

Test Bank for Marketing 3rd Edition Grewal Levy 0078028833 9780078028830

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

1) **Customer excellence focuses on:**

- A) maintaining efficient operations and an excellent supply chain.
- B) having a good physical location and Internet presence.
- C) having products with high perceived value.
- D) retaining loyal buyers and providing excellent service.
- E) carrying out effective branding and positioning.

Answer: D

2) Emily regularly chooses Argo Airlines for her travels. The company values her preference and rewards her with loyalty points. It would entitle Emily for reduced ticket rates for certain flights. Through this offer, the company succeeds in retaining a regular user. In this scenario, which of the following is used by Argo Airlines to achieve sustainable competitive advantage?

- A) Locational excellence
- B) Product excellence
- C) Customer excellence
- D) Operational excellence
- E) Diversification excellence

Answer: C

3) **Operational excellence is achieved by:**

- A) having products with high perceived value.
- B) focusing on retaining loyal customers.
- C) maintaining excellent customer service.
- D) having a good physical location and Internet presence.
- E) ensuring an excellent supply chain management.

Answer: E

4) Tectron Computers Inc., a manufacturer of desktop computers and peripherals, focuses on efficient coordination in every stage of production and delivery and ensures that customers' demands are met within the target time. This precision makes Tectron a favourite choice among customers. Given this information, which of the following does the company use to achieve sustainable competitive advantage?

- A) Diversification excellence
- B) Product excellence
- C) Operational excellence
- D) Customer excellence
- E) Locational excellence

Answer: C

- 5) Davison Associates Inc. manufactures office furniture. The management of the company believes that developing a strong brand name is the primary strategy to compete in the market. Hence, it invests a significant share of its resources to position its brands through promotions and service. Which of the following does the company use to achieve sustainable competitive advantage?
- A) Diversification excellence
 - B) Customer excellence
 - C) Operational excellence
 - D) Locational excellence
 - E) Product excellence

Answer: E

- 6) Which of the following strategies involves focusing on having an Internet presence?
- A) Product excellence
 - B) Customer excellence
 - C) Diversification excellence
 - D) Locational excellence
 - E) Operational excellence

Answer: D

- 7) Foodstar Corp., a chain of restaurants, has outlets in the major residential areas of a town. It ensures that its outlets are well placed and easily accessible. It also maintains a strong Internet presence by updating the details of each day's menu on its website. Given this information, which of the following strategies is used by Foodstar to achieve sustainable competitive advantage?
- A) Customer excellence
 - B) Locational excellence
 - C) Operational excellence
 - D) Diversification excellence
 - E) Product excellence

Answer: B

- 8) The top managers of a firm prepare a marketing plan. They define the mission and objectives of the business and evaluate the present situation of the firm. Which of the following phases of the marketing plan includes these activities performed by the top managers?
- A) Planning
 - B) Control
 - C) Initiation
 - D) Design
 - E) Implementation

Answer: A

- 9) Which of the following is an activity in the planning phase of a marketing plan?
- A) Evaluating the performance of a marketing strategy
 - B) Defining the mission and objectives of a business
 - C) Taking corrective actions in a firm's marketing plan
 - D) Developing and implementing a marketing mix
 - E) Segmenting, targeting, and positioning a market

Answer: B

- 10) The board of directors of an organization meets to redefine the mission and objectives of the business. They set long-term objectives and form a new mission statement. Which of the following phases of developing a marketing plan do the actions by the board of directors constitute?
- A) Control
 - B) Design
 - C) Implementation
 - D) Planning
 - E) Initiation

Answer: D

- 11) Tech Niche Corp., a provider of IT services, has recorded a decrease in sales and profit over the past few months. The managers of the firm review the situation and conduct a SWOT analysis of the firm. This provides new insights into the ways to improve sales. In the context of developing a marketing plan, the organization is in the phase of:
- A) planning.
 - B) implementation.
 - C) control.
 - D) design.
 - E) initiation.

Answer: A

- 12) The implementation phase of a marketing plan involves:
- A) analyzing a market by using marketing metrics.
 - B) identifying a business's mission and objectives.
 - C) evaluating the performance of a marketing strategy.
 - D) identifying and evaluating different opportunities.
 - E) evaluating the present situation of a business.

Answer: D

- 13) An organization appoints a marketing manager to study the effectiveness of the marketing plan that it has implemented. The manager analyzes organizational performance using various metrics and gives a final report. In the context of developing a marketing plan, the organization is in the phase of:
- A) implementation.
 - B) planning.
 - C) initiation.
 - D) control.
 - E) design.

Answer: D

- 14) Which of the following is an activity in the control phase of a marketing plan?
- A) Identifying a business's mission and objectives
 - B) Identifying the opportunities present in a market
 - C) Evaluating the performance of a marketing strategy
 - D) Developing and implementing a marketing mix
 - E) Understanding a firm's competitive strengths and weaknesses

Answer: C

- 15) Which of the following is true of the mission statement of a company?
- A) It outlines a firm's strengths and weaknesses.
 - B) It is formulated in the planning phase of developing a marketing plan.
 - C) It fails to address what a firm needs to do or accomplish.
 - D) It specifically describes the financial performance of a company.
 - E) It overlooks the fundamental business issues of a company.

Answer: B

- 16) Which of the following is true of situation analysis?
- A) It is executed before creating the mission statement of an organization.
 - B) It is independent of political and demographic factors.
 - C) It is performed using a SWOT analysis
 - D) It overlooks the opportunities and threats to an organization.
 - E) It categorizes strengths and weaknesses as outside the control of a firm.

Answer: C

- 17) Which of the following is true of a SWOT analysis?
- A) It is typically performed by lower-level managers.
 - B) It is designed to help a firm determine its own strengths.
 - C) It is independent of social and political factors.
 - D) It is used to design a firm's mission and objectives.
 - E) It is usually conducted in the control phase of a market plan.

Answer: B

- 18) In which of the following phases of a marketing plan is a SWOT analysis performed?
- A) Implementation
 - B) Execution
 - C) Control
 - D) Initiation
 - E) Planning

Answer: E

- 19) In a SWOT analysis, which of the following is considered a company's strength?
- A) Acquiring another firm and gaining market access
 - B) Presence of wide distribution networks
 - C) Market exit of a competitor
 - D) Attractiveness of the industry
 - E) Favourable political changes

Answer: B

- 20) In the context of a SWOT analysis, which of the following is considered a company's weakness?
- A) Unfavourable political changes
 - B) Changes in consumer behaviour
 - C) Lack of financial resources
 - D) Entry of new players into the industry
 - E) Natural disasters that affect the company

Answer: C

- 21) In a SWOT analysis, which of the following is considered a threat to businesses?
- A) Lack of credibility in the market
 - B) Poor location of service outlets
 - C) Limited consumer base
 - D) New entrants into the industry or market
 - E) Lack of adequate financial resources

Answer: D

- 22) In the context of a SWOT analysis, which of the following is considered an opportunity to businesses?
- A) Favourable political changes
 - B) Presence of a strong base of loyal customers
 - C) Superior product offerings
 - D) Presence of wide distribution networks
 - E) Availability of strong financial resources

Answer: A

23) What is the next step that a business organization has to perform after completing situation analysis?

- A) Evaluating the effectiveness of the marketing plan
- B) Identifying the organization's objectives
- C) Evaluating market performance
- D) Setting marketing objectives for the organization
- E) Conducting segmentation, targeting, and positioning

Answer: E

24) Which of the following terms refers to a group of consumers who respond similarly to a firm's marketing efforts?

- A) Market penetration
- B) Product line
- C) Targeting
- D) Market segment
- E) Market positioning

Answer: D

25) Rockslide Inc., a manufacturer of sports equipment, classifies its customers into different age groups. Each of these groups is unique in terms of its preference for the company's products. Given this information, this classification is an example of:

- A) locational excellence.
- B) diversification.
- C) segmentation.
- D) downsizing.
- E) positioning.

Answer: C

26) Which of the following refers to the process of classifying a market into distinct groups of customers where each individual group has similar needs, wants, or characteristics?

- A) Diversification
- B) Locational excellence
- C) Positioning
- D) Segmentation
- E) Downsizing

Answer: D

- 27) Alchemistro Inc. is a firm that manufactures chemical detergents and associated products. The company decides to manufacture detergent products that cater to the needs of the high-income consumers. Which of the following best describes Alchemistro's decision to specifically cater to the high-income segment?
- A) Diversification
 - B) Downsizing
 - C) Operational excellence
 - D) Locational excellence
 - E) Targeting

Answer: E

- 28) The process of evaluating the attractiveness of various segments and then deciding which to pursue as a market is called:
- A) operational excellence.
 - B) targeting.
 - C) diversification.
 - D) locational excellence.
 - E) downsizing.

Answer: B

- 29) SleakTouch Inc., a manufacturer of mobile phones, conducts market research to understand the market situation. The research suggests that its customers are mostly young people between the ages of 30 and 40. The company decides to focus its resources on this market segment. Given this information, the company's decision is a part of:
- A) targeting.
 - B) diversification.
 - C) downsizing.
 - D) locational excellence.
 - E) operational excellence.

Answer: A

- 30) Market positioning is the process of:
- A) defining the marketing mix variables to give target customers a distinct and desirable understanding of what a product represents.
 - B) attempting to engage customers with one another or with a company or a brand.
 - C) evaluating the attractiveness of various segments and then deciding which to pursue as a market.
 - D) dividing the market into distinct groups of customers where each individual group has similar needs, wants, or characteristics.
 - E) attempting to change the identity of competing products in the collective minds of the target market.

Answer: A

- 31) Lego Inc., a manufacturer of computers, has developed a brand image by delivering high-quality products at affordable prices. This image results in customers choosing Lego's products over competing products. In this case, which of the following refers to Lego's strategy of creating a distinct and desirable understanding in the minds of consumers of what its product represents?
- A) Target marketing
 - B) Market segmentation
 - C) Market positioning
 - D) Locational excellence
 - E) Downsizing

Answer: C

- 32) In the context of marketing mix, which of the following aspects of customer value is closely associated with products?
- A) Value creation
 - B) Value exchange
 - C) Value delivery
 - D) Value communication
 - E) Value for money

Answer: A

- 33) TravelSmart Inc. offers a range of travel packages to tourist destinations across the world. The customers are charged according to the services provided during the tour. This allows the customers to choose a package proportionate to their income and requirements. Given this information, which of the following elements of a marketing mix is stressed upon by the company?
- A) Promotion
 - B) Power
 - C) Place
 - D) Price
 - E) Product

Answer: D

- 34) Which of the following Ps of marketing is associated with the delivery of value to customers?
- A) Promotion
 - B) Place
 - C) Product
 - D) Process
 - E) Price

Answer: B

- 35) Paralegal Consulting Inc., a firm that offers legal services, decides to open new branches in rural areas. The new branches would help the firm reach out to people who cannot travel to cities and avail legal help. In this case, this decision reflects the firm's strategy regarding:
- A) price.
 - B) process.
 - C) product.
 - D) place.
 - E) promotion.

Answer: D

- 36) Uncle Steve Inc., a chain of restaurants, opens a new outlet near an industrial complex. This helps it to attract many customers as there is no other restaurant in the vicinity. In this case, the decision to open a new outlet in this area is a part of the firm's strategy on:
- A) price.
 - B) promotion.
 - C) place.
 - D) power.
 - E) product.

Answer: C

37) **Balter Technologies Inc. is a firm that manufactures innovative computer accessories. The company organizes a media campaign to increase the public awareness about its products. Which of the following elements of a marketing mix is used by Balter Technologies in this case to communicate the value of its offerings?**

- A) Place B) Product C) Price D) Process E) Promotion

Answer: E

38) **Promotion, the fourth P of a marketing mix, is essentially used by marketers to:**

- A) create value for their offering.
B) create value for customers' money.
C) communicate the value of their offering.
D) make their product or service readily accessible when and where the customer wants it.
E) deliver the services associated with their offering.

Answer: C

39) **Which of the following is the final step in the marketing planning process of an organization?**

- A) Performing a situational analysis of an organization
B) Implementing the marketing mix within an organization
C) Evaluating the business objectives of an organization
D) Identifying the opportunities present in a market
E) Evaluating the performance by using marketing metrics

Answer: E

40) **Which of the following refers to a division of a company that can be managed somewhat independently from other divisions of the company since it markets a specific set of products to a clearly defined group of customers?**

- A) Business branch
B) Strategic business unit
C) Executive department
D) Subsidiary firm
E) Executive business segment

Answer: B

41) **Zorbo Furniture Inc. is a firm that manufactures and markets wooden furniture. One of the departments in the firm is devoted to the production and marketing of office furniture. The department is managed independently from other departments and is held accountable for its profitability. In this case, the office furniture department is an example of a(n):**

- A) joint venture.
B) executive department.
C) product line.
D) strategic business unit.
E) subsidiary firm.

Answer: D

- 42) Which of the following terms refers to a group of products that consumers are likely to use together or perceive as similar in some way?
- A) Product portfolio
 - B) Product mix
 - C) Market mix
 - D) Product line
 - E) Niche market

Answer: D

- 43) Dentrill Inc. is a firm that manufactures dental products. Dentrill produces a range of products such as toothbrushes, toothpastes, and breath fresheners. These products form a:
- A) niche portfolio.
 - B) product line.
 - C) premium offering.
 - D) promotion mix.
 - E) market mix.

Answer: B

- 44) Which of the following is a measure of a product's strength in a particular market?
- A) Market growth rate
 - B) Relative market share
 - C) Wholesale index
 - D) Market value
 - E) Industry index

Answer: B

- 45) Market growth rate is the:

- A) average growth rate of the products in the specific market in which a product competes.
- B) sales of the focal product divided by the sales achieved by the largest firm in an industry.
- C) average of the growth rates of the largest and the smallest firms in an industry.
- D) annual rate of growth of the specific market in which a product competes.
- E) growth rate of the largest firm in an industry.

Answer: D

- 46) Which of the following terms is used in the Boston Consulting Group (BCG) product portfolio analysis to refer to a product that has a high market share in a high-growth market?
- A) Cash cow
 - B) Dog
 - C) Neutral factor
 - D) Star
 - E) Question mark

Answer: D

47) The telecom sector in Slakavia has been growing at a fast pace in the last few years. Rex Telecom is the market leader in the Slakavian telecom market. In the context of the Boston Consulting Group (BCG) matrix, this firm is a:

- A) cash cow.
- B) star.
- C) question mark.
- D) dog.
- E) neutral factor.

Answer: B

48) In the context of the Boston Consulting Group (BCG) analysis, a firm whose offering is a star in an industry should:

- A) stop doing business in the industry.
- B) transfer its resources to other strategic business units.
- C) refrain from allocating excess funds to existing services.
- D) disinvest partly from the business.
- E) consider resource investments to fuel rapid growth.

Answer: E

49) In the Boston Consulting Group (BCG) portfolio analysis, a product that serves a low-growth market but has a high market share in the industry is a:

- A) champion.
- B) question mark.
- C) cash cow.
- D) star.
- E) dog.

Answer: C

50) The growth rate of the soft-drink industry in the country of Norborg has been low for a few years now. Which of the following terms, according to the Boston Consulting Group (BCG) portfolio analysis, can be used to refer to Cranco Inc., the brand that has the highest market share in this industry?

- A) Cash cow
- B) Dog
- C) Champion
- D) Question mark
- E) Star

Answer: A

- 51) **MM Manufacturing is a small-scale firm that manufactures optical cables. The firm's market share is significantly lower than most other players in the market. However, optical cable manufacturing is a high-growth market. Hence, the management of the company has decided to allocate more resources for the production of cables. According to the Boston Consulting Group (BCG) matrix, the company's offering is a:**
- A) **cash cow.**
 - B) **dog.**
 - C) **champion.**
 - D) **star.**
 - E) **question mark.**

Answer: E

- 52) **Which of the following terms is used in the Boston Consulting Group (BCG) product portfolio analysis to refer to a product that has low market share in a market characterized by high growth?**
- A) **Question mark**
 - B) **Dog**
 - C) **Champion**
 - D) **Cash cow**
 - E) **Star**

Answer: A

- 53) **In the Boston Consulting Group (BCG) portfolio analysis, products that are in low-growth markets and have relatively low market shares are called:**
- A) **slackers.**
 - B) **dogs.**
 - C) **cash cows.**
 - D) **question marks.**
 - E) **stars.**

Answer: B

- 54) **In the context of the Boston Consulting Group (BCG) analysis, a firm whose product is a dog should:**
- A) **phase out the product and concentrate on other strategic business units.**
 - B) **use its extra resources to sustain the product.**
 - C) **start a new production facility for the product.**
 - D) **launch an intense media campaign to promote the product.**
 - E) **invest significant resources to improve production.**

Answer: A

- 55) Happy Puppy Inc., a manufacturer of toys, makes a wide variety of toys including board games, action figures, stuffed toys, and model airplanes. Since the market for board games is a low-growth market, the company decides to draw back its products in this market. In the context of the Boston Consulting Group (BCG) analysis, the company's offering of board games is a:
- A) star.
 - B) dog.
 - C) question mark.
 - D) cash cow.
 - E) slacker.

Answer: B

- 56) In the context of the Boston Consulting Group (BCG) portfolio analysis, which of the following is a similarity between the products represented by a star and a question mark?
- A) Both serve high growth-rate markets.
 - B) Both have surplus resources remaining after production.
 - C) Both are used to boost the sales of other products.
 - D) Both have a significant market share in their respective markets.
 - E) Both generate considerable revenue for their respective firms.

Answer: A

- 57) Which of the following is the marketing strategy that employs an existing marketing mix and focuses a firm's efforts on existing customers?
- A) Market development
 - B) Product development
 - C) Product diversification
 - D) Market diversification
 - E) Market penetration

Answer: E

- 58) A company attempts to increase its market share by engaging in aggressive promotional activities. The company increases its spending on advertising and sales promotions. Which of the following strategies has been used by the company in the given scenario?
- A) Product development
 - B) Market penetration
 - C) Market diversification
 - D) Product diversification
 - E) Market development

Answer: B

- 59) A market penetration strategy requires:
- A) development of a highly innovative product offering.
 - B) intensified distribution efforts in existing markets.
 - C) entry to a new geographic market.
 - D) lesser marketing efforts.
 - E) reduced spending on advertising.

Answer: B

- 60) Which of the following best describes a market penetration strategy?
- A) Introducing a new product in a new target market
 - B) Exploring new geographical markets
 - C) Introducing the existing products in a new market segment
 - D) Obtaining new customers from an existing target market
 - E) Introducing an innovative product in an existing target market

Answer: D

- 61) QuSoft Inc., a manufacturer of apparels, introduces bonus points for regular customers. With this offer, regular customers are entitled to faster delivery and exclusive discounts on the company's existing products. In this scenario, the strategy applied by the company is:
- A) product development.
 - B) market diversification.
 - C) market penetration.
 - D) product diversification.
 - E) market development.

Answer: C

- 62) Which of the following is the growth strategy that employs an existing marketing offering to reach new market segments?
- A) Diversification strategy
 - B) Market development
 - C) Product intensification
 - D) Product development
 - E) Market penetration

Answer: B

- 63) Adams Industries Inc. is a firm that manufactures and markets kitchen appliances in the northern part of Belvier. As part of its expansion program, the company decides to introduce its existing range of products in the southern parts of Belvier. In this scenario, the strategy applied by the company is:
- A) product development.
 - B) market development.
 - C) product diversification.
 - D) product intensification.
 - E) market penetration.

Answer: B

- 64) Which of the following is the best example of applying a market development strategy?
- A) Morko Chemicals Inc. invents a new vaccine and sells it around the globe.
 - B) RSB Bank intensifies its advertising campaign to attract customers.
 - C) G&T Leather Inc. introduces its existing offering in a different market.
 - D) Apparo Retail Inc. announces a discount sale to increase its revenue.
 - E) Robert Technologies Inc. introduces a new product based on a modern technology.

Answer: C

- 65) Which of the following statements is true of the market development strategy?
- A) It employs rewards programs and improved store atmospherics.
 - B) It requires products to be maintained at high prices.
 - C) It focuses on segments that are not currently served by a firm.
 - D) It requires the creation of a new product.
 - E) It primarily focuses on developing innovative offerings.

Answer: C

- 66) Which of the following is the growth strategy that offers a new product or service to a firm's current target market?
- A) Product intensification
 - B) Market penetration
 - C) Market development
 - D) Diversification
 - E) Product development

Answer: E

- 67) Roltech Limited is a telecom company that operates GSM networks in six countries. Roltech's top managers identify that the company's growth has been idle for a few years and decide to take these steps to promote growth: (1) Increase the spending on advertising and intensify promotional activities. (2) Open telecom companies in more countries. (3) Introduce special tariffs to attract more customers from existing markets. Which of the following strategies have Roltech's top managers decided to adopt?
- A) Product development and diversification
 - B) Product intensification and product development
 - C) Intensification and diversification
 - D) Market penetration and market development
 - E) Segmentation and market diversification

Answer: D

68) Paramount Electronics Inc. manufactures electronic measuring tools. The company invents a new type of multimeter, an electronic measuring instrument, and introduces the product to its current customers. Which of the following strategies does Paramount employ in this scenario?

- A) Product intensification
- B) Diversification
- C) Market development
- D) Product development
- E) Market penetration

Answer: D

69) Lava Scooters Inc. manufactures electric scooters with young women as its target customers. The company manufactures vehicles that have engine displacement ranging from 50 to 100 cubic centimetres. Of late, many customers have been preferring scooters that are more powerful. To satisfy such customers, the company introduces a powerful bike that has 200-cubic centimetres engine displacement. In this scenario, Lava Scooters uses the strategy of:

- A) product development.
- B) diversification.
- C) market penetration.
- D) market intensification.
- E) market development.

Answer: A

70) Dorbo Inc. a manufacturer of microprocessors, is known for innovation and holds more than 300 patents. The company invents a microprocessor based on nanotechnology and introduces it to its current customers. Which strategy does Dorbo use in this scenario?

- A) Market penetration
- B) Diversification
- C) Product development
- D) Customer intensification
- E) Market development

Answer: C

71) The growth strategy whereby a firm introduces a new product or service to a market segment that it does not currently serve is called:

- A) market development.
- B) intensification.
- C) diversification.
- D) product development.
- E) market penetration.

Answer: C

72) Which of the following is a key difference between a market development strategy and a diversification strategy?

- A) Diversification involves offering a product in the existing market, whereas market development offers products in a new market.**
- B) Diversification offers products in a new market, whereas market development involves offering a product in the existing market.**
- C) Diversification involves low levels of risk, whereas market development is characterized by high levels of risk.**
- D) Diversification occurs when a new product is offered in an existing market, whereas market development takes place when an existing product is offered in a new market.**
- E) Diversification involves the development of a new product, whereas market development uses an existing product.**

Answer: E

73) Which of the following is an example of a diversification strategy?

- A) A firm introduces its current products to a new set of customers.**
- B) A firm introduces a new product to a segment that is currently not served.**
- C) A firm intensifies its marketing activities to increase the sale of its current offerings.**
- D) A company markets an innovative product by using its existing network.**
- E) A company exports its products to a new geographical location.**

Answer: B

74) RON Inc. is a company that manufactures home appliances. The company has established a wide retail network to sell its products. As part of its growth strategy, the company launches a new subsidiary that manufactures office furniture. This division is expected to attract a new range of customers. In this scenario, the company applies the strategy of:

- A) intensification.**
- B) market development.**
- C) diversification.**
- D) product development.**
- E) market penetration.**

Answer: C

Surge Manufacturing Inc. is a firm that manufactures surgical equipment. The firm sells its products to various hospitals and health centres. The firm has adopted lean manufacturing techniques to minimize wastage in its production process. The company is known for the quality of its products and its efficient supply chain activities.

75) Which of the following overarching strategies are evident from the available description of Surge Manufacturing?

- A) Operational excellence and product excellence**
- B) Positional excellence and customer excellence**
- C) Customer excellence and positional excellence**
- D) Locational excellence and customer excellence**
- E) Locational excellence and positional excellence**

Answer: A

- 76) **Surge Manufacturing sells its products by using a wide variety of channels, including the Internet. This gives the firm:**
- A) **operational excellence.**
 - B) **locational excellence.**
 - C) **product excellence.**
 - D) **customer excellence.**
 - E) **procedural excellence.**

Answer: B

Arpin Stores Inc. is a wholesale food manufacturing company. The company markets packaged food products across the United States. The company appoints an external agency to perform a SWOT analysis of the company.

- 77) **Which of the following observations, if made by the external agency, will indicate the company's strength?**
- A) **The U.S Congress recently passed a bill to subsidize wholesale food manufacturers.**
 - B) **The market potential for packaged goods is high in the United States.**
 - C) **One of Arpin Stores' major competitors has recently gone bankrupt.**
 - D) **Economic slowdowns do not have a significant impact in the wholesale food industry.**
 - E) **The company has exclusive market reach in the packaged food industry.**

Answer: E

- 78) **Which of the following observations, if made by the external agency, will indicate the company's weakness?**
- A) **A food poisoning disaster that occurred recently has lowered people's preference for packaged foods.**
 - B) **An economic downturn has increased people's liking for organic products.**
 - C) **The company incurs high transportation costs as its manufacturing facility is at a remote place.**
 - D) **The government has imposed a new tax on packaged food industry.**
 - E) **The wholesale food industry has seen an influx of new players in recent times.**

Answer: C

- 79) **Which of the following observations, if made by the external agency, will present the company with an opportunity?**
- A) **The company owns the largest food manufacturing facility in the United States.**
 - B) **Arpin Stores has a stronger marketing department compared to its competitors.**
 - C) **The company owns many brands that are well known in the United States.**
 - D) **The company has exclusive market reach in the packaged food industry.**
 - E) **One of Arpin Stores' major competitors has recently gone bankrupt.**

Answer: E

- 80) Which of the following observations, if made by the external agency, will indicate that the company is facing a threat?
- A) Many of the company's employees lack interpersonal skills.
 - B) The company incurs high transportation costs as its manufacturing facility is at a remote place.
 - C) A recent regulation has increased the tax rates for packaged food products.
 - D) Arpin Stores has a weaker marketing department compared to its competitors.
 - E) One of Arpin Stores' major competitors has recently gone bankrupt.

Answer: C

A table representing the elements considered in a SWOT analysis

Environment	Evaluation	
	Positive	Negative
Internal	Strengths	Weaknesses
External	Opportunities	Threats

- 81) In a SWOT analysis, which of the following is most likely to be considered as the strength of a fast-food chain?
- A) A healthy economy
 - B) A favourable regulatory change
 - C) Changes in demographic patterns
 - D) Wide distribution networks
 - E) Exit of a major competitor

Answer: D

- 82) Which of the following is considered a threat to an organization?
- A) A narrow customer base
 - B) Lack of technical talent within the organization
 - C) Little brand recognition among customers
 - D) A new technology invented by a competitor
 - E) Lack of financial resources

Answer: D

- 83) Which of the following is a weakness of an organization?
- A) A recession or economic downturn
 - B) Lack of financial resources
 - C) A new technology invented by a competitor
 - D) An unfavourable political development
 - E) Changes in demographic trends

Answer: B

84) Which of the following is an opportunity for an organization?

- A) Excellent geographic location**
- B) Superior resources and capabilities**
- C) Strong brand**
- D) Strong base of loyal customers**
- E) Reduced competition**

Answer: E

Capricus Leathers Inc. is a company that manufactures leather apparel and accessories. The company sells two products, Indigo and Tango. Both the products serve in a low-growth market. While Indigo has significant market share in the market, Tango has less than 1 percent market share.

85) According to the Boston Consulting Group (BCG) matrix, Indigo is called a:

- A) dog.**
- B) star.**
- C) cash cow.**
- D) question mark.**
- E) champion.**

Answer: C

86) According to the Boston Consulting Group (BCG) matrix, Tango is called a:

- A) question mark.**
- B) cash cow.**
- C) champion.**
- D) star.**
- E) dog.**

Answer: E

87) Which of the following observations about Indigo is likely to be true?

- A) It will require heavy resource investments to survive in the market.**
- B) It will experience rapid growth for a few years.**
- C) It has the opportunity to become a star in the market.**
- D) It has fewer chances to be profitable for the company in the near future.**
- E) It has already received heavy investments to develop its market share.**

Answer: E

88) Which of the following is a suitable course of action that Capricus Leathers should initiate?

- A) It should open new production facilities to fuel the growth of Tango.**
- B) It should phase out Tango if it is not needed to complement Indigo.**
- C) It should withdraw both the products and introduce a new brand in the market.**
- D) It should make a heavy resource investment to rescue Tango.**
- E) It should increase the production of both the products to gain more market share.**

Answer: B

Lunar Inc. and Qwerty Inc. are competitors in the production of laptops for professionals. To improve sales, the management of Lunar decides to adopt the strategy of market penetration and the management of Qwerty decides to adopt market development.

89) Which of the following is Lunar Inc. most likely to do as part of its strategy?

- A) It will declare discounts on its products.
- B) It will roll back less successive models of laptops.
- C) It will start producing laptop accessories.
- D) It will expand its operation to new countries.
- E) It will launch a series of laptops exclusively designed for children.

Answer: A

90) Which of the following is Qwerty most likely to do as part of its strategy?

- A) It will start producing laptop accessories.
- B) It will get celebrities to endorse its product.
- C) It will announce bonus points for regular customers.
- D) It will expand its operation to new countries.
- E) It will begin a media campaign for marketing its product.

Answer: D

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

91) Operational excellence is achieved mostly by producing high-quality products.

Answer: True False

92) Organizations achieve sustainable competitive advantage through operational excellence.

Answer: True False

93) Product excellence occurs by having offerings with high perceived value and effective branding and positioning.

Answer: True False

94) Nonprofit organizations state objectives and form mission statements.

Answer: True False

95) Lack of financial resources is an example of a threat that a company is facing.

Answer: True False

96) A company has access to many proprietary technologies. This is an example of the company's strength.

Answer: True False

97) A company sells its product through the Internet and hence is able to access a wide range of customers. This statement is indicative of the company's strength.

Answer: True False

98) Targeting is the process of selecting a segment to pursue as a market.

Answer: True False

99) Promotion is associated with value creation.

Answer: True False

100) Advertising campaigns by businesses is an example of promotion.

Answer: True False

101) Actual strategic planning is a sequential process.

Answer: True False

102) A product line consists of a group of dissimilar products.

Answer: True False

103) A product with a low market share that competes in a high-growth market is called a dog.

Answer: True False

104) Market penetration refers to introducing a new product in a new market.

Answer: True False

105) Market development strategy employs the existing marketing mix and focuses the firm's efforts on existing customers.

Answer: True False

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

106) Describe the four overarching strategies that focus on aspects of a marketing mix to create and deliver value and to develop sustainable competitive advantages.

Answer: The four overarching strategies are the following:

Customer excellence: Focuses on retaining loyal customers and excellent customer service
Operational excellence: Achieved through efficient operations and excellent supply chain and h resource management

Product excellence: Having products with high perceived value and effective branding and pos

Locational excellence: Having a good physical location and Internet presence

107) Explain situation analysis.

Answer: After developing its mission, a firm must perform a situation analysis, using a SWOT analysis that assesses both the internal environment with regard to its strengths and weaknesses (internal analysis) and the external environment in terms of its opportunities and threats (external analysis). Situation analysis also includes an examination of market trends, customer analysis, and competitive analysis. Additionally, the firms should assess the opportunities and uncertainties of the marketplace caused by changes in cultural, demographic, social, technological, economic, and political forces.

108) Compare and contrast strengths and opportunities that apply to businesses.

Answer: Strengths are positive attributes that are internal to businesses. Businesses can control strengths. Opportunities are external to businesses and businesses cannot control them. A superior product is a strength, whereas a conducive market is an opportunity.

109) What is a market segment?

Answer: A market segment is a group of consumers who respond similarly to a firm's marketing efforts.

110) Explain target marketing and provide an example of it.

Answer: Target marketing is the process of evaluating the attractiveness of various segments and then deciding which to pursue as a market. For example, Beau, a manufacturer of cosmetics, realizes that its products are mostly sought by teenagers and directs the bulk of its marketing efforts towards that group. Students' examples will vary.

111) What is market positioning?

Answer: Market positioning involves the process of defining the marketing mix variables so that target customers have a clear, distinct, desirable understanding of what the product does or represents in comparison with competing products.

112) Briefly explain the final step in the marketing planning process.

Answer: The final step in the planning process includes evaluating the results of the strategy and implementation program by using marketing metrics. Metrics are used to explain why things happened and to project the future. They make it possible to compare results across regions, business units, product lines, and time periods.

113) List a few financial performance metrics that an organization commonly uses.

Answer: Some commonly used metrics to assess performance include revenues, or sales, and profits. A firm can determine why it achieved or did not achieve its performance goals using these metrics.

114) Explain portfolio analysis.

Answer: In portfolio analysis, a management evaluates a firm's portfolio and allocates resources according to which products are expected to be the most profitable for the firm in the future. Portfolio analysis is typically performed at the strategic business unit (SBU) or product line level of the firm, though managers can also use it to analyze brands or even individual items. An SBU is a division of the company that can be managed somewhat independently from other divisions since it markets a specific set of products to a clearly defined group of customers.

115) Differentiate between relative market share and market growth rate.

Answer: Relative market share is a measure of a product's strength in a particular market, defined as the sales of the focal product divided by the sales achieved by the largest firm in the industry. Market growth rate is the annual rate of growth of the specific market in which a product competes. Market growth rate is a measure of an industry, whereas relative market share is a measure of a product's strength in a particular market.

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

116) Explain the various steps involved in developing a marketing plan. **Answer:** There are five steps in developing a marketing plan.

- **Step 1, Define the Business Mission and Objectives:** The mission statement, a broad descriptive firm's objectives and the scope of activities it plans to undertake, attempts to answer two main questions: *What type of business are we?* and *What do we need to do to accomplish our goals and objectives?* These fundamental business issues must be answered at the highest corporate level marketing executives can get involved.
- **Step 2, Conduct a Situation Analysis:** After developing its mission, a firm next must perform situation analysis, using a SWOT analysis that assesses both the internal environment with regard to strengths and weaknesses (internal analysis) and the external environment in terms of its opportunities and threats (external analysis). Situation analysis also includes an examination of market trends, customer analysis, and competitive analysis.
- **Step 3, Identify and Evaluate Opportunities by Using STP (Segmentation, Targeting, and Positioning):** After completing the situation analysis, the next step is to identify and evaluate opportunities for increasing sales and profits by using STP. With STP, the firm must first understand customer needs and wants through market research, then divide the market or customers into distinct subgroups or segments, determine which of those segments it should pursue or target, and finally decide how it should position its products and services to best meet the needs of those targets.
- **Step 4, Implement Marketing Mix and Allocate Resources:** When the firm has identified and evaluated different growth opportunities by performing an STP analysis, the real action begins. The company has decided what to do, how to do it, and how many resources the firm should allocate to it. In the fourth step of the planning process, marketers implement the marketing mix—product, price, promotion, and place—for each product and service on the basis of what it believes its target markets will value. At the same time, it makes important decisions about how it will allocate its scarce resources to its various products and services. Each element of the mix must be fully integrated to achieve a coherent strategy.
- **Step 5, Evaluate Performance by Using Marketing Metrics:** The final step in the planning process includes evaluating the results of the strategy and implementation program by using marketing metrics. A metric is a measuring system that quantifies a trend, dynamic, or characteristic. Metrics are used to explain why things happened and to project the future. They make it possible to compare results across regions, business units, product lines, and time periods. The

firm can determine why it achieved or did not achieve its performance goals with the help of these metrics.

117) As part of a study project, Rachel has to choose a firm and conduct a detailed SWOT analysis. Explain how Rachel will conduct the analysis.

Answer: Student answers will vary. A SWOT analysis is designed to help the firm determine areas in which it is strong and can compete effectively and areas where it is weak and vulnerable to competitive attacks. A SWOT analysis assesses the internal environment with regard to its strengths and weaknesses (internal analysis) and the external environment in terms of its opportunities and threats (external analysis). Students should select a firm and analyze its strengths, weaknesses, opportunities, and threats.

118) Explain the processes of segmentation, targeting, and positioning that firms use to identify and evaluate opportunities for increasing sales and profits.

Answer: Segmentation is the process of dividing the market into distinct groups of customers where each individual group has similar needs, wants, or characteristics and therefore might appreciate products or services geared especially for them in similar ways. Targeting is the process of evaluating the attractiveness of various market segments and then deciding which to pursue as a market.

Positioning involves the process of defining the marketing mix variables so that target customer clear, distinct, desirable understanding of what a product does or represents in comparison with competing products.

119) Briefly explain the four Ps of marketing.

Answer: The four Ps are as follows:

- **Product:** Products, which include services, constitute the first of the four Ps. Because the key success of any marketing program is the creation of value, firms attempt to develop products and services that customers perceive as valuable enough to buy.
- **Price:** The second element of the marketing mix is price. As part of the exchange process, a firm provides a product or a service, or some combination thereof, and in return it receives money. Value-based marketing requires that firms charge a price that customers perceive as giving the value for the products and services they receive.
- **Place:** For the third P, place, the firm must be able to, after it has created value through a product or service, make the product or service readily accessible when and where the customer wants it.
- **Promotion:** The fourth P of the marketing mix is promotion. Marketers communicate the value offering, or the value proposition, to their customers through a variety of media, including TV, magazines, buses, trains, blimps, sales promotion, publicity, the sales force, and the Internet.

120) Explain the four major growth strategies that organizations adopt. Answer: The four major growth strategies are as follows.

A market penetration strategy employs the existing marketing mix and focuses the firm's effort existing customers. Such a growth strategy might be achieved by encouraging current customer patronize the firm more often or buy more merchandise on each visit or by attracting new cons from within the firm's existing target market.

A market development strategy employs the existing marketing offering to reach new market segments, whether domestic or international or segments not currently served by the firm.

The third growth strategy option, a product development strategy, offers a new product or servi firm's current target market.

A diversification strategy, the last of the growth strategies, introduces a new product or service market segment that is currently not served.

Answer Key

Testname: UNTITLED84

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

Answer Key

Testname: UNTITLED84

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

Answer Key

Testname: UNTITLED84

101) FALSE

102) FALSE

103) FALSE

104) FALSE

105) FALSE

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Answer Key

Testname: UNTITLED84

- 118) **Segmentation is the process of dividing the market into distinct groups of customers where each individual group has similar needs, wants, or characteristics and therefore might appreciate products or services geared especially for them in similar ways. Targeting is the process of evaluating the attractiveness of various market segments and then deciding which to pursue as a market.**

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