

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

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

- 7) All of the following statements are accurate guidelines for a company's mission statement EXCEPT which one? 7) _____
- A) It should be narrow.
 - B) It should motivate employees.
 - C) It should emphasize the company's strengths in the marketplace.
 - D) It should be realistic.
 - E) It should be specific.
- 8) A company's mission statement serves as a statement of _____. 8) _____
- A) fact
 - B) values
 - C) employee commitment
 - D) financial goals
 - E) purpose
- 9) Which of the following is NOT a market-oriented business definition? 9) _____
- A) "to create fantasies – a place where dreams come true and the world still works the way it's supposed to."
 - B) "to sell life-style and self-expression; success and status; memories, hopes, and dreams."
 - C) "to sell tools and home repair and improvement items"
 - D) "to bring aspiration and innovation to every athlete in the world"
 - E) "to make the Internet buying experience fast, easy, and enjoyable"
- 10) All of the following are examples of product-oriented mission statements, EXCEPT which one? 10) _____
- A) "We rent hotel rooms."
 - B) "We run theme parks."
 - C) "We provide organic products."
 - D) "We sell athletic shoes and apparel."
 - E) "We sell lifestyle and self-expression; success and status; memories, hopes, and dreams."
- 11) The principle objective of a market-oriented mission statement is to satisfy basic _____ needs. 11) _____
- A) supplier
 - B) customer
 - C) stockholder
 - D) partnership
 - E) owner
- 12) Revlon has clearly defined its "mission" of selling lifestyle and self-expression. In order for the firm to launch its strategic plan, the mission needs to be turned into detailed _____ that guide each level of the company. 12) _____
- A) sets of tactics
 - B) sets of strategies
 - C) product mixes
 - D) sets of promotional tools
 - E) supporting objectives

- 13) The collection of businesses and products that make up a company is called its _____. 13) _____
- A) strategic plan
 - B) strategic business unit
 - C) operational factor
 - D) mission statement
 - E) business portfolio
- 14) _____ can be a company division, a product line within a division, or sometimes a single product or brand. 14) _____
- A) The BCG
 - B) An SBU
 - C) A value delivery network
 - D) A market
 - E) A PLC
- 15) After management has identified the key businesses making up its company, what is the next step in portfolio analysis? 15) _____
- A) assessing the attractiveness of its SBUs
 - B) deciding whether to harvest any businesses
 - C) completing short-range planning
 - D) identifying businesses in which to invest
 - E) identifying SBUs
- 16) The best known product portfolio planning method was developed by _____. 16) _____
- A) Harvard University
 - B) Gary Armstrong
 - C) the SRI Consulting Firm
 - D) Philip Kotler
 - E) the Boston Consulting Group
- 17) Most portfolio analysis methods evaluate SBUs on two dimensions, namely _____ and _____. 17) _____
- A) market diversification; relative market share
 - B) market or industry attractiveness; the strength of the SBU's position
 - C) market penetration; market development
 - D) market growth rates; profits
 - E) market share; the strength of the SBU's position
- 18) In the Boston Consulting Group approach, _____ provides a measure of market attractiveness. 18) _____
- A) market segmentation
 - B) relative market share
 - C) market penetration
 - D) market growth rate
 - E) market development

- 19) In the Boston Consulting Group approach, _____ serves as a measure of company strength in the market. 19) _____
- A) market segmentation
 - B) market diversification
 - C) market growth rate
 - D) market development
 - E) relative market share
- 20) The BCG growth–share matrix classifies four types off SBUs. They are _____, _____, _____, and _____. 20) _____
- A) product; price; promotion; placement
 - B) planning; implementing; leading; controlling
 - C) sales; market share; price; promotion
 - D) market penetration; market development; product development; diversification
 - E) stars; cash cows; question marks; dogs
- 21) In the BCG approach, _____ are high–share, high–growth businesses or products. They need heavy investment to finance rapid growth. When their growth slows down, they turn into _____. 21) _____
- A) dogs; cash cows
 - B) cash cows; stars
 - C) question marks; dogs
 - D) stars; question marks
 - E) stars; cash cows
- 22) _____ are low–growth, high share businesses or products. They generate a lot of cash that the firm uses to pay its bills and support other SBUs that need investment. 22) _____
- A) Dogs
 - B) Question marks
 - C) Cash cows
 - D) Cats
 - E) Stars
- 23) In the BCG matrix, income from _____ can be used to help finance the company's question marks and stars. 23) _____
- A) SBU revenues
 - B) cash cows
 - C) low–share businesses
 - D) overseas operations
 - E) dogs
- 24) The four possible strategies that can be pursued for each SBU are building, holding, _____, and _____. 24) _____
- A) developing; growing
 - B) promoting; selling
 - C) diversifying; penetrating
 - D) harvesting; divesting
 - E) downsizing; expanding

- 25) Which of the following statements does NOT accurately reflect a problem with the BCG matrix approach? 25) _____
- A) It can be costly to conduct.
 - B) It can be time consuming to implement.
 - C) It is difficult to define SBUs and measure market share and growth.
 - D) It focuses on planning for the future.
 - E) It focuses on classifying current businesses.
- 26) Unlike strategic-planning efforts of the past, which were conducted primarily by senior managers, today's strategic planning is _____. 26) _____
- A) short-term oriented
 - B) limitation-free
 - C) decentralized
 - D) centralized
 - E) product oriented
- 27) Through a wide variety of sandwiches and a series of acquisitions and joint ventures, the Mo'men brothers were able to expand gradually throughout the Arab world. These are examples of _____. 27) _____
- A) value chains
 - B) brand experiences
 - C) diversification
 - D) product development
 - E) broad strategies for growth
- 28) Which department in a company carries the primary responsibility for achieving profitable growth? 28) _____
- A) accounting
 - B) product development
 - C) operations
 - D) marketing
 - E) human resources
- 29) The _____ is a useful tool for identifying growth opportunities. 29) _____
- A) business portfolio
 - B) product/market expansion grid
 - C) value chain
 - D) value delivery network
 - E) BCG matrix
- 30) Making more sales to current customers without changing a firm's products is _____. 30) _____
- A) product development
 - B) diversification
 - C) market penetration
 - D) market development
 - E) market attractiveness

- 31) While a valuable planning tool, a problem with using the BCG matrix is that it focuses on _____. 31) _____
- A) the past instead of the present
 - B) the present instead of the future
 - C) the customer instead of suppliers
 - D) financial issues instead of the customer
 - E) the future instead of the present
- 32) A common practice among marketers is to identify and develop new markets for their existing products. This practice is called _____. 32) _____
- A) product development
 - B) dual adaptation
 - C) market development
 - D) market skimming
 - E) market penetration
- 33) Starbucks Coffee sells and plays compilation CDs and is supporting its own XM satellite radio station. This represents which strategy for growth? 33) _____
- A) partner development
 - B) product development
 - C) market development
 - D) market penetration
 - E) diversification
- 34) _____ entails reducing the business portfolio by eliminating products that no longer fit the company's overall strategy. 34) _____
- A) The BCG approach
 - B) Product line extension
 - C) Market segmentation
 - D) Market redesign
 - E) Downsizing
- 35) Which of the following statements is NOT a reason that a firm might want to abandon products or markets? 35) _____
- A) The firm has grown too rapidly.
 - B) The market has changed, making some of the products less profitable.
 - C) The firm has not properly researched foreign markets which it has entered.
 - D) The firm has entered areas in which it does not have expertise.
 - E) The economic environment is showing signs of recovery.
- 36) Each department in a company that carries out value-creating activities can be thought of as a link in the company's _____. 36) _____
- A) product development
 - B) business portfolio
 - C) market development
 - D) value chain
 - E) value delivery network

- 37) Jack Welch, former CEO at General Electric, said that "Companies can't give job security, only _____ can!" 37) _____
- A) efficiency
 - B) growth
 - C) development
 - D) customers
 - E) good strategy
- 38) Toyota partners with its suppliers and helps them meet its very high expectations. Creating satisfied suppliers helps Toyota produce lower cost, higher-quality cars, which in turn result in more satisfied customers. This illustrates the importance of an efficient _____. 38) _____
- A) value chain
 - B) low-cost operator
 - C) business portfolio
 - D) product mix
 - E) value delivery network
- 39) _____ is the marketing logic by which a company hopes to achieve profitable customer relationships. 39) _____
- A) Marketing strategy
 - B) A consistent product mix
 - C) Price
 - D) The value delivery network
 - E) Differentiation
- 40) Samar Hani is preparing a PowerPoint presentation of the marketing process to show at a sales meeting. _____ should appear in the center of her diagram depicting marketing strategies and the marketing mix. 40) _____
- A) Customer retention rates
 - B) Customer value and relationships
 - C) Sales goals
 - D) Competitors
 - E) Company objectives
- 41) A sound marketing strategy begins with _____. 41) _____
- A) customer analysis
 - B) positioning
 - C) promotion
 - D) SWOT analysis
 - E) differentiation
- 42) Your firm is attempting to divide up the total market to determine the best segments it can serve. Which is the correct order of doing so? 42) _____
- A) market positioning, market segmentation, target marketing
 - B) mass marketing, demographic segmentation, psychographic segmentation
 - C) market segmentation, target marketing, market positioning
 - D) target marketing, market positioning, market segmentation
 - E) market segmentation, market positioning, target marketing

- 43) The process of customer-driven marketing involves _____. 43) _____
A) analysis; targeting; implementation; control
B) market segmentation; target marketing; differentiation; positioning
C) product; price; promotion; adaptation
D) marketing analysis; planning; implementation; feedback
E) problem identification; information search; decision; implementation
- 44) _____ is the process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviors. 44) _____
A) Market segmentation
B) Marketing strategy
C) Positioning
D) Differentiation
E) Market targeting
- 45) Your new employer has asked you, as a new marketing graduate, to develop a group of potential customers who might respond in a similar way to a given set of marketing efforts. You have been asked to develop a(n) _____. 45) _____
A) market
B) market segment
C) undefined niche
D) target market
E) market strategy
- 46) _____ involves evaluating each market segment's attractiveness and selecting one or more segments to enter. 46) _____
A) The market mix
B) Market segmentation
C) Market targeting
D) Positioning
E) Differentiation
- 47) _____ is the place a product occupies in the consumer's mind relative to competition. 47) _____
A) Position
B) Market segmentation
C) Product promotion
D) Market targeting
E) Placement
- 48) Effective positioning begins with _____ the company's marketing offer in order to give consumers more perceived value. 48) _____
A) differentiating
B) pricing
C) placing
D) aligning
E) promoting
- 49) Which of the four Ps describes the goods-and-services combination that a company offers to the target market? 49) _____
A) price B) place C) package D) promotion E) product

- 50) In the four Ps of the marketing mix, design, packaging, services, and variety all fall under the category of _____. 50) _____
 A) product B) price C) promotion D) position E) place
- 51) Today, the four Ps are compared to the four Cs. Product and place are called _____ and _____, respectively. 51) _____
 A) communication; customer solution
 B) communication; convenience
 C) customer cost; convenience
 D) convenience; customer solution
 E) customer solution; convenience
- 52) In the marketing management functions, an SWOT analysis should _____ a marketing plan. 52) _____
 A) coincide with
 B) evaluate
 C) take priority over
 D) follow
 E) precede
- 53) In a basic SWOT analysis the "T" stands for _____. 53) _____
 A) timing B) trust C) tangible D) threats E) trade
- 54) In a basic SWOT analysis, the "S" stands for _____. 54) _____
 A) situation
 B) satisfactions
 C) strengths
 D) solutions
 E) strategy
- 55) In SWOT analysis, _____ would be considered a strength. 55) _____
 A) internal limitations
 B) factors that challenge the company's performance
 C) favorable factors in the environment
 D) trends in the market
 E) internal resources
- 56) In SWOT analysis, _____ refers to factors in the external environment. 56) _____
 A) strengths
 B) weaknesses
 C) opportunities
 D) strategies
 E) trends
- 57) The main section of a marketing plan should present a detailed _____ analysis of the current marketing situation. 57) _____
 A) who, when, where
 B) competitor
 C) economic
 D) when, where, how
 E) SWOT

- 58) A marketing plan should begin with an executive summary, which quickly overviews goals and _____ 58) _____
- A) controls
 - B) recommendations
 - C) obstacles
 - D) budgets
 - E) promotions
- 59) If a manager says "We can all think up good ideas, however what matters most is to do things right", then she is most likely referring to _____. 59) _____
- A) strategy
 - B) implementation
 - C) efficiency
 - D) mission
 - E) planning
- 60) IBM has its sales and marketing people assigned to markets in specific countries, regions, and districts. This is an example of which type of marketing organization? 60) _____
- A) divisional
 - B) psychographic
 - C) product
 - D) functional
 - E) geographic
- 61) _____ is the most common approach to marketing organization. 61) _____
- A) Functional
 - B) Divisional
 - C) Geographic
 - D) Product management
 - E) Combination
- 62) XYZ Electric, a chain of 18 appliance stores, has a marketing organization in which specialists head different marketing activities. What is this type of organization called? 62) _____
- A) product
 - B) functional
 - C) market
 - D) organic
 - E) geographic
- 63) Modern marketing departments are arranged in the following ways, EXCEPT which one? 63) _____
- A) strategic management organization
 - B) functional organization
 - C) geographic organization
 - D) market management organization
 - E) product management organization

- 64) The _____ organizational format was first used by Procter and Gamble in 1929. 64) _____
A) functional
B) market management
C) geographic management
D) customer management
E) product management
- 65) The _____ organizational system's main advantage is that the company is organized around the needs of specific market segments. 65) _____
A) product management
B) market management
C) functional
D) vertical
E) geographic
- 66) An increasingly large number of firms are changing their organizational focus from _____ management to _____ management. 66) _____
A) product; functional
B) brand; customer
C) geographic; functional
D) product; geographic
E) global; regional
- 67) Evaluating the results of marketing strategies and plans, and taking corrective action to ensure that objectives are attained, is called _____. 67) _____
A) strategic control
B) operating control
C) efficiency
D) developmental control
E) marketing control
- 68) The marketing control process entails the following steps in order: setting goals, _____, evaluating performance, and _____. 68) _____
A) evaluating goals; measuring performance
B) taking corrective action; following up
C) taking corrective action; measuring performance
D) measuring performance; taking corrective action
E) achieving goals; measuring performance
- 69) _____ is NOT a step in the marketing control process. 69) _____
A) Measuring performance
B) Setting goals
C) Evaluating the causes of gaps between expected and actual performance
D) Taking corrective action
E) Defining the mission

- 70) Ensuring that the company achieves the sales, profits, and other goals set out in its annual marketing plan is the purpose of _____. 70) _____
- A) strategic control
 - B) ROMI
 - C) a marketing audit
 - D) operating control
 - E) marketing control
- 71) _____ involves looking at whether a company's basic strategies are well matched to its opportunities. 71) _____
- A) ROMI
 - B) Strategic control
 - C) Portfolio analysis
 - D) Marketing control
 - E) Operating control
- 72) _____ is a comprehensive and systematic analysis of a company's environment, objectives, strategies, and activities that is conducted by an outside and objective party. 72) _____
- A) A marketing mix analysis
 - B) SWOT analysis
 - C) A marketing plan
 - D) A marketing audit
 - E) A portfolio analysis
- 73) _____ measures the profits generated by investments in marketing activities. 73) _____
- A) SWOT analysis
 - B) A budget
 - C) Marketing ROI
 - D) An executive summary
 - E) A marketing audit
- 74) Which of the following would NOT be useful in determining marketing ROI? 74) _____
- A) market share
 - B) customer equity
 - C) brand awareness
 - D) SWOT analysis
 - E) a marketing dashboard
- 75) Starbucks has an annual plan in place to deal with the company's current SBUs and their operations. However, as a growth-oriented firm, Starbucks is interested in both domestic and international markets. This requires Starbucks to constantly monitor the environment and adapt to the opportunities with which it is presented. To best take advantage of its constantly changing environment, Starbucks should _____. 75) _____
- A) conduct profit analysis
 - B) conduct strategic planning
 - C) write a mission statement
 - D) follow supporting objectives
 - E) shorten its value delivery network

- 76) SEKEM produces and markets a range of organic products including spices, tea, wholefoods and cotton. The company defines its _____ as seeking "to cure the environment and to provide customers with healthy products." 76) _____
- A) value-delivery network
 - B) marketing development
 - C) mission
 - D) strategy
 - E) business portfolio
- 77) The current mission statement of Nike is "We bring inspiration and innovation to every athlete* in the world. (*If you have a body, you are an athlete)." The organization's former mission statement had read "Crush Reebok". This change reflects the guideline that mission statements should be _____. 77) _____
- A) market-oriented
 - B) specific
 - C) motivating
 - D) narrow
 - E) broad
- 78) A vendor for Ford Motor Company received the following message from one of Ford's marketing managers: "As we move forward during the 21st century, Ford is committed to building profitable customer relationships by creating environmentally better cars and getting them to market faster at lower costs." The marketing manager is referring to Ford's _____. 78) _____
- A) marketing strategy
 - B) marketing mix
 - C) mission statement
 - D) business objectives
 - E) business portfolio
- 79) When the makers of a ballpoint pen state they are in the communication equipment business, they are defining their mission too _____. 79) _____
- A) realistically
 - B) specifically
 - C) broadly
 - D) futuristically
 - E) narrowly
- 80) Orascom Group is an Egyptian business group that operates four distinct businesses: construction, telecommunication, hotels and technology solutions. Each business is called a _____. 80) _____
- A) cash cow
 - B) separate entity
 - C) strategic business unit (SBU)
 - D) star
 - E) business portfolio

- 81) The pharmaceuticals division of Omni Healthcare holds low market share in a high-growth market. In order to increase market share, managers would be most likely to decide which of the following? 81) _____
- A) Diversify the pharmaceutical division.
 - B) Hold the pharmaceuticals division's share.
 - C) Use money from a cash cow to promote the pharmaceuticals division.
 - D) Implement a harvest strategy.
 - E) Divest the SBU.
- 82) Orascom Construction Industries expanded swiftly in Europe, North and Central Africa, the Arab region, Central Asia, and the Caribbean with great success. This is an example of how Orascom is pursuing _____ as a growth strategy. 82) _____
- A) geographic market development
 - B) product development
 - C) demographic market development
 - D) market penetration
 - E) diversification
- 83) Security Plus has developed an entirely new system of alarms for more secure offices. Although they are a local company, through the acquisition of a distributor they now have the ability to market their products throughout the region. Security Plus is most likely to be following a _____ strategy. 83) _____
- A) market penetration
 - B) divesting
 - C) diversification
 - D) product development
 - E) market development
- 84) Bank Al-Izdihar in Lebanon bought Al-Saada Invest, an off-shore investment firm with operations in Dubai. Bank Al-Izdihar is pursuing a _____ strategy. 84) _____
- A) downsizing
 - B) market penetration
 - C) diversification
 - D) product adaptation
 - E) product development
- 85) Amani Gadgets has slightly modified the production processes of its gadgets in order to tap into the Ukrainian market. Amani gadgets is likely following a _____ strategy. 85) _____
- A) harvesting
 - B) product development
 - C) market development
 - D) market penetration
 - E) diversification
- 86) Disney is identifying and developing new markets for its theme parks. Disney is exploring possibilities for _____. 86) _____
- A) market penetration
 - B) harvesting
 - C) market development
 - D) diversification
 - E) product development

- 87) For Hyundai Corporation, customers who care about the price of a car and its operating economy make up one _____. 87) _____
- A) market position
 - B) market segment
 - C) value network
 - D) customer extension
 - E) value chain
- 88) Isis offers a variety of organic products targeting the health-conscious consumers that major competitors overlook and ignore. Which of the following best describes Isis? 88) _____
- A) market challenger
 - B) market follower
 - C) full market coverer
 - D) market nicher
 - E) market seeker
- 89) Saturn is "a different kind of company, different kind of a car"; the Hummer is "like nothing else." These statements reflect a firm's _____. 89) _____
- A) strategy
 - B) target markets
 - C) niche
 - D) product portfolio
 - E) market positioning
- 90) Hani, the marketing manager at a small sports retail chain, has conducted a marketing analysis. He has investigated the company's internal resources and situational factors, as well as factors and trends in the competitive sports retail chain market. Which of the following has Hani completed? 90) _____
- A) a business portfolio analysis
 - B) a SWOT analysis
 - C) a marketing mix
 - D) an executive summary
 - E) a marketing plan
- 91) Which of the following statements most accurately identifies a difference between a weakness and a threat in SWOT analysis? 91) _____
- A) A company can more easily identify threats than weaknesses.
 - B) A company is more able to change a threat than a weakness.
 - C) A company is more able to change a weakness than a threat.
 - D) A company can be more negatively affected by a weakness than by a threat.
 - E) A company can be more negatively affected by a threat than by a weakness.
- 92) Tamer Stores, a chain of 25 stores spread in the Middle East, has organized its marketing organization into groups headed by a sales manager, an advertising manager, and a customer-service manager. What type of organization is this? 92) _____
- A) customer
 - B) market
 - C) product
 - D) functional
 - E) geographic

93) Jane Maalouf is looking at whether her company's strategies are well matched to its opportunities. 93) _____
Jane is utilizing _____.
A) SWOT analysis
B) a marketing audit
C) strategic control
D) operating control
E) marketing control

94) As Mo'men Sandwich continues to grow, it is faced with countless challenges and surprises during the implementation of marketing plans. Hence, the Mo'men brothers and their marketing department must practice constant _____. 94) _____
A) customer management
B) marketing control
C) corrective action
D) performance analysis
E) environmental scanning

Refer to the scenario below to answer the following questions.

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

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

Today, thousands of visitors come to Fun-Spot: families, children of all ages, and even the elderly who enjoy walking through the gardens.

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

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

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

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

95) Fun-Spot's mission is _____. 95) _____
A) technology-oriented
B) too specific
C) market-oriented
D) product-oriented
E) too focused on profits

- 96) Into which quadrant of the BCG matrix does Fun-Spot fall? 96) _____
A) star
B) dog
C) profit center
D) diversification
E) question mark
- 97) Ahmed and Safiya plan to lower prices in an effort to encourage customers to stay longer, visit more often, and spend more money during each visit. What type of strategy are Ahmed and Safiya planning? 97) _____
A) market penetration
B) customer development
C) product development
D) diversification
E) market development
- 98) Ahmed and Safiya strive to provide new offerings and entertainment options for their visitors. What type of strategy is this? 98) _____
A) customer development
B) product development
C) diversification
D) market development
E) market penetration
- 99) Which of the following would be classified as an opportunity in a SWOT analysis of Fun Spot? 99) _____
A) A new luxury hotel is being constructed in the area, with the aim of luring more high-spending families on vacation.
B) Fun Spot employees tend to be enthusiastic and young, projecting an image of fun and vitality.
C) A friend of theirs has paid off the mortgage on Fun Spot, significantly reducing their monthly expenses.
D) A rival amusement park announces plans to open three new rides next season.
E) Fun Spot plans to further diversify its offerings by beginning a two-week summer camp for elementary school students.

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

- 100) Mission statements should be realistic and general in nature. 100) _____
- 101) Khair Zaman has just developed a formal statement of its purpose. This firm has put together a mission statement. 101) _____
- 102) Mission statements should both emphasize the company's strengths in the marketplace and be motivating. 102) _____
- 103) At Amazon.com, "we make the internet buying experience fast, easy, and enjoyable" is a product-oriented business definition. 103) _____
- 104) At Nike, "we sell athletic shoes and apparel" is a market-oriented business definition. 104) _____

- 105) A firm's broad mission statement leads to a hierarchy of objectives, including both business and marketing objectives. 105) _____
- 106) The major activity in strategic planning is strategic business unit planning, whereby management evaluates the products and businesses making up the company. 106) _____
- 107) When designing business portfolios, most companies are well advised to add a broad range of products and businesses to their organization. 107) _____
- 108) The purpose of strategic planning is to find ways in which your company can best use its strengths to take advantage of attractive opportunities in the environment. 108) _____
- 109) In the BCG matrix, "dogs" are low-growth businesses and products that do not generate enough cash to maintain themselves. 109) _____
- 110) The growth strategy of diversification involves offering modified or new products to current markets. 110) _____
- 111) When an organization identifies and develops new markets for its current products and services, it is engaged in market development. 111) _____
- 112) When a firm finds products or businesses that no longer fit its overall strategy, it must carefully milk, harvest, or better develop them. 112) _____
- 113) In today's marketplace, competition increasingly takes place between entire value delivery networks rather than between individual competitors. 113) _____
- 114) To improve its value delivery network, a company needs to examine the value chains of its suppliers and distributors. 114) _____
- 115) Mandros International Foods evaluates each market segment's attractiveness and selects one or more segments to enter when considering adding new lines of imported foods. Mandros is engaged in selective marketing. 115) _____
- 116) The image of a product in the minds of consumers is called market segmentation. 116) _____
- 117) A market segment consists of consumers who respond in different ways to a given set of marketing efforts. 117) _____
- 118) Holiday Inn has divided the total customer market into smaller segments and selected the most promising segments. Deciding what position it wants to occupy in these segments is called targeting. 118) _____
- 119) When a company positions its product, it should first identify possible customer value differences within a market segment that could be the basis of a competitive advantage for the product. 119) _____
- 120) The marketing mix consists of product, price, place, positioning, and promotion. 120) _____

- 121) Guided by marketing strategy, the company designs a marketing mix made up of factors under its control: product, price, place, and promotion. 121) _____
- 122) One valid criticism of the four Ps concept is that services are not considered. 122) _____
- 123) One valid concern about the four Ps concept is that it takes the seller's view of the market. 123) _____
- 124) Managing the marketing process requires the four marketing management functions, which are analysis, planning, implementation, and control. 124) _____

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

- 125) Why should a mission statement be market oriented instead of product or technology oriented? 125) _____
- 126) Why should a mission statement be "motivating" instead of stated in terms of sales or profits? 126) _____
- 127) What is a strategic business unit (SBU) and how is it involved in a business portfolio analysis? 127) _____
- 128) Into what BCG quadrant does a high-share, high-growth SBU fall? 128) _____
- 129) What type of strategy should a company use to manage its cash cows? 129) _____
- 130) How might the BCG matrix represent a life cycle? 130) _____
- 131) How might Al-Salam Party Planning, a company that sells a wide range of party supplies for all occasions, implement a market development strategy? 131) _____
- 132) According to the product/market expansion grid, what strategy would a fast-food hamburger restaurant follow if it offered a salad bar option during lunch hours? 132) _____
- 133) Into what quadrant of the product/market expansion grid would a "new and improved" product fall? 133) _____
- 134) How are partner relationship management and the value chain related? 134) _____
- 135) Explain how a marketer of baking soda may attempt to attract more than one market segment. 135) _____
- 136) How might a marketer of pens alter the "product" portion of the marketing mix when targeting female college students versus male college students? 136) _____
- 137) What role does the marketing mix play in positioning? 137) _____
- 138) Why is marketing analysis such an important part of marketing management? 138) _____

139) Why are many marketers today using customer-centered measures of marketing ROI?

139) _____

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

140) Define strategic planning. Discuss the steps involved.

141) What is business portfolio planning? Discuss how a company might use the Boston Consulting Group's product portfolio analysis method.

142) Describe some of the problems with matrix approaches.

143) The BCG is a useful approach to evaluate current businesses. Describe a device that a firm could use to identify future growth opportunities.

144) What does the term "value-delivery network" mean? Explain.

145) Define marketing strategy. Discuss the steps in formulating marketing strategy.

146) Explain why the four Ps concept of the marketing mix takes a seller's view of the market, not the buyer's view. How should marketers consider the buyer's view?

147) Define marketing planning. Briefly outline the major steps in a marketing plan.

148) Marketing departments are organized in several ways. Discuss the most common forms of marketing organizations.

149) Briefly discuss how marketers measure return on marketing investment, explaining why this figure can be difficult to assess.

Answer Key

Testname: UNTITLED2

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

Answer Key

Testname: UNTITLED2

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

Answer Key

Testname: UNTITLED2

- 101) TRUE
- 102) TRUE
- 103) FALSE
- 104) FALSE
- 105) TRUE
- 106) FALSE
- 107) FALSE
- 108) TRUE
- 109) FALSE
- 110) FALSE
- 111) TRUE
- 112) FALSE
- 113) TRUE
- 114) TRUE
- 115) FALSE
- 116) FALSE
- 117) FALSE
- 118) FALSE
- 119) TRUE
- 120) FALSE
- 121) TRUE
- 122) FALSE
- 123) TRUE
- 124) TRUE
- 125) A market-oriented mission statement defines the business in terms of customer needs; products and technologies become outdated, but basic market needs may last forever.
- 126) Sales and profits are only a reward for undertaking a useful activity; a company's employees will be more dedicated to the company's mission if they feel that their work is significant.
- 127) An SBU is a key part of a company—whether a product, product line, department, or an entire division—that has its own mission and objectives. Identifying and analyzing a company's SBUs are the first two steps in business portfolio analysis.
- 128) It falls into the "star" category.
- 129) Because a cash cow generates cash without much investment, a company should use the profits to support other SBUs.
- 130) Many SBUs start out as question marks, then move into the star category if they succeed; stars eventually become cash cows, and then perhaps, dogs.
- 131) Al-Salam Party Planning might attempt to identify and develop new markets for its current products, looking for different demographic markets and geographical markets that might have a need its products would satisfy.
- 132) In this scenario, the restaurant would be following a product development strategy.
- 133) The "new and improved" product would fall into the product development quadrant.
- 134) Marketers must work closely and coordinate activities with partners in other company departments to form an effective value chain, with each department executing value-creating activities to design, produce, market, deliver, and support the company's products.
- 135) Some consumers buy baking soda as a baking ingredient while others buy baking soda to use as a deodorizer, for example. The marketer will focus on both distinct uses in the marketing mix, such as how the product is promoted.
- 136) The marketer may use feminine colors and a spiral-flower stripe, for example, when marketing its pens to the females; when targeting males, more neutral colors might be used
- 137) The marketing mix components of product, price, place, and promotion are the tools that a company can use to differentiate its products from those of competitors, and to achieve strong positioning in a target market.

Answer Key

Testname: UNTITLED2

- 138) This function allows the marketer to analyze internal strengths and weaknesses as well as environmental opportunities and threats which, in turn, allows the marketer to match the company's strengths to opportunities to pursue. From this starting point, the market can continue with planning, implementation, and control.
- 139) Companies are looking at marketing expenditures as investments in profitable customer relationships, with the goal of increasing individual customer lifetime values and overall customer equity.
- 140) The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its marketing opportunities is called strategic planning. At the outset, beginning at the corporate level, each company must define its overall purpose and mission, addressing the questions "What is our business?", "Who is the customer?", "What do our customers value?". Answers to these questions are crucial in writing a clear mission statement.

Mission statements need to be carefully defined in terms of customer needs. Missions should be realistic, motivating, and fit the market environment. Missions then lead to setting business and marketing objectives/goals in the planning process. This is followed by decisions regarding what portfolio of businesses and products is best for the company and how much support to give each one. Next, each business and product develops detailed marketing and other functional strategies. In this step, plans are drawn at the business unit, product, and market levels in support of company wide plans.

- 141) A business portfolio is the collection of businesses and products that make up a company. Business portfolio planning entails two steps. First, there is an analysis of the company's current business portfolio, followed by decisions about what businesses should receive more, less, or no investment. Second, planners must shape the future portfolio by developing strategies for growth and/or downsizing. The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in that market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks, and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU.
- 142) The BCG and other portfolio planning approaches can be difficult to execute, time consuming, and also costly to implement. Defining SBUs and the measurement of relative market share and growth can be a difficult task as well. A serious flaw with these approaches is that, while they are helpful for classifying current businesses, they offer little or no advice for future planning.
- 143) The product/market expansion grid is a useful device for identifying growth opportunities in the future. There are four strategies available to companies: market penetration, market development, product development, and diversification. Market penetration entails making more sales to current customers without changing products. Market development involves identifying and developing new markets for a company's products. New markets include demographic groups and geographic regions, among others. Companies can also consider product development, offering modified or new products to current markets. Diversifying companies might consider acquiring or starting new businesses unrelated to their core competencies. However, diversifying too broadly can be detrimental in the long run.
- 144) For decades, marketers have traditionally created value to satisfy customer needs and wants. Today, the manufacturer or retailer needs to look beyond its own value chain and into the value chains of suppliers and distributors to create value throughout the entire supply chain. More companies are partnering with other members of the supply chain to improve the performance of the customer value-delivery network. In fact, today competition takes place between entire value delivery networks instead of between individual competitors.
- 145) The marketing logic by which a company hopes to achieve profitable relationships is called its marketing strategy. Marketing strategy formulation entails four specific steps: market segmentation, market targeting, differentiation, and positioning. The process of dividing a market into distinct groups of buyers with different needs, characteristics, or behaviors is called market segmentation. Market targeting involves evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can profitably generate the greatest customer value and sustain that value over time. Effective positioning begins with actually differentiating the company's marketing offer so that it gives consumers greater value. Positioning is defined as creating a distinct image of a product in the eyes of target consumers. A product's positioning should take advantage of a competitive advantage within the market target.

Answer Key

Testname: UNTITLED2

- 146) In this day and age of customer relationship marketing, the four Ps can be described as the four Cs from the customer's point of view. In lieu of product, there is customer solution; that is, customers buy solutions to their problems or look for value in products. Customers are more interested in the total costs of obtaining, using, and disposing of a product. That is, customer cost replaces price in customer relationships. The place element of the marketing mix focuses on convenience. Convenience in availability is the central focus of customers. Finally, customers and marketers want two-way communication. Marketers should use the four Cs as a base for the four Ps of their marketing mix.
- 147) Marketing planning involves deciding on marketing strategies that will help the company achieve its overall strategic objectives. A detailed marketing plan is needed at the business, product, or brand level. An executive summary is the first step in the plan. It contains a brief summary of the main goals and recommendations of the plan for management review. The main section of the plan presents a detailed SWOT analysis of the current marketing situation, along with potential threats and opportunities. The plan then states major objectives for the brand and outlines the specifics of a marketing strategy for achieving them. In addition, action programs for implementing the marketing strategy along with the details of a supporting marketing budget are presented. The final section outlines the controls used to monitor progress and to take corrective action.
- 148) Some common forms of marketing department organization include functional, geographic, product management and market management. Under a functional department organization, a functional specialist, such as a sales manager, advertising manager, or market research manager, is responsible for all marketing activities. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. Product management organization first appeared at P&G in 1929. Under this approach, a product manager develops and implements a complete strategy and marketing program for a specific product or brand. Under a market or customer management organization, the company is organized around the needs of specific customer segments. In firms that use this organization, one product line is sold to many different types of markets and customers that have different needs and preferences. Finally, large companies that produce many products sold in many geographic areas typically use some combination of these organizational forms.
- 149) Marketing ROI (return on investment) is the net return from a marketing investment divided by the costs of the marketing investment. In other words, ROI is a measure of the profits generated by investments in a marketing activity. Marketing ROI can be difficult to assess because the benefits of marketing are not always easily translated in dollar amounts, but it can be assessed in terms of brand awareness, sales, or market share. Some companies are now using marketing dashboards, which are single displays showing several sets of marketing performance measures. Beyond standard performance measures, many marketers are also using customer-centered measures such as customer acquisition, retention, and lifetime value.