

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

- 1) Bahrain Polytechnic has, from the outset, differentiated itself from the competition by creating and developing \_\_\_\_\_ over its competitors in Bahrain. 1) \_\_\_\_\_
  - A) new product categories, sports, and regions of the world
  - B) big-name endorsers
  - C) a recognizable brand image
  - D) its own competitive advantages
  - E) creative advertising
  
- 2) To gain \_\_\_\_\_ requires delivering more value and satisfaction to target consumers than competitors do. 2) \_\_\_\_\_
  - A) competitor analysis
  - B) benchmarking
  - C) competitive advantage
  - D) a market-center
  - E) a target advantage
  
- 3) The first step in initiating competitive marketing strategies is to conduct \_\_\_\_\_. 3) \_\_\_\_\_
  - A) a competitive advantage analysis
  - B) absolute advantage processing
  - C) competitor analysis
  - D) management modifications
  - E) a private screening
  
- 4) Part two of a competitor analysis is assessing all of the following EXCEPT a company's \_\_\_\_\_. 4) \_\_\_\_\_
  - A) strategies
  - B) employees
  - C) objectives
  - D) strengths and weaknesses
  - E) reaction patterns
  
- 5) Strategies that strongly position the company against competitors and that give the company the strongest possible strategic advantage are \_\_\_\_\_. 5) \_\_\_\_\_
  - A) universal strategy analyses
  - B) customer relationship strategies
  - C) competitive marketing strategies
  - D) competitor analyses
  - E) competitive relationship strategies
  
- 6) \_\_\_\_\_ involves first identifying and assessing competitors and then selecting which competitors to attack or avoid. 6) \_\_\_\_\_
  - A) Competitor analysis
  - B) Customer-centered analysis
  - C) Benchmarking
  - D) Market leading
  - 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) continuous innovation
  - B) customer value analysis
  - C) product leadership
  - D) benchmarking
  - E) competitor analysis
- 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) market
  - B) industry
  - C) customer's
  - D) database
  - E) market nicher's
- 9) Companies can identify \_\_\_\_\_ from both the industry and market point of view. 9) \_\_\_\_\_
- A) locations
  - B) products
  - C) employees
  - D) customers
  - E) competitors
- 10) A company is guilty of \_\_\_\_\_ if the company forgets latent competitors and only focuses on current competitors. 10) \_\_\_\_\_
- A) competitor phobia
  - B) misdirected segmentation
  - C) competitor synergy
  - D) competitor myopia
  - E) marketing myopia
- 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) a blue ocean strategy
  - B) marketing myopia
  - C) benchmarking
  - D) competitor myopia
  - E) competitor phobia
- 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) expanded
  - B) industry
  - C) market
  - D) niche
  - E) segment

- 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; market
  - B) industry; competitive
  - C) market; consumer's
  - D) company's; consumer's
  - E) market; industry
- 14) All of the following are fundamental questions that a marketing management team considers when assessing competitors EXCEPT which one? 14) \_\_\_\_\_
- A) What are competitors' objectives — what does each seek in the marketplace?
  - B) What are various competitors' strengths?
  - C) What are various competitors' locations?
  - D) What are various competitors' weaknesses?
  - 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) cash flow
  - B) company history
  - C) technological and service leadership
  - D) market share growth
  - E) current profitability
- 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) low-cost; cost reducing
  - B) high-cost; cost reducing
  - C) low-cost; cost structure
  - D) high-cost; cost inflation
  - E) mid-cost; cost inflation
- 17) The more that one firm's strategy resembles another firm's strategy, the more the two firms \_\_\_\_\_. 17) \_\_\_\_\_
- A) succeed
  - B) compete
  - C) grow
  - D) fail
  - E) join
- 18) 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. 18) \_\_\_\_\_
- A) competing
  - B) strategic
  - C) leading
  - D) target
  - E) geographic

- 19) Companies use secondary data, personal experience, benchmarking, and word of mouth to \_\_\_\_\_ 19) \_\_\_\_\_
- A) identify competitors' target customers
  - B) estimate competitors' reactions
  - C) select competitors to attack or avoid
  - D) learn about their competitors' strengths and weaknesses
  - E) identify competitors' target locations
- 20) \_\_\_\_\_ 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. 20) \_\_\_\_\_
- A) Advertising synergy
  - B) Sales promotion
  - C) Competitive advantage
  - D) Publicity
  - E) Benchmarking
- 21) Benchmarking has become a powerful tool for increasing a company's \_\_\_\_\_, 21) \_\_\_\_\_
- A) employee training services
  - B) mass appeal
  - C) competitiveness
  - D) brand image
  - E) distribution channels
- 22) Knowing how major competitors react gives the company clues on how best to \_\_\_\_\_ competitors or how best to \_\_\_\_\_ the company's current positions. 22) \_\_\_\_\_
- A) decrease; defend
  - B) attack; increase
  - C) value; change
  - D) remove; decrease
  - E) attack; defend
- 23) Most companies prefer to aim competition against \_\_\_\_\_. 23) \_\_\_\_\_
- A) distant competitors
  - B) new competitors
  - C) the market leader
  - D) weak competitors
  - E) their biggest competitor
- 24) A firm should compete with \_\_\_\_\_ competitors in order to sharpen its abilities. Succeeding against these competitors often provides greater returns. 24) \_\_\_\_\_
- A) weak                      B) distant                      C) smaller                      D) mediocre                      E) strong
- 25) Analysis conducted to determine what benefits target customers value and how they rate the relative value of various competitors' offers is known as \_\_\_\_\_. 25) \_\_\_\_\_
- A) benchmarking
  - B) competitive customer analysis
  - C) power analysis
  - D) customer value analysis
  - E) advertising specialty analysis

- 26) PepsiCo conducts a survey on all Coca-Cola drinkers to assess the company's strengths and weaknesses upon their target customers. PepsiCo is using a/an \_\_\_\_\_. 26) \_\_\_\_\_
- A) innovative market analysis
  - B) competitive marketing strategy
  - C) global marketing strategy
  - D) blue ocean strategy
  - E) customer value analysis
- 27) A company wants to find the \_\_\_\_\_, the place where it meets customers' needs in a way that rivals can't. 27) \_\_\_\_\_
- A) "strategic sweet spot"
  - B) "blue ocean strategy"
  - C) "value innovation"
  - D) "common platform"
  - E) "red ocean strategy"
- 28) 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 \_\_\_\_\_. 28) \_\_\_\_\_
- A) earn higher profits; lose profits
  - B) earn lower profits; gain higher profits
  - C) lose profits; gain higher profits
  - D) lose profits; gain more market share
  - E) earn higher profits; gain more market share
- 29) Most companies will compete with \_\_\_\_\_ rather than \_\_\_\_\_. 29) \_\_\_\_\_
- A) close competitors; distant competitors
  - B) market challengers; market followers
  - C) distant competitors; close competitors
  - D) benchmarkers; distant competitors
  - E) market challengers; market nichers
- 30) The following are all examples of close competitors EXCEPT \_\_\_\_\_. 30) \_\_\_\_\_
- A) Carrefour and Spinneys
  - B) Timberland and Ralph Loren Polo
  - C) Nike and Timberland
  - D) Pepsi and Coca-Cola
  - E) Nike and Adidas
- 31) A company's close competitors are \_\_\_\_\_. 31) \_\_\_\_\_
- A) those that least resemble the company's operation
  - B) not a threat
  - C) the sole focus of all successful companies
  - D) those that most resemble the company's operations
  - E) considered "bad" competitors

- 32) All of the following statements are benefits from the existence of competitors EXCEPT which one? 32) \_\_\_\_\_
- A) Competitors divide the target market.
  - B) Competitors may share the costs of market and product development.
  - C) Competitors serve less-attractive segments or lead to more product differentiation.
  - D) Competitors help legitimize new technologies.
  - E) Competitors may help increase total demand.
- 33) An industry often contains "good" and "bad" competitors. Good competitors \_\_\_\_\_. 33) \_\_\_\_\_
- A) share their marketing strategies
  - B) dominate the market
  - C) play by the rules
  - D) break all of the rules
  - E) are nice people
- 34) Most competitors in the music download industry see Apple's iTunes Music Store as a \_\_\_\_\_ 34) \_\_\_\_\_ because they created a closed system with mass appeal.
- A) bad competitor
  - B) marginal competitor
  - C) market-centered competitor
  - D) good competitor
  - E) maverick competitor
- 35) The implication suggested by strategic actions of "good competitor companies" is that they would like to shape an industry that consists of \_\_\_\_\_. 35) \_\_\_\_\_
- A) "good" and "bad" competitors
  - B) groups that support a democratic model of behavior
  - C) only well-behaved competitors
  - D) monopolists
  - E) all would-be competitors
- 36) Rather than competing head to head with established competitors, many companies seek out unoccupied positions in uncontested market spaces. They try to create products and services for which there are no direct competitors. This is called a \_\_\_\_\_. 36) \_\_\_\_\_
- A) "strategic sweet spot"
  - B) "red ocean strategy"
  - C) "common platform"
  - D) "strategic platform"
  - E) "blue ocean strategy"
- 37) Tomorrow's leading companies will succeed by creating "blue oceans" of uncontested market 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. 37) \_\_\_\_\_
- A) "service nichers"
  - B) "strategic platform"
  - C) "common platforms"
  - D) "strategic sweet spots"
  - E) "value innovation"

- 38) An example of a company exhibiting blue-ocean thinking is \_\_\_\_\_. 38) \_\_\_\_\_
- A) Cirque du Soleil's reinvention of the circus as a higher form of modern entertainment
  - B) a Starbucks opening in the same vicinity of an independent coffee house
  - C) Amazon's digital music download services
  - D) Nike's brand image of the "swoosh"
  - E) Whirlpool's full line of medium-price appliances supported by good service
- 39) There are specific kinds of information that companies need about their competitors. The \_\_\_\_\_ system first identifies the vital types of competitive information and the best sources of this information. 39) \_\_\_\_\_
- A) marketing research
  - B) competitive intelligence
  - C) marketing information
  - D) collaborative
  - E) global network
- 40) Which statement is NOT a factor of the competitive intelligence system? 40) \_\_\_\_\_
- A) The system creates a new brand image and marketing concept.
  - B) The system identifies the vital types of competitive information needed and the best sources of this information.
  - C) The system checks information for validity and reliability, interprets it, and organizes it in an appropriate way.
  - D) The system sends key information to relevant decision makers and responds to inquiries from managers about competitors.
  - E) The system collects information from the field and from published data.
- 41) 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. 41) \_\_\_\_\_
- A) strategy
  - B) market leader
  - C) technical
  - D) market follower
  - E) in-house
- 42) Having identified and evaluated its major competitors, a company must now design broad competitive marketing strategies by which it can gain competitive advantage through superior \_\_\_\_\_. 42) \_\_\_\_\_
- A) customer service
  - B) target locations
  - C) employee value
  - D) customer value
  - E) employee service
- 43) 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. 43) \_\_\_\_\_
- A) red ocean
  - B) formal
  - C) blue ocean
  - D) technical
  - E) informal

- 44) Approaches to marketing strategy and practice often pass through which three following stages? 44) \_\_\_\_\_  
 A) entrepreneurial marketing, formulated marketing, and strategic marketing  
 B) formulated marketing, intreprenurial marketing, and innovative marketing  
 C) innovative marketing, strategic marketing, and formulated marketing  
 D) entrepreneurial marketing, formulated marketing, and intreprenurial marketing  
 E) entrepreneurial marketing, intreprenurial marketing, and innovative marketing
- 45) 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? 45) \_\_\_\_\_  
 A) exponential marketing  
 B) innovative marketing  
 C) intreprenurial marketing  
 D) entrepreneurial marketing  
 E) formulated marketing
- 46) 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. 46) \_\_\_\_\_  
 A) targeted  
 B) entrepreneurial  
 C) intreprenurial  
 D) diversified  
 E) formulated
- 47) 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 is known as \_\_\_\_\_. 47) \_\_\_\_\_  
 A) marketing myopia  
 B) formulated marketing  
 C) network marketing  
 D) intreprenurial marketing  
 E) entrepreneurial marketing
- 48) There will be a constant tension between the formulated side of marketing and the \_\_\_\_\_. 48) \_\_\_\_\_  
 A) competitor side  
 B) customer side  
 C) creative side  
 D) overall cost leadership  
 E) product value
- 49) 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? 49) \_\_\_\_\_  
 A) middle-of-the-roader, focus, and overall cost leadership  
 B) overall cost leadership, differentiation, and focus  
 C) focus, differentiation, and middle-of-the-roader  
 D) overall cost leadership, differentiation, and middle-of-the-roader  
 E) differentiation, operational excellence, and focus

- 50) Air Arabia, Dell, and Lulu hypermarket are leading practitioners of \_\_\_\_\_ strategy 50) \_\_\_\_\_
- A) operational
  - B) differentiation
  - C) focus
  - D) customer intimacy
  - E) overall cost leadership
- 51) Companies that pursue a clear strategy will likely perform well. Firms that do not pursue a clear strategy are called \_\_\_\_\_. 51) \_\_\_\_\_
- A) analyzers
  - B) overall cost leaders
  - C) challenger risk-takers
  - D) nichers
  - E) middle-of-the-roaders
- 52) The retailer Choithram and Sons and the airline Gulf Air 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 \_\_\_\_\_. 52) \_\_\_\_\_
- A) nichers
  - B) middle-of the roaders
  - C) differentiated
  - D) challenger risk-takers
  - E) formulated
- 53) Companies can pursue any of the following three strategies, called value disciplines, for delivering superior customer value: 53) \_\_\_\_\_
- A) employee relations, product leadership, and overall cost leadership
  - B) operational excellence, customer intimacy, and product leadership
  - C) operational excellence, overall cost leadership, and differentiation
  - D) product leadership, customer intimacy, and focus
  - E) customer intimacy, operational excellence, and focus
- 54) When a company provides superior value by leading its industry in price and convenience, it has obtained what is called \_\_\_\_\_. 54) \_\_\_\_\_
- A) product leadership
  - B) cost leadership
  - C) employee excellence
  - D) employee intimacy
  - E) operational excellence
- 55) Carrefour and Air Arabia 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 \_\_\_\_\_. 55) \_\_\_\_\_
- A) customer intimacy
  - B) marketing insight
  - C) operational excellence
  - D) product leadership
  - E) middle-of-the-road

- 56) When customers are willing to pay a premium to get precisely what they want and a company responds quickly to satisfy those needs, the company has achieved what is called \_\_\_\_\_. 56) \_\_\_\_\_  
 A) operational excellence  
 B) customer intimacy  
 C) marketing intelligence  
 D) promotional intimacy  
 E) employee intimacy
- 57) Emirates Airline, Lexus, 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 strategy? 57) \_\_\_\_\_  
 A) differentiation  
 B) customer intimacy  
 C) operational excellence  
 D) employee intimacy  
 E) product leadership
- 58) 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 \_\_\_\_\_. 58) \_\_\_\_\_  
 A) captive-product innovation  
 B) promotional innovation  
 C) product leadership  
 D) market leadership  
 E) new product innovation
- 59) 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? 59) \_\_\_\_\_  
 A) promotional innovation  
 B) differentiation  
 C) product leadership  
 D) operational excellence  
 E) customer intimacy
- 60) A market \_\_\_\_\_ is NOT an example of the competitive positions or roles that firms play in the target market. 60) \_\_\_\_\_  
 A) follower      B) provider      C) leader      D) nicher      E) challenger
- 61) Most of the market is in the hands of the market \_\_\_\_\_, the firm with the largest market share. 61) \_\_\_\_\_  
 A) challenger      B) follower      C) analyzer      D) nicher      E) leader
- 62) 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 \_\_\_\_\_. 62) \_\_\_\_\_  
 A) strategist      B) leader      C) challenger      D) follower      E) nicher

- 63) Suppose that forty percent of the market is in the hands of Company A. Another 30 percent is in the hands of Company B, 20 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 likely to be the market \_\_\_\_\_. 63) \_\_\_\_\_  
 A) follower      B) leader      C) strategist      D) challenger      E) nicher
- 64) Firms that serve small segments not being pursued by other firms are called \_\_\_\_\_. 64) \_\_\_\_\_  
 A) market followers  
 B) direct marketers  
 C) market leaders  
 D) market challengers  
 E) market nichers
- 65) Market \_\_\_\_\_ are those runner-up firms that are working to increase their market share in an industry. 65) \_\_\_\_\_  
 A) analyzers  
 B) nichers  
 C) leaders  
 D) challengers  
 E) followers
- 66) A runner-up firm that wants to hold its share in an industry without rocking the boat is a \_\_\_\_\_. 66) \_\_\_\_\_  
 A) market leader  
 B) direct marketer  
 C) market follower  
 D) market challenger  
 E) market nicher
- 67) When it comes to creating \_\_\_\_\_, Ritz-Carlton sets the gold standard: "it's all about providing a unique, personal, memorable experience." 67) \_\_\_\_\_  
 A) differentiation  
 B) focus  
 C) overall cost leadership  
 D) product leadership  
 E) customer intimacy
- 68) Expanding the total market, protecting market share, and expanding market share are all strategies for market \_\_\_\_\_. 68) \_\_\_\_\_  
 A) followers  
 B) leaders  
 C) nichers  
 D) providers  
 E) challengers
- 69) Which of the following are market challenger strategies? 69) \_\_\_\_\_  
 A) all of the above  
 B) expand market share and follow closely  
 C) expand total market and protect market share  
 D) full frontal attack and indirect attack  
 E) follow closely and follow at a distance

- 70) The \_\_\_\_\_ usually leads the other firms in price changes, new product introductions, distribution coverage, and promotion spending. 70) \_\_\_\_\_
- A) target leader
  - B) market nicher
  - C) market challenger
  - D) market leader
  - E) direct leader
- 71) 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 \_\_\_\_\_. 71) \_\_\_\_\_
- A) evaluate current employees
  - B) try to expand their market share further, even if market size remains constant
  - C) run smaller companies out of business, causing them to sell out to larger companies
  - D) shut down current company locations and reopen in highly populated areas
  - E) hire and train new employees
- 72) The leading firm normally gains the most when the \_\_\_\_\_. 72) \_\_\_\_\_
- A) rest of the market follows far behind
  - B) personal communication channels expand
  - C) major competitors enter the market
  - D) total market expands
  - E) integrated marketing effort expands
- 73) Marketers can expand markets by discovering and promoting \_\_\_\_\_. 73) \_\_\_\_\_
- A) new employees
  - B) subtle advantages of the product
  - C) subliminal points of interest
  - D) new uses of the product
  - E) the deficiencies of competitors
- 74) Market leaders can expand the market by \_\_\_\_\_, new uses, and more usage of the product. 74) \_\_\_\_\_
- A) initiating new rules
  - B) developing higher standards
  - C) initiating monopolistic practices
  - D) developing new users
  - E) developing competitors
- 75) Vaseline from Unilever is a skincare product originally launched to moisturize skin. However, since its launch Unilever has come up with many uses of the product, one of which is called Vaseline Lip Therapy. This is an example of how the market leader \_\_\_\_\_. 75) \_\_\_\_\_
- A) develops new users
  - B) challenges competition
  - C) develops new rules
  - D) changes its products
  - E) develops new competitors

- 76) The best response to competitive threats is \_\_\_\_\_. 76) \_\_\_\_\_  
 A) an indirect attack  
 B) continuous innovation  
 C) a frontal attack  
 D) to ignore them  
 E) to find partners
- 77) Profitability increases as a business gains share relative to competitors in its \_\_\_\_\_ market. 77) \_\_\_\_\_  
 A) valued  
 B) direct  
 C) served  
 D) higher  
 E) communication
- 78) Higher shares tend to produce higher profits only when \_\_\_\_\_ fall with increased market share. 78) \_\_\_\_\_  
 A) unit costs  
 B) higher markets  
 C) product values  
 D) sales  
 E) numbers of customers
- 79) \_\_\_\_\_ can adopt one of two competitive strategies: they can challenge the leader or they can play along with competitors and not rock the boat. 79) \_\_\_\_\_  
 A) Market followers  
 B) Runner-up firms  
 C) Market nichers  
 D) Localized marketers  
 E) Market developers
- 80) 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. 80) \_\_\_\_\_  
 A) "blue ocean strategy"  
 B) "competitor myopia"  
 C) "red ocean strategy"  
 D) "second mover advantage"  
 E) "strategic sweet spot"
- 81) The market challenger may launch a full \_\_\_\_\_ attack, matching the competitor's product, advertising, price, and distribution efforts. It attacks the competitor's strengths rather than its weaknesses. 81) \_\_\_\_\_  
 A) frontal                      B) strength                      C) direct                      D) multiple                      E) indirect
- 82) Rather than challenging head-on, the challenger can make \_\_\_\_\_ attack on the competitor's weaknesses or on gaps in the competitor's market coverage. 82) \_\_\_\_\_  
 A) an indirect  
 B) a cautious  
 C) a frontal  
 D) an individual  
 E) a direct

- 83) Red Bull entered the U.S. 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 a(n) \_\_\_\_\_ attack against the market leaders. 83) \_\_\_\_\_
- A) cautious
  - B) frontal
  - C) individual
  - D) direct
  - E) indirect
- 84) Many firms prefer to \_\_\_\_\_ rather than \_\_\_\_\_ the leader. 84) \_\_\_\_\_
- A) challenge; support
  - B) follow; support
  - C) support; challenge
  - D) follow; challenge
  - E) challenge; follow
- 85) The market follower must keep its manufacturing costs and prices \_\_\_\_\_ or its product quality and services \_\_\_\_\_. 85) \_\_\_\_\_
- A) high; low
  - B) low; fair
  - C) fair; low
  - D) low; high
  - E) stable; low
- 86) Almost every industry includes firms that specialize in serving target subsegments called \_\_\_\_\_. 86) \_\_\_\_\_
- A) hotbox markets
  - B) local markets
  - C) benchmarkers
  - D) market niches
  - E) customer databases
- 87) \_\_\_\_\_ 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. 87) \_\_\_\_\_
- A) Differentiated marketing
  - B) Dynamic marketing
  - C) Benchmarking
  - D) Market niching
  - E) Vertical marketing
- 88) Whereas the mass marketer achieves \_\_\_\_\_, the nicher achieves \_\_\_\_\_. 88) \_\_\_\_\_
- A) high volume; low margins
  - B) high volume; high margins
  - C) low margins; low volume
  - D) low volume; high margins
  - E) high margins; high volume

- 89) 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. 89) \_\_\_\_\_
- A) benchmarking
  - B) employment tactics
  - C) niching
  - D) brand imaging
  - E) vertical marketing
- 90) The key to successful niching is \_\_\_\_\_. 90) \_\_\_\_\_
- A) follow-up
  - B) having only a few specific customers
  - C) specialization
  - D) mass appeal of one idea
  - E) buzz marketing
- 91) A market nicher can specialize along all of the following market, customer, product, or marketing mix lines EXCEPT which one? 91) \_\_\_\_\_
- A) geographic market
  - B) end users
  - C) employees
  - D) quality price
  - E) customer-size groups
- 92) The market niche may dry up, or it might grow to the point that it attracts larger competitors. That is why many companies practice \_\_\_\_\_ niching. 92) \_\_\_\_\_
- A) specific
  - B) multiple
  - C) market
  - D) single
  - E) service
- 93) A company can become so \_\_\_\_\_ centered that it loses its even more important focus on maintaining profitable \_\_\_\_\_ relationships. 93) \_\_\_\_\_
- A) market; competitor
  - B) competitor; customer
  - C) competitor; product
  - D) customer; competitor
  - E) market; customer
- 94) 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. 94) \_\_\_\_\_
- A) image-centered company
  - B) market-centered company
  - C) dual marketing strategy
  - D) competitor-centered company
  - E) customer-centered company
- 95) A positive aspect of a \_\_\_\_\_ company is that it develops a fighter orientation, watches for weaknesses in its own position, and searches out competitors' weaknesses. 95) \_\_\_\_\_
- A) competitor-centered
  - B) market-centered
  - C) customer-centered
  - D) branding-centered
  - E) image-centered

- 96) A company that focuses on customer developments in designing its marketing strategies and on delivering superior value to its target customers is a \_\_\_\_\_ company. 96) \_\_\_\_\_
- A) geographic-centered
  - B) branding-centered
  - C) market-centered
  - D) customer-centered
  - E) target-centered
- 97) When companies watch both their customers and their competitors, they are called \_\_\_\_\_ companies. 97) \_\_\_\_\_
- A) customer-centered
  - B) analytically-centered
  - C) market-centered
  - D) competitor-centered
  - E) promotion-centered
- 98) All of the following choices are evolving company orientations EXCEPT \_\_\_\_\_? 98) \_\_\_\_\_
- A) product orientation
  - B) competitor-orientation
  - C) central-orientation
  - D) customer-orientation
  - E) market-orientation

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

- 99) To plan effective marketing strategies, the company needs to find out all it can about its employees. 99) \_\_\_\_\_
- 100) A competitive analysis involves first identifying and assessing competitors and then selecting which competitors to attack or avoid. 100) \_\_\_\_\_
- 101) 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. 101) \_\_\_\_\_
- 102) An example of competitor myopia was when Fujifilm sales unsuspectingly surpassed those of Kodak. 102) \_\_\_\_\_
- 103) An integrated group is a group of firms in an industry following the same or a similar strategy in a given target market. 103) \_\_\_\_\_
- 104) 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. 104) \_\_\_\_\_
- 105) 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. 105) \_\_\_\_\_
- 106) Many firms avoid direct competition with Procter & Gamble and look for easier prey, knowing that Procter & Gamble will react fiercely if challenged. 106) \_\_\_\_\_

- 107) Most companies prefer to compete against strong competitors. 107) \_\_\_\_\_
- 108) Most companies tend to compete with distant competitors, who are those competitors most unlike them, rather than with close competitors. 108) \_\_\_\_\_
- 109) A company may want to avoid trying to "destroy" a close competitor. 109) \_\_\_\_\_
- 110) A company really needs and benefits from competitors. 110) \_\_\_\_\_
- 111) One reason companies really need competitors is because competitors may help increase total demand. 111) \_\_\_\_\_
- 112) 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. 112) \_\_\_\_\_
- 113) The goal of a "red ocean strategy" is to make competition irrelevant. 113) \_\_\_\_\_
- 114) The competitive intelligence system of a company supplies key information to relevant decision makers about the company's competitors. 114) \_\_\_\_\_
- 115) Small firms that can't afford a competitive intelligence system often resort to using "in-house" experts to study competitors. 115) \_\_\_\_\_
- 116) All companies choose one marketing strategy for their different businesses or products.. 116) \_\_\_\_\_
- 117) Approaches to marketing strategy and practice often pass through three stages: entrepreneurial marketing, formulated marketing, and strategic marketing. 117) \_\_\_\_\_
- 118) 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. 118) \_\_\_\_\_
- 119) Aramex is rare because it excels at more than one value discipline. 119) \_\_\_\_\_
- 120) By trying to be good at all of the value disciplines, a company usually ends up being best at none. 120) \_\_\_\_\_
- 121) Market leaders can grow by increasing their market shares further. 121) \_\_\_\_\_
- 122) A company can become so competitor centered that it loses its even more important focus on maintaining profitable customer relationships. 122) \_\_\_\_\_

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

- 123) Discuss the steps in analyzing competitors. 123) \_\_\_\_\_
- 124) Discuss the different levels at which competitors can be identified. 124) \_\_\_\_\_
- 125) Explain how Kodak had "competitor myopia." 125) \_\_\_\_\_

- 126) Give examples of competitor objectives and discuss the importance of knowing a competitor's mix of objectives. 126) \_\_\_\_\_
- 127) Describe what a strategic group is, name a few companies that belong to the same strategic group, and explain why they are in the same group. 127) \_\_\_\_\_
- 128) How can companies learn about their competitors' strengths and weaknesses? 128) \_\_\_\_\_
- 129) What is a "strategic sweet spot," and why do companies want to find these? 129) \_\_\_\_\_
- 130) Use a scenario to discuss why a company may want to avoid destroying a close competitor? 130) \_\_\_\_\_
- 131) Discuss why a company really needs and benefits from competitors. 131) \_\_\_\_\_
- 132) 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. 132) \_\_\_\_\_
- 133) Name the three value disciplines. Why do firms establish them? 133) \_\_\_\_\_
- 134) Explain how a market follower can gain advantage from a market leader. 134) \_\_\_\_\_
- 135) Why is niching profitable? 135) \_\_\_\_\_
- 136) What is the primary focus of a competitor-centered company? 136) \_\_\_\_\_
- 137) What is the primary focus of a customer-centered company? 137) \_\_\_\_\_
- 138) What is a market leader? 138) \_\_\_\_\_
- 139) What is a market challenger? 139) \_\_\_\_\_
- 140) What is a market follower? 140) \_\_\_\_\_
- 141) What is a market nicher? 141) \_\_\_\_\_

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

- 142) Discuss the need to understand competitors as well as customers through competitor analysis.
- 143) Although competition is most intense within a strategic group, explain why there is also rivalry among groups. Give examples.

- 144) Marketing managers need a deep understanding of a given competitor's mentality if they want to anticipate how it will act or react. Discuss the different ways competitors act or react, and why they do so. You may use examples to support your thoughts.
- 145) 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?
- 146) Discuss the functions and goals of a competitive intelligence system.
- 147) Discuss formal and informal marketing strategies, and give examples of companies that use both.
- 148) Discuss customer intimacy. Why is it important? Provide an example of a company that successfully abides by this value discipline.
- 149) Explain the four competitive positions that are often used to describe market structures.
- 150) Discuss the two ways a market challenger can best attack its 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.
- 151) Discuss the four evolving company orientations. Which orientation is considered most successful and why?
- 152) What are some broad competitive marketing strategies that companies can use? Explain each.

## Answer Key

Testname: UNTITLED11

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

## Answer Key

Testname: UNTITLED11

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

## Answer Key

Testname: UNTITLED11

- 101) TRUE
- 102) FALSE
- 103) FALSE
- 104) TRUE
- 105) FALSE
- 106) TRUE
- 107) FALSE
- 108) FALSE
- 109) TRUE
- 110) TRUE
- 111) TRUE
- 112) FALSE
- 113) FALSE
- 114) TRUE
- 115) TRUE
- 116) FALSE
- 117) FALSE
- 118) TRUE
- 119) TRUE
- 120) TRUE
- 121) TRUE
- 122) TRUE
- 123) 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.
- 124) 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.
- 125) 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.
- 126) 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.
- 127) 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.
- 128) 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.
- 129) 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.
- 130) 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.

## Answer Key

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- 131) 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.
- 132) 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.
- 133) 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.
- 134) 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.
- 135) 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.
- 136) A competitor-centered company spends most of its time tracking competitors' moves and market shares and tries to find strategies to counter them.
- 137) A customer-centered company focuses more on customer developments in designing its strategies. By watching customer needs evolve, a customer-centered company can decide what customer groups and what emerging needs are the most important to serve.
- 138) A market leader is the firm in an industry that has the largest market share.
- 139) A market challenger is a runner-up firm that is fighting hard to increase its market share in an industry.
- 140) A market follower is a runner-up firm that wants to hold its share in an industry without changing things.
- 141) A market nicher is a firm that serves small segments that the other firms in an industry overlook or ignore.
- 142) 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 marketing strategies that position it effectively against competitors and give it the strongest possible advantage. By doing competitor analysis, a company first identifies its major competitors, using both an industry-based and a market-based analysis, and then gathers information on their objectives, strategies, strengths and weaknesses, and reaction patterns. With this information in hand, it can select which ones to attack or avoid. Competitive intelligence must be collected, interpreted, and distributed continuously. Marketing managers should be able to obtain full and reliable information about any competitor affecting their decisions.
- 143) 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 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.
- 144) 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.

## Answer Key

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- 145) 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.
- 146) 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 (such as sales force, channels, suppliers, market research firms, trade associations, and websites) and from published data (such as government publications, speeches, and 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.

- 147) 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.
- 148) 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.
- 149) 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.

## Answer Key

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- 150) 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 carve 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.
- 151) 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.
- 152) • *Overall cost leadership*: Here the company works hard to achieve the lowest production and distribution costs. Low costs allow it to price lower than its competitors and win a large market share. Air Arabia, Dell, and Lulu hypermarket are leading practitioners of this strategy.
- *Differentiation*: Here the company concentrates on creating a highly differentiated product line and marketing program so that it comes across as the class leader in the industry. Most customers would prefer to own this brand if its price is not too high. IBM (in information technology and services) and Caterpillar (in heavy construction equipment) follow this strategy.
  - *Focus*: Here the company focuses its effort on serving a few market segments well rather than going after the whole market. For example, the hotel chain the Ritz-Carlton focuses on the top 5 percent of corporate and leisure travelers, and Thuraya, a satellite mobile provider, offers its niche services to people with extreme working conditions.