D) market followers
  - E) market leaders
- 71) Which of the following are market challenger strategies? 71) \_\_\_\_\_
- A) expand total market and protect market share
  - B) expand market share and follow closely
  - C) follow closely and follow at a distance
  - D) by customer, market, quality-price, service and multiple niching
  - E) full frontal attack and indirect attack
- 72) The \_\_\_\_\_ usually leads the other firms in price changes, new product introductions, distribution coverage, and promotion spending. 72) \_\_\_\_\_
- A) target leader
  - B) direct leader
  - C) market challenger
  - D) market nicher
  - E) market leader
- 73) To remain number one, leading firms can take any of three actions. First, they can find ways to expand total demand. Second, they can protect their current market share through good defensive and offensive actions. Third, they can \_\_\_\_\_. 73) \_\_\_\_\_
- A) run smaller companies out of business, causing them to sell out to larger companies
  - B) hire and train new employees
  - C) try to expand their market share further, even if market size remains constant
  - D) shut down current company locations and reopen in highly populated areas
  - E) evaluate current employees
- 74) The leading firm normally gains the most when the \_\_\_\_\_. 74) \_\_\_\_\_
- A) personal communication channels expand
  - B) major competitors enter the market
  - C) total market expands
  - D) rest of the market follows far behind
  - E) integrated marketing effort expands
- 75) Marketers can expand markets by discovering and promoting \_\_\_\_\_. 75) \_\_\_\_\_
- A) subtle advantages of the product
  - B) the deficiencies of competitors
  - C) new uses of the product
  - D) new employees
  - E) subliminal points of interest

- 76) Market leaders can expand the market by \_\_\_\_\_, new uses, and more usage of the product. 76) \_\_\_\_\_  
A) developing competitors  
B) initiating new rules  
C) initiating monopolistic practices  
D) developing higher standards  
E) developing new users
- 77) NutriSystem has typically targeted its weight loss programs toward women. Recently, however, it stepped up its efforts to attract male customers. This is an example of how the market leader \_\_\_\_\_. 77) \_\_\_\_\_  
A) changes its products  
B) develops new competitors  
C) develops new users  
D) develops new rules  
E) challenges competition
- 78) The best response to competitive threats is \_\_\_\_\_. 78) \_\_\_\_\_  
A) a frontal attack  
B) an indirect attack  
C) to ignore them  
D) continuous innovation  
E) to find partners
- 79) Profitability increases as a business gains share relative to competitors in its \_\_\_\_\_. 79) \_\_\_\_\_  
A) communication market  
B) higher market  
C) direct market  
D) served market  
E) valued market
- 80) Higher shares tend to produce higher profits only when \_\_\_\_\_ fall with increased market share. 80) \_\_\_\_\_  
A) higher markets  
B) product values  
C) unit costs  
D) numbers of customers  
E) sales
- 81) \_\_\_\_\_ can adopt one of two competitive strategies: they can challenge the leader or they can play along with competitors and not rock the boat. 81) \_\_\_\_\_  
A) Market nichers  
B) Market followers  
C) Market developers  
D) Runner-up firms  
E) Localized marketers

- 82) Although it might seem that the market leader has the most going for it, challengers often have what some strategists call a \_\_\_\_\_. The challenger observes what has made the leader successful and improves upon it. 82) \_\_\_\_\_
- A) "blue ocean strategy"
  - B) "competitor myopia"
  - C) "red ocean strategy"
  - D) "strategic sweet spot"
  - E) "second mover advantage"
- 83) The market challenger may launch a full \_\_\_\_\_, matching the competitor's product, advertising, price, and distribution efforts. It attacks the competitor's strengths rather than its weaknesses. 83) \_\_\_\_\_
- A) multiple attack
  - B) frontal attack
  - C) direct attack
  - D) strength attack
  - E) indirect attack
- 84) Rather than challenging head-on, the challenger can make \_\_\_\_\_ on the competitor's weaknesses or on gaps in the competitor's market coverage. 84) \_\_\_\_\_
- A) a direct attack
  - B) an individual attack
  - C) an indirect attack
  - D) a frontal attack
  - E) a cautious attack
- 85) Red Bull entered the North American soft drinks market with a niche product: a carbonated energy drink retailing at about twice what you would pay for a Coke or Pepsi. Their product was sold in unconventional outlets not dominated by the market leaders. In this case, Red Bull was using \_\_\_\_\_ against the market leaders. 85) \_\_\_\_\_
- A) a direct attack
  - B) a cautious attack
  - C) a frontal attack
  - D) an indirect attack
  - E) an individual attack
- 86) Many firms prefer to \_\_\_\_\_ rather than \_\_\_\_\_ the leader. 86) \_\_\_\_\_
- A) follow; challenge
  - B) support; challenge
  - C) challenge; follow
  - D) challenge; support
  - E) follow; support
- 87) The market follower must keep its manufacturing costs and prices \_\_\_\_\_ or its product quality and services \_\_\_\_\_. 87) \_\_\_\_\_
- A) low; high
  - B) low; fair
  - C) fair; low
  - D) stable; low
  - E) high; low

- 88) Almost every industry includes firms that specialize in serving target subsegments called \_\_\_\_\_. 88) \_\_\_\_\_
- A) local markets
  - B) hotbox markets
  - C) benchmarkers
  - D) customer databases
  - E) market niches
- 89) \_\_\_\_\_ is profitable because the needs of the target customer segment are better met than when other firms casually attempt to sell to the same segment. 89) \_\_\_\_\_
- A) Dynamic marketing
  - B) Differentiated marketing
  - C) Vertical marketing
  - D) Market niching
  - E) Benchmarking
- 90) Whereas the mass marketer achieves \_\_\_\_\_, the nicher achieves \_\_\_\_\_. 90) \_\_\_\_\_
- A) high margins; high volume
  - B) high volume; high margins
  - C) low margins; low volume
  - D) high volume; low margins
  - E) low volume; high margins
- 91) Computer mouse and interface device maker Logitech is only a fraction the size of giant Microsoft. Yet through skillful \_\_\_\_\_, it dominates the PC mouse market, with Microsoft as its runner-up. 91) \_\_\_\_\_
- A) niching
  - B) vertical marketing
  - C) brand imaging
  - D) employment tactics
  - E) benchmarking
- 92) The key to successful niching is \_\_\_\_\_. 92) \_\_\_\_\_
- A) buzz marketing
  - B) follow-up
  - C) having only a few specific customers
  - D) mass appeal of one idea
  - E) specialization
- 93) A market nicher can specialize along all of the following market, customer, product, or marketing mix lines EXCEPT? 93) \_\_\_\_\_
- A) geographic market
  - B) employees
  - C) customer-size groups
  - D) quality price
  - E) end users

- 94) The market niche may dry up, or it might grow to the point that it attracts larger competitors. That is why many companies practice \_\_\_\_\_. 94) \_\_\_\_\_
- A) market niching
  - B) multiple niching
  - C) specific niching
  - D) single niching
  - E) service niching
- 95) A company can become so \_\_\_\_\_ centred that it loses its even more important focus on maintaining profitable \_\_\_\_\_ relationships. 95) \_\_\_\_\_
- A) competitor; product
  - B) market; competitor
  - C) market; customer
  - D) customer; competitor
  - E) competitor; customer
- 96) A negative side of the \_\_\_\_\_ is that the company becomes too reactive. Rather than carry out its own customer relationship strategy, it bases its own moves on competitors' moves. 96) \_\_\_\_\_
- A) dual marketing strategy
  - B) customer-centred company
  - C) market-centred company
  - D) competitor-centred company
  - E) image-centred company
- 97) A positive aspect of a \_\_\_\_\_ is that the company develops a fighter orientation, watches for weaknesses in its own position, and searches out competitors' weaknesses. 97) \_\_\_\_\_
- A) customer-centred company
  - B) market-centred company
  - C) branding-centred company
  - D) image-centred company
  - E) competitor-centred company
- 98) A company that focuses on customer developments in designing its marketing strategies and on delivering superior value to its target customers is a \_\_\_\_\_. 98) \_\_\_\_\_
- A) market-centred company
  - B) branding-centred company
  - C) target-centred company
  - D) geographic-centred company
  - E) customer-centred company
- 99) When companies watch both their customers and their competitors, they are called \_\_\_\_\_. 99) \_\_\_\_\_
- A) market-centred companies
  - B) promotion-centred companies
  - C) customer-centred companies
  - D) competitor-centred companies
  - E) analytically-centred companies



- 100) All of the below choices are evolving company orientations EXCEPT? 100) \_\_\_\_\_
- A) market-orientation
  - B) central-orientation
  - C) customer-orientation
  - D) product orientation
  - E) competitor-orientation

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

- 101) To plan effective marketing strategies, the company needs to find out all it can about its employees. 101) \_\_\_\_\_
- 102) A competitive analysis involves first identifying and assessing competitors and then selecting which competitors to attack or avoid. 102) \_\_\_\_\_
- 103) At the narrowest level, a company can define its competitors as other companies offering similar products and services to the same customers at similar prices. 103) \_\_\_\_\_
- 104) An example of competitor myopia was when Fujifilm sales unsuspectingly surpassed those of Kodak. 104) \_\_\_\_\_
- 105) An integrated group is a group of firms in an industry following the same or a similar strategy in a given target market. 105) \_\_\_\_\_
- 106) Business-to-business marketers find it hard to estimate competitors' market shares because they do not have the same syndicated data services that are available to consumer packaged-goods companies. 106) \_\_\_\_\_
- 107) Continuous Innovation is the process of comparing the company's products and processes to those of competitors or leading firms in other industries to find ways to improve quality and performance. 107) \_\_\_\_\_
- 108) Many firms avoid direct competition with Procter & Gamble and look for easier prey, knowing that Procter & Gamble will react fiercely if challenged. 108) \_\_\_\_\_
- 109) Most companies prefer to compete against strong competitors. 109) \_\_\_\_\_
- 110) Most companies tend to compete with distant competitors, who are those competitors most unlike them, rather than with close competitors. 110) \_\_\_\_\_
- 111) A company may want to avoid trying to "destroy" a close competitor. 111) \_\_\_\_\_
- 112) A company really needs and benefits from competitors. 112) \_\_\_\_\_
- 113) One reason companies really need competitors is because competitors may help increase total demand. 113) \_\_\_\_\_
- 114) Apple's iTunes Music Store is a good competitor, one that plays by its own rules at the expense of the industry as a whole. 114) \_\_\_\_\_

- 115) The goal of a "red ocean strategy" is to make competition irrelevant. 115) \_\_\_\_\_
- 116) The competitive intelligence system of a company supplies key information to relevant decision makers about the company's competitors. 116) \_\_\_\_\_
- 117) Small firms that can't afford a competitive intelligence system often resort to using "in-house" experts to study competitors. 117) \_\_\_\_\_
- 118) All companies choose one marketing strategy for their different businesses or products.. 118) \_\_\_\_\_
- 119) Approaches to marketing strategy and practice often pass through three stages: entrepreneurial marketing, formulated marketing, and strategic marketing. 119) \_\_\_\_\_
- 120) Gary Hirshberg started the Stonyfield Farm yogurt company. His marketing strategy: building a strong connection with customers using guerilla marketing. This is an example of formulated marketing. 120) \_\_\_\_\_
- 121) Many large and mature companies get stuck in formulated marketing. They pore over the latest Nielsen numbers, scan market research reports, and try to fine-tune their competitive strategies and programs. 121) \_\_\_\_\_
- 122) FedEx is rare because it excels at more than one value discipline. 122) \_\_\_\_\_
- 123) By trying to be good at all of the value disciplines, a company usually ends up being best at none. 123) \_\_\_\_\_
- 124) Market leaders can grow by increasing their market shares further. 124) \_\_\_\_\_
- 125) In an effort to protect market share, Campbell's urges people to eat soup and other Campbell's products more often by running ads containing new recipes. 125) \_\_\_\_\_
- 126) In the face of P&G's relentless assault, Unilever finally threw in the towel and recently put its detergents business up for sale. 126) \_\_\_\_\_
- 127) After observing Home Depot's success, number-two Lowe's, with its brighter stores, wider aisles, and arguably more helpful salespeople, has positioned itself as the friendly alternative to Big Bad Orange. This demonstrates how Lowe's has adopted a market nicher strategy. 127) \_\_\_\_\_
- 128) Not all runner-up companies want to challenge the market leader. 128) \_\_\_\_\_
- 129) Service nichers sell only in a certain locality, region, or area of the world. 129) \_\_\_\_\_
- 130) Logitech has a depth of focus and knowledge that no other company in the world—including Microsoft—can match. 130) \_\_\_\_\_
- 131) A company can become so competitor-centred that it loses its even more important focus on maintaining profitable customer relationships. 131) \_\_\_\_\_

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

- 132) Discuss the steps in analyzing competitors. 132) \_\_\_\_\_
- 133) Discuss the different levels at which competitors can be identified. 133) \_\_\_\_\_
- 134) Explain how Kodak had "competitor myopia." 134) \_\_\_\_\_
- 135) Give examples of competitor objectives and discuss the importance of knowing a competitor's mix of objectives. 135) \_\_\_\_\_
- 136) Describe what a strategic group is, name a few companies that belong to the same strategic group, and discuss why they are in the same group. 136) \_\_\_\_\_
- 137) How can companies learn about their competitors strengths and weaknesses? 137) \_\_\_\_\_
- 138) How can a company anticipate what its competitors may do? 138) \_\_\_\_\_
- 139) What is a "strategic sweet spot," and why do companies want to find these? 139) \_\_\_\_\_
- 140) Use a scenario to discuss why a company may want to avoid destroying a close competitor? 140) \_\_\_\_\_
- 141) Discuss why a company really needs and benefits from competitors. 141) \_\_\_\_\_
- 142) What makes a competitor "bad" or "good"? 142) \_\_\_\_\_
- 143) How can smaller companies that cannot afford to set up formal competitive intelligence offices assess their competition? 143) \_\_\_\_\_
- 144) Michael Porter suggested four basic competitive positioning strategies that companies can follow, three winning strategies and one losing one. Name and describe these four different strategies. 144) \_\_\_\_\_
- 145) Name the three value disciplines. Why do firms establish them? 145) \_\_\_\_\_
- 146) What is appealing about classifying competitive strategies as value disciplines? 146) \_\_\_\_\_
- 147) How can large companies such as GE, Microsoft, Procter & Gamble, or Disney be leaders in some markets and nichers in others? 147) \_\_\_\_\_
- 148) If a company gains increased market share does it automatically improve profitability? 148) \_\_\_\_\_
- 149) Explain how a market follower can gain advantage from a market leader. 149) \_\_\_\_\_
- 150) Why is niching profitable? 150) \_\_\_\_\_

151) What is the primary focus of a competitor-centred company? 151) \_\_\_\_\_

152) What is the primary focus of a customer-centred company? 152) \_\_\_\_\_

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

153) Discuss the need to understand competitors as well as customers through competitor analysis.

154) Although competition is most intense within a strategic group, explain why there is also rivalry among groups. Give examples.

155) Marketing managers need a deep understanding of a given competitor's mentality if they want to anticipate how the competitor will act or react. Discuss the different ways competitor's act or react. Why do they do so? You may use examples to support your thoughts.

156) An industry often contains "good" competitors and "bad" competitors. Define each term and discuss scenarios with both "good" and "bad" competitors. How might "good" competitors choose to react to "bad" competition?

157) Discuss the functions and goals of a competitive intelligence system.

158) Discuss formal and informal marketing strategies, and give examples of companies that use both.

159) Discuss customer intimacy. Why is it important? Provide an example of a company that successfully abides by this value discipline.

160) Explain the four competitive positions that are often used to describe market structures.

161) While trying to expand total market size, the leading firm also must protect its current business against competitors' attacks. What can the market leader do to protect its position?

162) Discuss the two ways a market challenger can best attack the chosen competitor and achieve its strategic objectives? Explain when a challenger should use these attacks and provide examples of companies that have used these methods.

163) Discuss the four evolving company orientations. Which orientation is considered most successful and why?

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.

Bridgehead Coffee is an Ottawa-based chain of urban coffee shops. Bridgehead provides its customers with a European bistro-style coffee shop experience complete with baristas and espresso shots. The first location opened in downtown Ottawa in the mid-1990's and was the first purveyor of fair-trade only coffee beans and beverages. Since then, the chain has grown to 10 locations in the city, with plans to open at least two more locations a year in the next five years. Bridgehead is most popular with an urban, active audience with a social conscience. It has become a favourite meeting spot for runners, skiers, young parents, and even the hip new urban knitters. Loyal customers feel that Bridgehead offers them the same quality coffee as Starbucks and a very similar environment in which to work on laptops or meet friends and family. They do say that the food is better — fresher, tastier baked goods, soups, and sandwiches are made fresh daily in Bridgehead's central kitchen.

- 164) To plan effective marketing strategies, Bridgehead Coffee must find out all it can about its competitors. This means, they must undertake a \_\_\_\_\_. 164) \_\_\_\_\_
- A) competitive marketing strategy
  - B) market position
  - C) competitive advantage
  - D) competitor analysis
  - E) value discipline
- 165) Baked goods, soups, and sandwiches made fresh daily in the Bridgehead central kitchen give the chain an advantage over Starbucks and other coffee chains because they offer consumers greater value. This is the basis of Bridgehead's \_\_\_\_\_. 165) \_\_\_\_\_
- A) competitor analysis
  - B) competitive marketing strategy
  - C) value discipline
  - D) competitive advantage
  - E) market position
- 166) Bridgehead, Starbucks, and Second Cup all offer Ottawa coffee-seekers a trendy atmosphere, espresso-based beverages, and baked goods. One could say that these competitors belong in the same \_\_\_\_\_. 166) \_\_\_\_\_
- A) target market
  - B) trade corridor
  - C) market share
  - D) orientation
  - E) strategic group
- 167) Bridgehead has chosen to compete with Starbucks and uses its selection of fair-trade coffee products as its competitive advantage. Some percentage of Starbucks' coffee products are fair-trade and the rest of its product portfolio and its coffee shop environment are very similar to Bridgehead. Starbucks would be considered a \_\_\_\_\_ competitor. 167) \_\_\_\_\_
- A) close                      B) distant                      C) bad                      D) weak                      E) reactive
- 168) Bridgehead also competes with Tim Hortons for coffee and pastry sales but the two coffee shop environments are worlds apart. Tim Hortons would be considered a \_\_\_\_\_ competitor. 168) \_\_\_\_\_
- A) weak                      B) close                      C) reactive                      D) distant                      E) bad

- 169) Bridgehead has an opportunity to open its next location on a city block where a Starbucks is already located. This is a \_\_\_\_\_ idea, because \_\_\_\_\_. 169) \_\_\_\_\_
- A) good; Bridgehead can catch the latte-drinking spillover
  - B) ridiculous; city bylaws would never permit two coffee shops on the same block
  - C) bad; Bridgehead cannot compete with Starbucks' delicious baked goods
  - D) bad; Starbucks customers are particularly brand loyal
  - E) bad; urban hipsters always choose Starbucks
- 170) When Starbucks first came on the scene, no other company was offering the European-style coffee bistro experience. When Bridgehead came on the scene, no coffee shop was offering exclusively fair-trade coffee. Both competitors have embraced a(n) \_\_\_\_\_ strategy. 170) \_\_\_\_\_
- A) reactive
  - B) socially responsible
  - C) underdog
  - D) blue ocean
  - E) market challenger
- 171) Bridgehead focuses its efforts on serving a few market segments well rather than going after the whole coffee market. Which of the four basic competitive positioning strategies is Bridgehead employing? 171) \_\_\_\_\_
- A) customer intimacy
  - B) focus
  - C) differentiation
  - D) operational excellence
  - E) overall cost leadership
- 172) If Bridgehead were to provide superior value by precisely segmenting its markets and tailoring its products or services to exactly match the needs of targeted customers, which of the four value disciplines would it be employing? 172) \_\_\_\_\_
- A) differentiation
  - B) focus
  - C) customer intimacy
  - D) overall cost leadership
  - E) operational excellence
- 173) Instead of pursuing the whole coffee shop market, or even large segments, Bridgehead targets subsegments. This means that Bridgehead's competitive position is that of a \_\_\_\_\_. 173) \_\_\_\_\_
- A) market nicher
  - B) market leader
  - C) market follower
  - D) market innovator
  - E) market challenger

## Answer Key

Testname: UNTITLED5

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

## Answer Key

Testname: UNTITLED5

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



## Answer Key

Testname: UNTITLED5

- 101) FALSE
- 102) TRUE
- 103) TRUE
- 104) FALSE
- 105) FALSE
- 106) TRUE
- 107) FALSE
- 108) TRUE
- 109) FALSE
- 110) FALSE
- 111) TRUE
- 112) TRUE
- 113) TRUE
- 114) FALSE
- 115) FALSE
- 116) TRUE
- 117) TRUE
- 118) FALSE
- 119) FALSE
- 120) FALSE
- 121) TRUE
- 122) TRUE
- 123) TRUE
- 124) TRUE
- 125) FALSE
- 126) TRUE
- 127) FALSE
- 128) TRUE
- 129) FALSE
- 130) TRUE
- 131) TRUE
- 132) Creating competitive advantage begins with competitor analysis. First, the company's competitors must be identified. The next step is assessing competitors' objectives, strategies, strengths, weaknesses, and reaction patterns. Based on this information, the company can select which competitors to attack or avoid.
- 133) At the narrowest level, a company can define its competitors as other companies offering similar products and services to the same customers at similar prices. However, the company might also define competitors as all firms making the same product or class of products. Even more broadly, competitors might include all companies making products that supply the same service. Finally, and still more broadly, competitors might include all companies that compete for the same consumer dollars.
- 134) Kodak saw Fuji as its only major competitor. But its real competitor turned out to be digital imaging, including other digital camera makers and a host of digital image developers and online image-sharing services.
- 135) Each competitor has a mix of objectives. The company wants to know the relative importance that a competitor places on current profitability, market share growth, cash flow, technological leadership, service leadership, and other goals. Knowing a competitor's mix of objectives reveals whether the competitor is satisfied with its current situation and how it might react to different competitive actions.
- 136) A strategic group is a group of firms in an industry following the same or a similar strategy in a given target market. General Electric, Whirlpool, and Maytag belong to the same strategic group because each produces a full line of medium-price appliances supported by good service.

## Answer Key

Testname: UNTITLED5

- 137) Companies normally learn about their competitors' strengths and weaknesses through secondary data, personal experience, and word of mouth. They can also conduct primary marketing research with customers, suppliers, and dealers. Or they can benchmark themselves against other firms.
- 138) A competitor's objectives, strategies, and strengths and weaknesses go a long way toward explaining its likely actions. They also suggest its likely reactions to company moves such as price cuts, promotion increases, or new-product introductions. In addition, each competitor has a certain philosophy of doing business, a certain internal culture and specific guiding beliefs. Marketing managers need a deep understanding of a given competitor's mentality if they want to anticipate how the competitor will act or react.
- 139) The company wants to find the "strategic sweet spot," the place where it meets customers' needs in a way that rivals can't. If the company's offer delivers greater value by exceeding the competitor's offer on important attributes, the company can charge a higher price and earn higher profits, or it can charge the same price and gain more market share.
- 140) Bausch & Lomb moved aggressively against other soft lens manufacturers with great success. However, this forced weak competitors to sell out to larger firms such as Schering-Plough and Johnson & Johnson. As a result, Bausch & Lomb now faces much larger competitors such as Johnson & Johnson, who bought Vistakon.
- 141) The existence of competitors results in several strategic benefits. Competitors may share the costs of market and product development and help to legitimize new technologies. They may serve less-attractive segments or lead to more product differentiation. Finally, competitors may help increase total demand.
- 142) Good competitors play by the rules of the industry. Bad competitors, in contrast, break the rules. They try to buy share rather than earn it, take large risks, and play by their own rules.
- 143) Smaller companies can assign specific executives to watch specific competitors. Thus, a manager who used to work for a competitor might follow that competitor closely; he or she would be the "inhouse expert" on that competitor. Any manager needing to know the thinking of a given competitor could contact the assigned in-house expert.
- 144) Overall cost leadership is when the company works hard to achieve the lowest production and distribution costs. Differentiation is when the company concentrates on creating a highly differentiated product line. Focus is when the company puts its efforts on serving a few market segments well rather than going after the whole market. Middle-of-the-roaders are firms that do not pursue a clear strategy. These firms do the worst.
- 145) Research indicates that companies can pursue leadership positions by delivering superior value to their customers; the text outlines three possible value disciplines that marketers can follow: operational excellence, customer intimacy, or product leadership.
- 146) It defines marketing strategy in terms of the single-minded pursuit of delivering superior value to customers. Each value discipline defines a specific way to build lasting customer relationships.
- 147) These classifications often do not apply to a whole company, but only to its position in a specific industry. Such companies often use different strategies for different business units or products, depending on the competitive situations of each.
- 148) No, profitability is not automatically improved by increased market share. Much depends on their strategy for gaining increased share. There are many high-share companies with low profitability and many low-share companies with high profitability. The cost of buying higher market share may far exceed the returns. Higher shares tend to produce higher profits only when unit costs fall with increased market share, or when the company offers a superior-quality product and charges a premium price that more than covers the cost of offering higher quality.
- 149) The market leader often bears the huge expenses of developing new products and markets, expanding distribution, and educating the market. By contrast, the market follower can learn from the leader's experience. It can copy or improve on the leader's products and programs, usually with much less investment.
- 150) The main reason is that the market nicher ends up knowing the target customer group so well that it meets their needs better than other firms that casually sell to that niche. As a result, the nicher can charge a substantial markup over costs because of the added value. Whereas the mass marketer achieves high volume, the nicher achieves high margins.
- 151) A competitor-centred company spends most of its time tracking competitors' moves and market shares and tries to find strategies to counter them.

## Answer Key

Testname: UNTITLED5

- 152) A customer-centred company focuses more on customer developments in designing its strategies. By watching customer needs evolve, a customer-centred company can decide what customer groups and what emerging needs are the most important to serve.
- 153) In order to prepare an effective marketing strategy, a company must consider its competitors as well as its customers. Building profitable customer relationships requires satisfying target consumer needs better than competitors do. A company must continually analyze competitors and develop competitive marketing strategies that position it effectively against competitors and give it the strongest possible competitive advantage. Competitor analysis first involves identifying the company's major competitors, using both an industry-based and a market-based analysis. The company then gathers information on competitors' objectives, strategies, strengths and weaknesses, and reaction patterns. With this information in hand, it can select competitors to attack or avoid. Competitive intelligence must be collected, interpreted, and distributed continuously. Company marketing managers should be able to obtain full and reliable information about any competitor affecting their decisions.
- 154) First, some of the strategic groups may appeal to overlapping customer segments. For example, no matter what their strategy, all major appliance manufacturers will go after the apartment and homebuilders segment. Second, the customers may not see much difference in the offers of different groups; they may see the little difference in quality between GE and Whirlpool. Finally, members of one strategic group might expand into new strategy segments. Thus, General Electric's Monogram and Profile lines of appliances compete in the premium quality, premium-price line with Viking and Sub-Zero.
- 155) Each competitor reacts differently. Some do not react quickly or strongly to a competitor's move. They may feel their customers are loyal; they may be slow in noticing the move; they may lack the funds to react. Some competitors react only to certain types of moves and not to others. Other competitors react swiftly and strongly to any action. Thus, Procter & Gamble does not let a new detergent come easily into the market. Many firms avoid direct competition with P&G and look for easier prey, knowing that P&G will react fiercely if challenged. In some industries, competitors live in relative harmony; in others, they fight constantly. Knowing how major competitors react gives the company clues on how best to attack competitors or how best to defend the company's current positions.
- 156) Good competitors play by the rules of the industry. Bad competitors, in contrast, break the rules. They try to buy share rather than earn it, take large risks, and play by their own rules. For example, Yahoo! Music Unlimited sees Napster, Rhapsody, AOL Music, Amazon.com, and most other digital music download services as good competitors. They share a common platform, so that music bought from any of these competitors can be played on almost any playback device. However, it sees Apple's iTunes Music Store as a bad competitor, one that plays by its own rules at the expense of the industry as a whole. With the iPod, Apple created a closed system with mass appeal. A company might be smart to support good competitors, aiming its attacks at bad competitors. Thus, Yahoo! Music Unlimited, Napster, and other digital music competitors will no doubt support one another in trying to break Apple's stranglehold on the market.
- 157) The competitive intelligence system first identifies the vital types of competitive information needed and the best sources of this information. Then, the system continuously collects information from the field (sales force, channels, suppliers, market research firms, trade associations, Web sites) and from published data (government publications, speeches, articles). Next, the system checks the information for validity and reliability, interprets it, and organizes it in an appropriate way. Finally, it sends key information to relevant decision makers and responds to inquiries from managers about competitors.

With this system, company managers will receive timely intelligence information about competitors in the form of phone calls, e-mails, bulletins, newsletters, and reports. In addition, managers can connect with the system when they need an interpretation of a competitor's sudden move, or when they want to know a competitor's weaknesses and strengths, or when they need to know how a competitor will respond to a planned company move.

## Answer Key

Testname: UNTITLED5

- 158) Many large firms develop formal competitive marketing strategies and implement them religiously. However, other companies develop strategy in a less formal and orderly fashion. Some companies, such as Harley-Davidson, Virgin Atlantic Airways, and BMW's MINI unit succeed by breaking many of the "rules" of marketing strategy. Such companies don't operate large marketing departments, conduct expensive marketing research, spell out elaborate competitive strategies, and spend huge sums on advertising. Instead, they sketch out strategies on the fly, stretch their limited resources, live close to their customers, and create more satisfying solutions to customer needs. They form buyer's clubs, use buzz marketing, and focus on winning customer loyalty. It seems that not all marketing must follow in the footsteps of marketing giants such as IBM and Procter & Gamble.
- 159) A company provides superior value by precisely segmenting its markets and tailoring its products or services to match exactly the needs of targeted customers. It specializes in satisfying unique customer needs through a close relationship with and intimate knowledge of the customer. It builds detailed customer databases for segmenting and targeting, and empowers its marketing people to respond quickly to customer needs. Customer-intimate companies serve customers who are willing to pay a premium to get precisely what they want. They will do almost anything to build long-term customer loyalty and to capture customer lifetime value. Examples include Nordstrom, Lexus, American Express, British Airways, and Ritz-Carlton hotels.
- 160) Determining which competitive marketing strategy makes the most sense depends on the company's industry, and on whether it is a market leader, challenger, follower, or nicher. A market leader has to mount strategies to expand the total market, protect market share, and expand market share. A market challenger is a firm that tries aggressively to expand its market share by attacking the leader, other runner-up companies, or smaller firms in the industry. The challenger can select from a variety of direct or indirect attack strategies. A market follower is a runner-up company that chooses not to rock the boat, usually from fear that it stands to lose more than it might gain. But the follower is not without a strategy and seeks to use its particular skills to gain market growth. A market nicher is a smaller firm that is unlikely to attract the attention of larger firms; they often become specialists in some end use, customer size, specific customer, geographic areas, or service.
- 161) First, it must prevent or fix weaknesses that provide opportunities for competitors. It must always fulfill its value promise. Its prices must remain consistent with the value that customers see in the brand. It must work tirelessly to keep strong relationships with valued customers. The leader should "plug holes" so that competitors do not jump in. But the best defence is a good offence, and the best response is *continuous innovation*. The leader refuses to be content with the way things are and leads the industry in new products, customer services, distribution effectiveness, promotion, and cost cutting. It keeps increasing its competitive effectiveness and value to customers. And when attacked by challengers, the market leader reacts decisively.
- 162) The market challenger may launch a full frontal attack, matching the competitor's product, advertising, price, and distribution efforts. It attacks the competitor's strengths rather than its weaknesses. The outcome depends on who has the greater strength and endurance. If the market challenger has fewer resources than the competitor, however, a frontal attack makes little sense. Thus, many new market entrants avoid frontal attacks, knowing that the market leaders can head them off with ad blitzes, price wars, and other retaliations. Rather than challenging head-on, the challenger can make an indirect attack on the competitor's weaknesses or on gaps in the competitor's market coverage. It can care out toe holds using tactics that the established leaders have trouble responding to or choose to ignore. Virgin Drinks is an example of an unsuccessful frontal attack. Red Bull is a successful example of an indirect attack.
- 163) In the first stage, companies were product oriented, paying little attention to either customers or competitors. In the second stage, they become customer oriented and started to pay attention to customers. In the third stage, when they started to pay attention to competitors, they became competitor oriented. Today, companies need to be market oriented, paying balanced attention to both customers and competitors. Rather than simply watching competitors and trying to beat them on current ways of doing business, they need to watch customers and find innovative ways to build profitable customer relationships by delivering more customer value than competitors do. As noted previously, marketing begins with a good understanding of consumers and the marketplace.

164) D

165) D

166) E

167) A

## Answer Key

Testname: UNTITLED5

168) D

169) A

170) D

171) B

172) C

173) A