

# Test Bank for Principles of Contemporary Marketing 14th Edition Kurtz Boone 032458203X 9780324582031

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## Chapter 2—Strategic Planning in Contemporary Marketing

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### TRUE/FALSE

1. The planning process identifies objectives and determines which actions are needed to attain those objectives.

ANS: T                      PTS: 1                      DIF: 2                      REF: 35

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes

TYP: KN

2. The planning process creates a blueprint that everyone in the organization must follow in order to achieve the organizational objectives.

ANS: T                      PTS: 1                      DIF: 1                      REF: 35

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes

TYP: KN

3. The planning process defines checkpoints at which the organization can compare actual performance with expectations to indicate whether current activities are close to achieving the objectives.

ANS: T                      PTS: 1                      DIF: 2                      REF: 35

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes

TYP: KN

4. Marketing plans establish the basis for any marketing strategy.

ANS: T                      PTS: 1                      DIF: 1                      REF: 35

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

5. Marketing planning establishes the basis for a firm's overall strategy.

ANS: F                      PTS: 1                      DIF: 2                      REF: 35

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

6. Relationship-building goals and strategies are seldom included in the plans of business firms.

ANS: F                      PTS: 1                      DIF: 1                      REF: 35  
OBJ: 2-1  
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN

## Strategic Planning in Contemporary Marketing

7. Good relationships with customers can equip a firm with vital strategic weapons.

ANS: T                      PTS:                      DIF:                      REF: 35  
                                         1                                              1

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

8. Strategic planning has a critical impact on a firm's destiny because it provides short-term direction for decision makers.

ANS: F                      PTS:                      DIF:                      REF: 36  
                                         1                                              1

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

9. The strategic planning process involves allocation of necessary resources.

ANS: T                      PTS:                      DIF:                      REF: 36  
                                         1                                              2

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

10. Strategic plans focus on courses of action necessary to achieve the organization's secondary objectives.

ANS: F                      PTS:                      DIF:                      REF: 36  
                                         1                                              2

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

11. Tactical planning involves actions that focus on current and near-future activities that must be completed in order to implement larger strategies.

ANS: T                      PTS:                      DIF:                      REF: 36-37  
                                         1                                              2

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

12. Tactical planning usually involves production of quarterly and semi-annual plans, along with divisional budgets, policies and procedures.

ANS: T                      PTS:                      DIF:                      REF: 37  
                                         1                                              2

OBJ: 2-2

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

13. Middle and supervisory-level managers do not spend as much time as CEOs on planning activities.

ANS: T                      PTS:                      DIF:                      REF: 37  
                                         1                                              1

OBJ: 2-2

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes

TYP: KN

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27. Statements such as “achieve a 25 percent market share by 2009” or “open 50 and 75 new stores for each of the next five years” are typically part of mission statements.

ANS: F                      PTS: 1                      DIF: 2                      REF: 38-39

OBJ: 2-3

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing decision-making processes  
TYP: AP

28. The second step in the planning process is corporate development of the organization's objectives.

ANS: T                      PTS: 1                      DIF: 1                      REF: 38

OBJ: 2-3

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes  
TYP: KN

29. Detailed organizational objectives should state specific intentions, such as "Snapple Corporation seeks to increase its share of the non-carbonated soft drink market to 25 percent within the next two years."

ANS: T                      PTS: 1                      DIF: 2                      REF: 38

OBJ: 2-3

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing decision-making processes  
TYP: AP

30. Well-phrased business objectives should specify time horizons for specific achievements, such as "It is anticipated we will achieve our \$77 million sales objective by March 31, 2009."

ANS: T                      PTS: 1                      DIF: 2                      REF: 38-39

OBJ: 2-3

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing decision-making processes  
TYP: AP

31. The third step of the planning process is to assess an organization's strengths, weaknesses and available opportunities.

ANS: T                      PTS: 1                      DIF: 2                      REF: 39

OBJ: 2-3

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes  
TYP: KN

32. Marketing strategy is an overall company-wide program for selecting a particular target market and satisfying consumers through a careful blend of the elements of the marketing mix.

ANS: T                      PTS: 1                      DIF: 1                      REF: 39

OBJ: 2-5

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN





NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP 50



39. The Internet has impacted business for new firms by increasing the barriers to market entry.  
ANS: F                      PTS: 1                      DIF: 1                      REF: 41
- OBJ: 2-4  
NAT: AACSB Technology | CB&E Model Marketing Plan | R&D Knowledge of technology, design, & production                      TYP: KN
40. Consumers can now obtain detailed pricing information on the Internet, which has increased their bargaining power with car dealers.  
ANS: T                      PTS: 1                      DIF: 2                      REF: 41
- OBJ: 2-4  
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of technology, design, & production                      TYP: AP
41. Apple iTunes is an example of a successful first mover.  
ANS: T                      PTS: 1                      DIF: 1                      REF: 42
- OBJ: 2-4  
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation                      TYP: AP
42. Data suggests that business owners who adopt the first mover strategy will always be long-term market winners.  
ANS: F                      PTS: 1                      DIF: 2                      REF: 42
- OBJ: 2-4  
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation                      TYP: KN
43. A first mover strategy is generally more risky than a second mover strategy, but the rewards are often greater.  
ANS: T                      PTS: 1                      DIF: 2                      REF: 42
- OBJ: 2-4  
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation                      TYP: KN
44. SWOT analysis refers to examination of a firm's stability, work ethic, organizational structure, and technological expertise.  
ANS: F                      PTS: 1                      DIF: 1                      REF: 42
- OBJ: 2-4  
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation                      TYP: KN









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## Strategic Planning in Contemporary Marketing

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Strategic Planning in Contemporary Marketing

51. A strategic window represents an extended period of time during which the key requirements of a market and the particular competencies of a firm best fit together.

ANS: F

PTS: 1 DIF: 2 REF: 43  
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OBJ: 2-4

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

52. A customer-driven organization begins its marketing strategy with a detailed description of its target market.

ANS: T

PTS: 1

DIF: 1

REF: 44

OBJ: 2-5

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

53. A target market is a group of customers toward whom a firm directs its marketing efforts.

ANS: T

PTS: 1

DIF: 1

REF: 44

OBJ: 2-5

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

54. Diversity in the U.S. population plays an increasing role in targeting markets.

ANS: T

PTS: 1

DIF: 1

REF: 45

OBJ: 2-5

NAT: AACSB Diversity | CB&E Model Marketing Plan | R&D Knowledge of human behavior & society TYP: KN

55. Technology is changing the distribution methods of traditional print media. If corporations change their strategic plans to account for distribution variables in the marketing mix, there will be changes to the remaining three variables in the marketing mix, as well.

ANS: T

PTS: 1

DIF: 3

REF: 46

OBJ: 2-5

NAT: AACSB Technology | CB&E Model Distribution | R&D Managing logistics & technology

TYP: AP

56. The Barnes & Noble Web site, which sells books, CDs and DVDs is an example of a traditional retailer responding to distribution opportunities afforded by new technologies.

ANS: T

PTS: 1

DIF: 2

REF: 46

OBJ: 2-5

NAT: AACSB Reflective Thinking | CB&E Model Distribution | R&D Managing logistics & technology TYP: AP



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## Strategic Planning in Contemporary Marketing

57. The ability to download Microsoft and IBM software products directly from the Internet is part of each firm's pricing strategy.

ANS: F

PTS:

DIF: 53

REF: 46

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OBJ: 2-5

NAT: AACSB Technology | CB&E Model Distribution | R&D Managing strategy & innovation

TYP: AP

58. As part of the communication link between buyers and sellers, organizations may communicate promotional messages directly through salespeople or indirectly using advertisements and promotions.

ANS: T

PTS:

DIF:

REF: 46-47

1

2

OBJ: 2-5

NAT: AACSB Analytic | CB&E Model Distribution | R&D Knowledge of media communications & delivery

TYP: KN

59. Pricing strategy is an area of marketing that is *not* closely regulated or subject to public scrutiny.

ANS: F

PTS:

DIF:

REF: 47

1

2

OBJ: 2-5

NAT: AACSB Analytic | CB&E Model Pricing | R&D Managing strategy & innovation

TYP: KN

60. Fred's Wholesale Club sends emails and catalogs to all members. Additionally, in-store pamphlets promote the benefits of certain products. All of these materials are part of the integrated marketing communications intended to send a consistent and unified promotional message.

ANS: T

PTS:

DIF:

REF: 47

1

2

OBJ: 2-5

NAT: AACSB Technology | CB&E Model Promotion | R&D Managing strategy & innovation

TYP: AP

61. Competition seldom has a significant effect on a marketer's pricing strategy.

ANS: F

PTS:

DIF:

REF: 47

1

1

OBJ: 2-5

NAT: AACSB Analytic | CB&E Model Pricing | R&D Managing strategy & innovation

TYP: KN

62. The five dimensions of the marketing environment are competitive, political-legal, economic, technological, and social-cultural.

ANS: T

PTS:

DIF:

REF: 47

1

1

OBJ: 2-6

NAT: AACSB Analytic | CB&E Model Pricing | R&D Managing strategy & innovation

TYP: KN



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Strategic Planning in Contemporary Marketing

63. Marketers make decisions about target markets and marketing mix variables in a vacuum, without taking into account the dynamic nature of the five dimensions of the marketing environment.

ANS: F

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OBJ: 2-5

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

64. Toyota's introduction of the hybrid-powered Prius is an example of how it has turned public concerns and legal issues about the natural environment into an opportunity.

ANS: T

PTS:

DIF:

REF: 48

1

1

OBJ: 2-6

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: AP

65. As the technological environment moves at a fast pace, economic and political-legal environments remain static.

ANS: F

PTS:

DIF:

REF: 48

1

1

OBJ: 2-6

NAT: AACSB Analytic | CB&E Model Pricing | R&D Knowledge of technology, design, & production

TYP: KN

66. The rule of three states that the third company in an industry has little chance of survival.

ANS: F

PTS:

DIF:

REF: 48

1

1

OBJ: 2-6

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of general business functions

TYP: KN

67. One reason for organizing into SBUs is to help a company make decisions about which product lines warrant commitment of additional resources and which should be removed from the firm's portfolio.

ANS: T

PTS:

DIF:

REF: 49

1

2

OBJ: 2-7

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: AP

68. Strategic Business Units (SBUs) of a diversified firm have common managers, resources, objectives, and competitors.

ANS: F

PTS:

DIF:

REF: 49

1

1

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN



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## Strategic Planning in Contemporary Marketing

69. Each SBU in a firm prepares its plans in collaboration with other units in the organization.

ANS: F                      PTS:                      DIF: 55                      REF: 49

1                      1

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OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

70. Each SBU of a diversified company pursues the company mission; it has no specific mission of its own.

ANS: F                      PTS:                      DIF:                      REF: 49

1                      1

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

71. Strategic business units (SBUs) focus the attention of company managers so they can respond effectively to changing consumer demand within limited markets.

ANS: T                      PTS:                      DIF:                      REF: 49

1                      2

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

72. Stars represent units with high market shares in high-growth markets.

ANS: T                      PTS:                      DIF:                      REF: 50

1                      1

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

73. Marketers seek to rid themselves of their cash cows because those products hold low market shares in low-growth markets.

ANS: F                      PTS:                      DIF:                      REF: 50

1                      1

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

74. Question marks achieve high market shares in high-growth markets.

ANS: F                      PTS:                      DIF:                      REF: 50

1                      1

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN





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Strategic Planning in Contemporary Marketing

75. Using the market share/market growth approach to portfolio performance analysis, dogs are SBUs that promise poor future prospects and provide excellent candidates for abandonment at the earliest feasible moment.

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ANS: T

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PTS:  
1

DIF:  
1

REF: 50

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

76. When using the market attractiveness/business strength matrix, SBUs in the upper-left area of the matrix should receive the least company support.

ANS: F

PTS:  
1

DIF:  
2

REF: 50

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

77. SBUs in the lower-right corner of the market attractiveness/business strength matrix should be strongly supported by management.

ANS: F

PTS:  
1

DIF:  
2

REF: 50

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

78. In the market attractiveness/business strength matrix, an SBU showing high attractiveness combined with compatibility with the firm's strengths is an excellent candidate for aggressive development.

ANS: T

PTS:  
1

DIF:  
2

REF: 50

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

79. The market attractiveness/business strength matrix is a portfolio analysis technique that rates SBUs according to the attractiveness of their products in the market and their strengths with consumers.

ANS: F

PTS:  
1

DIF:  
1

REF: 50

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN



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**MULTIPLE CHOICE**

57

1. The process of anticipating future events and conditions and determining the best way to achieve organizational objectives is known as:
- researching.
  - planning.
  - controlling.
  - managing.

ANS: B

PTS:

DIF:

REF: 34

1

1

OBJ: 2-1

NAT: AACSB Analytic | CB&amp;E Model Marketing Plan | R&amp;D Managing decision-making processes

TYP: KN

2. Product lines, pricing decisions, selection of appropriate distribution channels, and decisions relating to promotional campaigns all depend on:
- technology available to the firm.
  - plans made in the accounting department.
  - plans formulated within the marketing organization.
  - industry-wide planning programs.

ANS: C

PTS:

DIF:

REF: 35

1

2

OBJ: 2-1

NAT: AACSB Analytic | CB&amp;E Model Marketing Plan | R&amp;D Managing decision-making processes

TYP: KN

3. Marketing planning establishes the:
- resource base provided by the firm's strategy.
  - economic impact of additional sales.
  - tactical plans that must be implemented by the entire organization.
  - basis for any marketing strategy.

ANS: D

PTS:

DIF:

REF: 35

1

1

OBJ: 2-1

NAT: AACSB Analytic | CB&amp;E Model Marketing Plan | R&amp;D Managing decision-making processes

TYP: KN

4. Relationship marketing can help a company:
- create long-term, cost-effective links with individual customers for mutual benefit.
  - reduce its strategic planning effort since the need for such planning is greatly diminished.
  - find more effective media for use in advertising and mass marketing.
  - cut through the planning process and move into tactical plans.

ANS: A

PTS:

DIF:

REF: 35

1

2

OBJ: 2-1

NAT: AACSB Analytic | CB&amp;E Model Marketing Plan | R&amp;D Managing strategy &amp; innovation

TYP: KN



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**Strategic Planning in Contemporary Marketing**  
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Strategic Planning in Contemporary Marketing

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5. Effective relationship marketing is based in part on the use of:
- inside information about competitors.
  - databases to track customer preferences.
  - larger advertising budgets.
  - knowledge about changes in economic conditions.

ANS: B                      PTS: 1                      DIF: 1                      REF: 35

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

6. Within the last few years, IBM has decided to sell off its desktop PC business. This decision was the result of \_\_\_\_\_ planning.
- tactical
  - marketing
  - strategic
  - economic

ANS: C                      PTS: 1                      DIF: 2                      REF: 36

OBJ: 2-1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: AP

7. Best Buy wanted to open a new store in Rogers, Arkansas, but instead decided to renovate a closed Kmart. This decision was the result of \_\_\_\_\_ planning.
- tactical
  - marketing
  - strategic
  - economic

ANS: A                      PTS: 1                      DIF: 2                      REF: 36-37

OBJ: 2-1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: AP

8. Broad spectrum strategic planning typically involves focusing on achieving long-range organizational objectives that may usually affect the firm for a period of:
- one to six months.
  - six months to a year.
  - five years or more.
  - twenty years.

ANS: C                      PTS: 1                      DIF: 2                      REF: 37

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN



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Strategic Planning in Contemporary Marketing

9. Long-term plans focusing on those organizational objectives that will significantly affect the firm for five or more years are usually referred to as \_\_\_\_\_ plans.
- strategic
  - marketing
  - economic
  - tactical

ANS: A                      PTS: 1                      DIF: 1                      REF: 37

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN

10. If Chevrolet was planning to introduce a sports car powered by a hydrogen-oxygen fuel cell when the price of gasoline in the United States reached \$4 per gallon, this would best be described as a(n) \_\_\_\_\_ plan.
- economic
  - technological
  - strategic
  - tactical

ANS: C                      PTS: 1                      DIF: 2                      REF: 37

OBJ: 2-1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

11. The U.S. Sports and Fitness Federation is determining where they should build their permanent training facility. They want it near a populated center but rural enough to provide ample room. The federation is engaged in \_\_\_\_\_ planning.
- strategic
  - travel
  - marketing
  - economic

ANS: A                      PTS: 1                      DIF: 2                      REF: 37

OBJ: 2-1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

12. A company's plans that focus largely on current and near-future activities are referred to as \_\_\_\_\_ plans.
- strategic
  - marketing
  - economic
  - tactical

ANS: D                      PTS: 1                      DIF: 1                      REF: 37

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN





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## Strategic Planning in Contemporary Marketing

13. Preparation of quarterly and semi-annual plans by personnel such as the general sales manager or advertising director would be classified as \_\_\_\_\_ planning.
- consumer
  - tactical
  - strategic
  - managerial

ANS: B                      PTS: 1                      DIF: 1                      REF: 37

OBJ: 2-2

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

14. In the planning hierarchy, plans dealing with organization-wide objectives, long-term plans, and the total budget would be classed as \_\_\_\_\_ plans.
- annual
  - tactical
  - operational
  - strategic

ANS: D                      PTS: 1                      DIF: 1                      REF: 37

OBJ: 2-2

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN

15. Compared with other organization personnel, more time is devoted to long-range strategic planning by:
- middle management.
  - manufacturing labor.
  - top management.
  - supervisory management.

ANS: C                      PTS: 1                      DIF: 1                      REF: 37

OBJ: 2-2

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing administration & control  
TYP: KN

16. SuperSavers Market, a small grocery store chain, is working on its tactical plans. The personnel most involved in this operational planning process would be:
- top management, such as the owner.
  - middle management, such as the merchandising, marketing, and advertising managers.
  - store managers.
  - supervisory management, such as shift managers and night auditors.

ANS: B                      PTS: 1                      DIF: 2                      REF: 37

OBJ: 2-2

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing administration & control  
TYP: AP



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17. Operational planning should be completed:

- by top management.
- by mid-level managers, typically for their own departments.
- to create and implement strategic plans for the entire company.
- at the same time the total budget is prepared.

ANS: B                      PTS: 1                      DIF: 1                      REF: 37

OBJ: 2-2

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing administration & control

TYP: KN

18. Tactical planning should be done:

- by supervisory personnel.
- as part of the departmental rules and procedures plans.
- to set divisional budgets, policies, and procedures.
- by CEOs and CFOs.

ANS: C                      PTS: 1                      DIF: 2                      REF: 37

OBJ: 2-2

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

19. When General Electric's NBC division acquired Universal Studios, the highest executive who approved this acquisition was most likely \_\_\_\_\_, with the decision being the result of \_\_\_\_\_ planning.

- GE's CEO; tactical
- GE's CEO; strategic
- the head of NBC; tactical
- the head of NBC; strategic

ANS: B                      PTS: 1                      DIF: 3                      REF: 37

OBJ: 2-2

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

20. The planning process begins with:

- writing the mission statement.
- establishing organizational objectives.
- formulating a marketing plan.
- hiring a senior planner.

ANS: A                      PTS: 1                      DIF: 1                      REF: 38

OBJ: 2-3

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes

TYP: KN



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21. Which of the following best represents a mission statement?
- U.S. Army: Be all that you can be
  - Bass Pro Shop: To be the leading merchant of outdoor recreational products, inspiring people to love, enjoy, and conserve the great outdoors
  - Kellogg's: Breakfast cereals at a price everyone can afford
  - Wal-Mart: Stores big enough to make shopping interesting for every family member

ANS: B                      PTS: 1                      DIF: 2                      REF: 38

OBJ: 2-3

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing decision-making processes                      TYP: AP

22. All of the following are company objectives *except*:
- increase sales by 10 percent per year.
  - reduce product errors to less than 1 percent.
  - to be regarded as the quality and market leader of the worldwide hotel industry
  - to achieve a 25 percent market share in less than three years

ANS: C                      PTS: 1                      DIF: 3                      REF: 38

OBJ: 2-3

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing decision-making processes                      TYP: AP

23. The basic objectives or goals of an organization are derived from its:
- strategic plan.
  - tactical plan.
  - corporate strategy.
  - mission statement.

ANS: D                      PTS: 1                      DIF: 1                      REF: 38

OBJ: 2-3

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes                      TYP: KN

24. What is the third step in the planning process?
- Obtaining necessary financing
  - Writing a marketing plan
  - Assessing strengths, weaknesses, and opportunities
  - Establishing organizational objectives

ANS: C                      PTS: 1                      DIF: 1                      REF: 39

OBJ: 2-3

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes                      TYP: KN



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25. The \_\_\_\_\_ is the organizational program for selecting a target market and satisfying customers in that market through the marketing mix.
- marketing objectives
  - marketing strategy
  - relationship marketing
  - strategic plan

ANS: B                      PTS: 1                      DIF: 2                      REF: 39

OBJ: 2-3  
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN

26. All planning strategies have the goal of creating:
- sustainable competitive advantage.
  - short-term competitive advantage.
  - a strategic window.
  - leverage.

ANS: A                      PTS: 1                      DIF: 1                      REF: 39-40

OBJ: 2-4  
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes  
TYP: KN

27. Business strategies are impacted by widespread use of the Internet. Which statement is *incorrect* with respect to its impact?
- The Internet has created new substitution threats.
  - The Internet has reduced barriers to entry.
  - The Internet has increased the bargaining power of end-users.
  - The Internet has sharpened differences among competitors.

ANS: D                      PTS: 1                      DIF: 3                      REF: 42

OBJ: 2-4  
NAT: AACSB Technology | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

28. Which of the following companies has often followed a second-mover strategy?
- Apple Computer
  - eBay
  - Target
  - Amazon.com

ANS: C                      PTS: 1                      DIF: 2                      REF: 42

OBJ: 2-4  
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN





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29. Comparing a first-mover to a second-mover strategy, a first-mover strategy is \_\_\_\_\_ risky and offers a \_\_\_\_\_ reward.
- a. more; higher
  - b. more; lower
  - c. less; higher
  - d. less; lower

ANS: A

PTS:

1

DIF:

2

REF: 42

OBJ: 2-4

NAT: AACSB Analytic | CB&amp;E Model Marketing Plan | R&amp;D Managing strategy &amp; innovation

TYP: KN

30. SWOT is an acronym for:
- a. strategy, working, opinion, tactical.
  - b. strengths, weaknesses, opportunities, threats.
  - c. strategy, work, openness, toughness.
  - d. strategy, weakness, opinions, tactics.

ANS: B

PTS:

1

DIF:

1

REF: 42

OBJ: 2-4

NAT: AACSB Analytic | CB&amp;E Model Marketing Plan | R&amp;D Managing strategy &amp; innovation

TYP: KN

31. In SWOT analysis, situations where organizations are unable to capitalize on opportunities because of internal limitations are referred to as:
- a. strategic windows.
  - b. strategic leverage.
  - c. constraints.
  - d. vulnerability.

ANS: C

PTS:

1

DIF:

2

REF: 43

OBJ: 2-4

NAT: AACSB Analytic | CB&amp;E Model Marketing Plan | R&amp;D Managing strategy &amp; innovation

TYP: KN

32. In SWOT terms, General Motors' difficulty competing with other car makers due to its lack of responsiveness to changing consumer preferences constitutes a:
- a. strategic window.
  - b. leveraged situation.
  - c. productivity challenge.
  - d. constraint on its activity.

ANS: D

PTS:

1

DIF:

2

REF: 43

OBJ: 2-4

NAT: AACSB Reflective Thinking | CB&amp;E Model Marketing Plan | R&amp;D Managing strategy &amp; innovation

TYP: AP



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33. Assume a firm would like to expand its product line. A complete expansion would cost \$100 million, but the firm can only raise \$75 million in financing. This is best classified as a(n):
- constraint.
  - opportunity.
  - threat.
  - vulnerability.

ANS: A                      PTS: 1                      DIF: 2                      REF: 43

OBJ: 2-4

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

34. In a SWOT analysis, a constraint is present when:
- internal organizational weaknesses prevent taking advantage of an opportunity.
  - environmental threats attack organizational weaknesses.
  - organizational strengths grasp opportunities.
  - environmental threats are stronger than organizational strengths.

ANS: A                      PTS: 1                      DIF: 1                      REF: 43

OBJ: 2-4

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN

35. An example of a firm's weakness discovered by a SWOT analysis might be:
- changing buyer tastes in the marketplace.
  - the presence of modern production facilities.
  - inadequate financing capabilities.
  - a successful addition to the current product line.

ANS: C                      PTS: 1                      DIF: 1                      REF: 43

OBJ: 2-4

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN

36. An example of a firm's strength discovered by a SWOT analysis might be:
- ownership of valuable patents.
  - a narrow current product line.
  - changing buyer tastes in the marketplace.
  - existing government policies adverse to the industry.

ANS: A                      PTS: 1                      DIF: 1                      REF: 43

OBJ: 2-4

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN



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37. SWOT analysis is designed to reveal, among other things, a firm's core competencies, also known as its:
- a. financial resources.
  - b. strengths.
  - c. leverage.
  - d. vulnerabilities.

ANS: B                      PTS: 1                      DIF: 1                      REF: 43

OBJ: 2-4

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN

38. Southwest Airlines has one of the lowest levels of operating expenses in the airline industry. This is classified as a(n):
- a. opportunity.
  - b. constraint.
  - c. strength.
  - d. threat.

ANS: C                      PTS: 1                      DIF: 2                      REF: 43

OBJ: 2-4

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

39. An example of a threat to a firm discovered by a SWOT analysis might be:
- a. cost advantages present because of advanced technology.
  - b. the chance to acquire firms with needed technology.
  - c. likely entry of new competitors in the industry.
  - d. too narrow a product line for the firm.

ANS: C                      PTS: 1                      DIF: 1                      REF: 43

OBJ: 2-4

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN

40. Those limited occasions when the key requirements of a market and the particular competencies of a firm best fit together constitute:
- a. marketing planning.
  - b. a strategic window.
  - c. strategic planning.
  - d. a tactical door.

ANS: B                      PTS: 1                      DIF: 1                      REF: 43

OBJ: 2-4

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN



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41. At a time when computer users were having trouble storing, sending and displaying photos, Apple introduced the iMac computer, which was equipped with a digital camera interface and photo-handling software. This product was a result of Apple recognizing:
- product innovations.
  - competitive constraints.
  - a strategic window.
  - financial opportunities.

ANS: C                      PTS: 1                      DIF: 2                      REF: 43

OBJ: 2-4

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

42. Jose is part of a team analyzing current demographic trends. The team will make a recommendation concerning the groups of consumers toward whom the firm should direct its marketing effort. Jose's team is involved in which element of the firm's marketing strategy?
- Target market
  - Distribution
  - Product
  - Promotion

ANS: A                      PTS: 1                      DIF: 2                      REF: 44-45

OBJ: 2-5

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

43. The group of people to whom a firm directs its marketing efforts is known as its \_\_\_\_\_ market.
- captive
  - consumer
  - home
  - target

ANS: D                      PTS: 1                      DIF: 1                      REF: 44

OBJ: 2-5

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes  
TYP: KN

44. All of the following are marketing mix variables except:
- promotion.
  - product.
  - process.
  - pricing.

ANS: C                      PTS: 1                      DIF: 1                      REF: 44

OBJ: 2-5

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes  
TYP: KN





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NAT: AACSB Analytic | CB&E Model Distribution | R&D Managing strategy & innovation  
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TYP: KN



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## Strategic Planning in Contemporary Marketing

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REF

46-

47

OBJ: 2-5

NAT: AACSB Analytic | CB&E Model Promotion | R&D Managing strategy & innovation

TYP: KN

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- a. less than 25
- b. around 50
- c. between 70 and 90
- d. nearly 100

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## Strategic Planning in Contemporary Marketing

1

REF<sup>72</sup>  
:  
49

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation



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## Strategic Planning in Contemporary Marketing

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66. Microsoft Windows generates considerable income for the parent company but is also expensive to support. However, the expense is acceptable because Windows is the world's dominant operating system. Windows would be classed under the market share/market growth matrix as a:
- star.
  - cash cow.
  - question mark.
  - dog.

ANS: A                      PTS: 1                      DIF: 2                      REF: 50

OBJ: 2-7

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

67. According to the market share/market growth matrix, the SBU that produces strong cash flows which can be used to finance the growth of other SBUs is the:
- pork barrel.
  - question mark.
  - cash cow.
  - star.

ANS: C                      PTS: 1                      DIF: 1                      REF: 50

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN

68. One of General Electric's business units produces a variety of light bulbs. How would this unit be classified on the market share/market growth matrix?
- Cash cow
  - Star
  - Question mark
  - Dog

ANS: A                      PTS: 1                      DIF: 3                      REF: 50

OBJ: 2-7

NAT: AACSB Reflective Thinking | CB&E Model Product | R&D Managing strategy & innovation  
TYP: AP

69. The reason IBM management decided to sell its desktop computer business was, according to the market share/market growth matrix, the business was a(n):
- eagle.
  - question mark.
  - cash cow.
  - dog.

ANS: D                      PTS: 1                      DIF: 2                      REF: 50

OBJ: 2-7

NAT: AACSB Reflective Thinking | CB&E Model Product | R&D Managing strategy & innovation  
TYP: AP



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70. The market share/market growth matrix classifies products with a low relative share of a high-growth rate market as:
- a. stars.
  - b. question marks.

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- c. cash cows.
- d. dogs.

ANS: B                      PTS: 1                      DIF: 1                      REF: 50

OBJ: 2-7

NAT: AACSB Analytic | CB&E Model Product | R&D Managing strategy & innovation

TYP: KN

71. The product manager for a new mousetrap informs the board of directors at its annual meeting that the product has been classified as a dog. This means the product:
- a. requires a “go/no go” decision within the next several years.
  - b. has low market share of a high-growth rate market.
  - c. should be withdrawn from the market or sold off as quickly as possible.
  - d. needs heavy investment to make it a star.

ANS: C                      PTS: 1                      DIF: 3                      REF: 50

OBJ: 2-7

NAT: AACSB Reflective Thinking | CB&E Model Product | R&D Managing strategy & innovation

TYP: AP

**MATCHING**

*Match each definition to the corresponding term.*

- |                         |                            |
|-------------------------|----------------------------|
| a. planning             | g. SWOT analysis           |
| b. marketing planning   | h. strategic window        |
| c. strategic planning   | i. marketing mix           |
| d. tactical planning    | j. product strategy        |
| e. mission              | k. strategic business unit |
| f. first mover strategy | l. Porter’s Five Forces    |

1. \_\_\_\_\_ is the process of anticipating future events and conditions and determining the best way to achieve organizational objectives.
2. \_\_\_\_\_ identifies competitive forces that influence planning strategies.
3. The \_\_\_\_\_ process involves implementing planning activities devoted to achieving marketing objectives.
4. NBC is a \_\_\_\_\_ of General Electric.
5. \_\_\_\_\_ is the process of determining an organization’s primary objectives and adopting courses of action that will achieve these objectives.
6. \_\_\_\_\_ involves decisions concerning the goods and services to be offered by a firm.
7. Planning that guides the implementation of activities designed to meet primary objectives is called \_\_\_\_\_.
8. The \_\_\_\_\_ is the blending of the four strategy elements to fit the needs and preferences of a specific target market.
9. The \_\_\_\_\_ is the essential purpose that differentiates one company from another.
10. Limited periods during which the key requirements of a market and the resources and skills of an organization best fit together is called the \_\_\_\_\_.
11. The \_\_\_\_\_ argues that the first company to offer a product will be the long-term winner.
12. \_\_\_\_\_ is an important planning tool to determine an organization’s strengths and weaknesses.

1. ANS: A                      PTS: 1                      DIF: 1                      REF: 34



- OBJ: 2-1  
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes  
 TYP: KN
2. ANS: L                      PTS: 1                      DIF: 1                      REF: 40  
 OBJ: 2-3  
  
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
 TYP: KN
3. ANS: B                      PTS: 1                      DIF: 1                      REF: 38  
 OBJ: 2-1  
  
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of general business functions  
 TYP: KN
4. ANS: K                      PTS: 1                      DIF: 1                      REF: 49  
 OBJ: 2-7  
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
 TYP: KN
5. ANS: C                      PTS: 1                      DIF: 1                      REF: 36  
 OBJ: 2-1  
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
 TYP: KN
6. ANS: J                      PTS: 1                      DIF: 1                      REF: 46  
 OBJ: 2-5  
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
 TYP: KN
7. ANS: D                      PTS: 1                      DIF: 1                      REF: 37  
 OBJ: 2-1  
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
 TYP: KN
8. ANS: I                      PTS: 1                      DIF: 1                      REF: 39  
 OBJ: 2-5  
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
 TYP: KN
9. ANS: E                      PTS:                      DIF:                      REF: 38  
                                           1                                            1  
 OBJ: 2-3  
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes  
 TYP: KN
10. ANS: H                      PTS:                      DIF:                      REF: 43  
                                           1                                            1  
 OBJ: 2-4  
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
 TYP: KN
11. ANS: F                      PTS:                      DIF:                      REF: 42  
                                           1                                            1  
 OBJ: 2-4  
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
 TYP: KN
12. ANS: G                      PTS:                      DIF:                      REF: 42  
                                           1                                            1  
 OBJ: 2-4  
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes  
 TYP: KN



## ESSAY

1. Describe the aspects of strategic and tactical planning.

ANS:

- a) Strategic planning is the process of determining an organization's primary objectives and adopting courses of action that will achieve these objectives.
- b) Strategic planning has a critical impact on the organization's destiny because it provides long-term direction for its decision makers.
- c) Tactical planning guides the implementation of activities specified in the strategic plan.
- d) Tactical plans are usually shorter in duration than strategic plans and focus on current and near-future activities that a firm must complete to implement the larger strategies.

PTS: 1

DIF: 2

REF: 36-37

OBJ: 2-1

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

2. How does planning differ at various levels of organizational management? ANS:

- a) Top managers spend greater proportions of their time engaged in strategic planning than managers at middle and supervisory levels.
- b) Middle-level managers tend to focus on operational planning, which involves creating and implementing tactical plans for their own departments.
- c) Supervisory personnel engage in developing daily and weekly programs for meeting the goals in their areas of responsibility.

PTS: 1

DIF: 2

REF: 37

OBJ: 2-2

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing administration & control

TYP: KN

3. In order, list the steps involved in the development of a successful marketing plan. ANS:

1. Define the organization's mission.
2. Establish organization objectives.
3. Assess organizational resources and evaluate environmental risks and opportunities.
4. Formulate and implement a marketing strategy.
5. Monitor performance and modify strategy as needed.

PTS: 1

DIF: 2

REF: 38-39

OBJ: 2-3

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes

TYP: KN

4. Distinguish between an organization's mission and its objectives. Provide an example of each.

ANS:

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An organization's mission is its essential purpose that differentiates it from other organizations. An example of a mission statement is: "To be regarded as the quality and market leader of the hotel industry worldwide."

Objectives are organizational goals and guide development of supporting marketing objectives and plans. Well-conceived objectives should state relatively specific intentions. An example of an objective is: "attain a 20 percent share of the market by 2010."

PTS: 1                      DIF: 2                      REF: 38-39                      OBJ: 2-3  
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing  
decision-making processes                      TYP: AP

5. Define marketing strategy. What are its elements? When is a marketing strategy implemented?

ANS:

The marketing strategy is an overall, company-wide program for selecting a particular target market, and then satisfying consumers in that market through a careful blending of the elements of the marketing mix—product, distribution, promotion, and price—each of which is a subset of the overall marketing strategy. In the two final steps of the planning process, marketers put the marketing strategy into action; then they monitor performance to ensure that objectives are being achieved. Sometimes strategies need to be modified if the product's or company's actual performance is not in line with expected results. Until recently, U.S. consumers were forced to choose a cell phone service provider before selecting the phone, which came from a list of models approved by the provider. Often this restriction resulted in frustration because consumers could not always get the features they wanted and needed. But Verizon has broken rank by announcing that it will let its customers choose any cell phone, device, or software that is compatible with its network. If other providers follow Verizon's lead, consumers may soon enjoy a more open cell phone market. Occasionally, a strategy meets with controversy or criticism, as in the case of companies that decided to ration rice purchases during a recent shortage.

PTS: 1                      DIF: 1                      REF: 39                      OBJ: 2-2  
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: KN

6. List Porter's Five Forces. How does the model fit together, and how has the Internet affected this model?

ANS:

Michael E. Porter identified five competitive forces that influence planning strategies in a model called Porter's Five Forces. They are potential new entrants, the bargaining power of buyers, the bargaining power of suppliers, threat of substitute products, and rivalry among competitors. The first four forces influence the fifth force.



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Potential new entrants are sometimes blocked by the cost or difficulty of entering a market. The Internet has reduced the barriers to market entry in many industries. If customers have considerable bargaining power, they can greatly influence a firm's strategy. The Internet can increase a customer's buying power by providing information that might not otherwise be easily accessible. The number of suppliers available to a manufacturer or retailer affects their bargaining power. If customers have the opportunity to replace a company's products with goods or services from a competing firm or industry, the company's marketers may have to find a new market, change prices, or compete in other ways to maintain an advantage. The four previous forces influence the rivalry among competitors. In addition, issues such as cost and differentiation or lack of differentiation of products—along with the Internet— influence the strategies that companies use to stand out from their competitors. With increased availability of information, which tends to level the playing field, rivalry heats up among competitors, who try to differentiate themselves from the crowd.

The Internet has increased the speed and availability of information that the customers, suppliers, and competitors can use to make decisions. This leads to leveling of the competitive playing field which, in turn, increases the marketing challenge to stand out from the pack of competitors.

PTS: 1                      DIF: 3                      REF: 40-42                      OBJ: 2-4  
 NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation                      TYP: AP

7. Explain the difference between a first-mover and second-mover strategy. Give examples of companies that have followed each strategy.

ANS:

The first-mover strategy is based on the notion that the company who is first to offer a product in the marketplace will capture the greatest market share and be the long-term winner. Being the first can also refer to entering new markets with existing products or creating significant innovations that effectively turn an old product into a new one. An example of a successful first mover is eBay. The second-mover strategy, on the other hand, is based on the notion that the best way to gain advantage in the marketplace is to closely observe the innovations of first movers and then improve on them. Microsoft is famous for adopting a second-mover strategy.

PTS: 1                      DIF: 2                      REF: 42                      OBJ: 2-4  
 NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation                      TYP: AP

8. Define SWOT analysis. Why would an organization undertake a SWOT analysis of itself?

ANS:

SWOT analysis is an important strategic planning tool that assists planners in their planning task.

- a) SWOT stands for strengths, weaknesses, opportunities, and threats. The analysis provides managers with a critical view of an organization's internal and external environment and helps them evaluate the firm's fulfillment of its basic mission.
- b) The analysis allows planners to match the firm's internal strengths with external opportunities to secure organizational leverage in the marketplace.
- c) It further assists the firm in recognizing internal weaknesses that might prevent capitalizing on opportunities, which would constrain its activities.
- d) SWOT analysis aids in the identification of environmental threats to the firm's strengths that could lead to vulnerabilities.
- e) Finally, SWOT analysis helps spot internal weaknesses that environmental threats might

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attack, which would present the firm with problems.

PTS: 1                      DIF: 2                      REF: 42-43                      OBJ: 2-4  
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

9. Describe how a not-for-profit organization might utilize SWOT analysis.

ANS:

The United States Postal Service is a good example of a not-for-profit organization that can benefit from SWOT analysis. In the past three decades, it has been trying to operate as a for-profit business in order to remain efficient and competitive. SWOT analysis was conducted to determine its weaknesses, for one thing, in the marketing mix. Distribution (partnering with FedEx and other carriers to expedite express mail), product/service (extending hours, offering supplies for sale in the lobby), pricing (the no-expiration stamp), and public relations efforts (to change the perception of the USPS in the minds of the consumer) are examples of how it is accomplishing its goals. The increase in e-commerce is eroding profits, and USPS will have to quickly adjust to market changes in the future.

PTS: 1                      DIF: 3                      REF: 42-43                      OBJ: 2-4  
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

10. What is a strategic window? Give an example of a strategic window that exists today.

ANS:

A strategic window is a limited period during which the key requirements of a market and the particular competencies of a firm best fit together.

The growth of China has increased the number of strategic windows as their demand for products increases. The auto industry, in particular, is facing a strategic window as the demand for automobiles rises in the Chinese market.

PTS: 1                      DIF: 2                      REF: 43-44                      OBJ: 2-4  
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

11. Discuss the concept of target market. What roles do diversity and demographics play in a target market?

ANS:

The target market is the group of people toward whom a firm decides to direct its marketing efforts. Diversity plays an ever-increasing role in targeting markets. For example, according to the U.S. Census Bureau, the rapidly growing Hispanic population in the United States surpassed African Americans as the largest minority group. With this substantial growth, marketers should pay attention to these and other markets — including women, seniors, and children of baby boomers — as they develop goods and services to offer consumers.

PTS: 1                      DIF: 2                      REF: 44-45                      OBJ: 2-5  
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation  
TYP: AP

12. What is a marketing mix? In order for a product to succeed, what can be said about the variables in the product mix?

ANS:

The marketing mix variables - product, distribution, promotion, and price - are combined to satisfy the needs of the target market. Product is a broad concept encompassing goods, services and ideas, but also including the satisfaction of all consumer needs with respect to the relevant good, service or idea. Distribution refers to getting products to consumers in the right quantities, at the right place, and at the right times. Promotion is the communications link between buyers and sellers. Pricing deals with the means of setting justifiable and profitable prices.

Successful products have a marketing mix where all variables are on target. Great pricing, product, and promotion mean nothing if the customer cannot find the product. Lack of promotion could leave a great product gathering dust on retail shelves.

PTS: 1                      DIF: 3                      REF: 45-47                      OBJ: 2-5

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

TYP: KN

13. What does a distribution strategy involve? Define two marketing channels.

ANS:

Marketers develop distribution strategies to ensure that consumers find their products in the proper quantities at the right times and places. Distribution decisions involve modes of transportation, warehousing, inventory control, order processing, and selection of marketing channels. Marketing channels are intermediaries that may be involved in a product's movement from producer to final consumer. Two types of marketing channels are wholesalers and retailers.

PTS: 1                      DIF: 2                      REF: 46                      OBJ: 2-5

NAT: AACSB Analytic | CB&E Model Distribution | R&D Managing strategy & innovation

TYP: KN

14. How do elements of a marketing environment affect marketing decision-making? ANS:

- a) Marketers do not make decisions about target markets and marketing mix variables in vacuum. They must take into account the dynamic nature of the five dimensions of the marketing environment - competitive, political-legal, economic, technological, and social-cultural factors.
- b) The competitive environment includes anyone or anything with which the firm competes for a potential customer's discretionary purchases.
- c) The political-legal environment, laws, regulations, and the power balance within the firm must be maneuvered successfully to protect the well being of the firm and the society.
- d) The economic environment deals with the health and success of the relationship between supply and demand in a given economy, and of its components.
- e) The technological environment refers to the use of science and engineering in a society. The ability of a culture to adapt to new technology is crucial to its development.
- f) Finally, the social-cultural environment includes a variety of factors, including prevailing cultural norms and affects a firm's "survivability." How well people interact is a strong measure of cultural survivability.

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PTS: 1                      DIF: 3                      REF: 47-49                      OBJ: 2-6  
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes  
TYP: KN

15. Describe the strategic business unit concept.

ANS:

- a) SBUs are key business units within diversified firms that have their own managers, resources, objectives, and competitors.
- b) SBUs focus the attention of managers so they can respond to changing customer demand within limited markets.

PTS: 1                      DIF: 1                      REF: 49                      OBJ: 2-7  
NAT: AACSB Analytic | CB&E Model Strategy | R&D Managing strategy & innovation  
TYP: KN

16. Describe the market share/market growth matrix.

ANS:

The market share/market growth matrix places business units in a four-quadrant chart that plots market share - the percentage of the market the firm controls - against market growth potential. Stars are units with high market shares and high growth potential. The firm should invest more funds for future growth. Cash cows are units with high market shares but low growth potential. They generate strong cash flows that should be used to finance the growth of stars. Question marks are units with low market shares but high growth potential. The firm needs to watch these units carefully, making prudent investment decisions. These units typically use more cash than they generate. Dogs are units with low market shares and low growth potential. These units are least attractive and the firm should consider withdrawal.

PTS: 1                      DIF: 3                      REF: 49-50                      OBJ: 2-7  
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of general business functions  
TYP: KN