Test Bank for Principles of Contemporary Marketing 14th Edition by Kurtz

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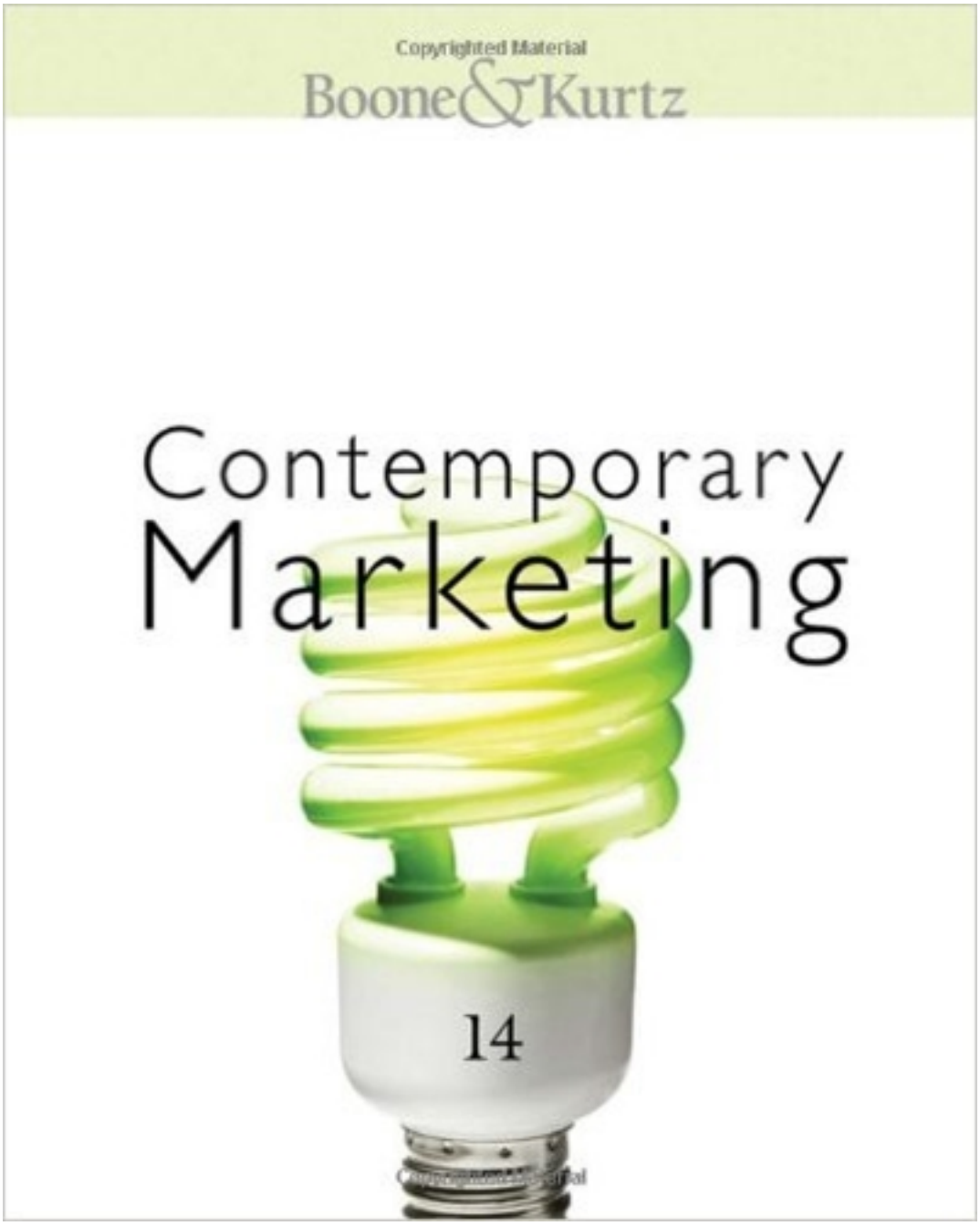

Test Bank

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Chapter 2—Strategic Planning in Contemporary Marketing

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

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

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

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

ANS: F PTS: 1 DIF: 1 REF: 36
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: 1 DIF: 2 REF: 36
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: 1 DIF: 2 REF: 36
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: 1 DIF: 2 REF: 36-37
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: 1 DIF: 2 REF: 37
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: 1 DIF: 1 REF: 37
OBJ: 2-2
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes
TYP: KN

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14. The chief executive officer (CEO) and vice president of marketing spend a greater proportion of their time on operational planning than do managers at other organizational levels.

ANS: F PTS: 1 DIF: 2 REF: 37
OBJ: 2-2
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing administration & control
TYP: KN

15. Operational planning that involves the creation and implementation of tactical plans for the departments within an organization is primarily the responsibility of top-level management.

ANS: F PTS: 1 DIF: 2 REF: 37
OBJ: 2-2
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing administration & control
TYP: KN

16. The advertising director, marketing research manager, and other middle-level managers should be involved in planning fundamental organization-wide strategies and the corporate budget.

ANS: F PTS: 1 DIF: 2 REF: 37
OBJ: 2-2
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing administration & control
TYP: KN

17. Organization-wide objectives, fundamental strategies, long-term plans, and total budget formulation are examples of strategic planning activities handled by top management.

ANS: T PTS: 1 DIF: 2 REF: 37
OBJ: 2-2
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing administration & control
TYP: KN

18. To be most effective, the planning process should include input from a wide range of sources both internal and external to the organization.

ANS: T PTS: 1 DIF: 1 REF: 37
OBJ: 2-2
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

19. As the senior vice-president of marketing, Naomi will be closely involved in her firm's strategic planning.

ANS: T PTS: 1 DIF: 2 REF: 37
OBJ: 2-2
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation TYP: AP

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20. Middle-level managers tend to focus on strategic planning, which includes creating and implementing tactical plans for their own units.

ANS: F PTS: 1 DIF: 2 REF: 37
OBJ: 2-2
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation TYP: AP

21. The planning process begins at the corporate level with the development of objectives.

ANS: F 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

22. A firm's mission statement specifies its overall goals and operational scope and provides general guidelines for future management actions.

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

23. Organizations within the same industry usually have the same mission.

ANS: F PTS: 1 DIF: 2 REF: 38
OBJ: 2-3
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes
TYP: KN

24. Adjustments to a firm's mission statement typically occur during stable business environments and unchanging management philosophies.

ANS: F 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

25. A firm describes its overall goals and operational scope in its organization chart.

ANS: F 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

26. In general, a mission statement can be described as a qualitative statement, whereas an objective is often a quantitative statement.

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

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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

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33. Each element of the marketing mix - product, price, distribution, and promotion - is a subset of the overall marketing strategy.

ANS: T PTS: 1 DIF: 2 REF: 39
OBJ: 2-5
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

34. Strategies are static and, once implemented, should not be changed if the actual performance does not meet the desired results.

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

35. 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.

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

36. Planning strategy is influenced by the elements of Porter's Five Forces model.

ANS: T PTS: 1 DIF: 1 REF: 39
OBJ: 2-4
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

37. Porter's Five Forces are potential new entrants, bargaining power of buyers, bargaining power of suppliers, threat of substitute products, and rivalry among competitors.

ANS: T PTS: 1 DIF: 2 REF: 40
OBJ: 2-4
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

38. A drapery manufacturer has experienced difficulty attracting customers to its showroom. Competitors are advertising online with discounts and free installation, and the company's sole supplier of silks and tapestries has increased prices. Additionally, competitive draperies made overseas with cheaper silks are entering the marketplace. The drapery manufacturer is faced with a planning challenge addressed in Porter's Five Forces.

ANS: T PTS: 1 DIF: 2 REF: 39-42
OBJ: 2-4
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation TYP: AP

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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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45. An important strategic planning tool, SWOT analysis helps planners compare internal organizational strengths and weaknesses with external opportunities and threats.

ANS: T PTS: 1 DIF: 1 REF: 42
OBJ: 2-4
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

46. Core competencies are actions done well by a firm that its customers value and competitors find difficult to duplicate.

ANS: T PTS: 1 DIF: 1 REF: 42
OBJ: 2-4
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

47. Matching an external opportunity with an internal weakness produces a situation known as leverage.

ANS: F PTS: 1 DIF: 2 REF: 42-43
OBJ: 2-4
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

48. In SWOT analysis, marketers face a problem when environmental threats attack their organization's weaknesses.

ANS: T 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

49. SWOT analysis provides an uncritical view of the organization's internal and external environments to managers and helps them evaluate the firm's fulfillment of its basic objectives.

ANS: F PTS: 1 DIF: 2 REF: 43
OBJ: 2-4
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

50. The scrap heaps that have grown around manufacturing plants near Birmingham, Alabama, have led to numerous complaints about the "visual pollution" suffered by those who live nearby. This situation constitutes a vulnerability of retail merchants in the area.

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

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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
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 & societyTYP: 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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57. The ability to download Microsoft and IBM software products directly from the Internet is part of each firms' pricing strategy.

ANS: F PTS: 1 DIF: 2 REF: 46
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: 1 DIF: 2 REF: 46-47
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: 1 DIF: 2 REF: 47
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: 1 DIF: 2 REF: 47
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: 1 DIF: 1 REF: 47
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: 1 DIF: 1 REF: 47
OBJ: 2-6
NAT: AACSB Analytic | CB&E Model Pricing | R&D Managing strategy & innovation
TYP: KN

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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 PTS: 1 DIF: 2 REF: 47
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: 1 DIF: 1 REF: 48
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: 1 DIF: 1 REF: 48
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: 1 DIF: 1 REF: 48
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: 1 DIF: 2 REF: 49
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: 1 DIF: 1 REF: 49
OBJ: 2-7
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

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

ANS: F PTS: 1 DIF: 1 REF: 49
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: 1 DIF: 1 REF: 49
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: 1 DIF: 2 REF: 49
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: 1 DIF: 1 REF: 50
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: 1 DIF: 1 REF: 50
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: 1 DIF: 1 REF: 50
OBJ: 2-7
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
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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.

ANS: T 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
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MULTIPLE CHOICE

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

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

   ANS: C 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

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

   ANS: D 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

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

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

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5. Effective relationship marketing is based in part on the use of:
   a. inside information about competitors.
   b. databases to track customer preferences.
   c. larger advertising budgets.
   d. 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.
   a. tactical
   b. marketing
   c. strategic
   d. 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.
   a. tactical
   b. marketing
   c. strategic
   d. 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:
   a. one to six months.
   b. six months to a year.
   c. five years or more.
   d. 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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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.
   a. strategic
   b. marketing
   c. economic
   d. 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.
   a. economic
   b. technological
   c. strategic
   d. 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.
   a. strategic
   b. travel
   c. marketing
   d. 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.
   a. strategic
   b. marketing
   c. economic
   d. 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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13. Preparation of quarterly and semi-annual plans by personnel such as the general sales manager or advertising director would be classified as _____ planning.
    a. consumer
    b. tactical
    c. strategic
    d. 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.
    a. annual
    b. tactical
    c. operational
    d. 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:
    a. middle management.
    b. manufacturing labor.
    c. top management.
    d. 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:
    a. top management, such as the owner.
    b. middle management, such as the merchandising, marketing, and advertising managers.
    c. store managers.
    d. 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:
    a. by top management.
    b. by mid-level managers, typically for their own departments.
    c. to create and implement strategic plans for the entire company.
    d. 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:
    a. by supervisory personnel.
    b. as part of the departmental rules and procedures plans.
    c. to set divisional budgets, policies, and procedures.
    d. 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.
    a. GE's CEO; tactical
    b. GE's CEO; strategic
    c. the head of NBC; tactical
    d. 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:
    a. writing the mission statement.
    b. establishing organizational objectives.
    c. formulating a marketing plan.
    d. 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?
    a. U.S. Army: Be all that you can be
    b. Bass Pro Shop: To be the leading merchant of outdoor recreational products, inspiring people to love, enjoy, and conserve the great outdoors
    c. Kellogg's: Breakfast cereals at a price everyone can afford
    d. 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*:
    a. increase sales by 10 percent per year.
    b. reduce product errors to less than 1 percent.
    c. to be regarded as the quality and market leader of the worldwide hotel industry
    d. 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:
    a. strategic plan.
    b. tactical plan.
    c. corporate strategy.
    d. 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?
    a. Obtaining necessary financing
    b. Writing a marketing plan
    c. Assessing strengths, weaknesses, and opportunities
    d. 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.
    a. marketing objectives
    b. marketing strategy
    c. relationship marketing
    d. 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:
    a. sustainable competitive advantage.
    b. short-term competitive advantage.
    c. a strategic window.
    d. 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?
    a. The Internet has created new substitution threats.
    b. The Internet has reduced barriers to entry.
    c. The Internet has increased the bargaining power of end-users.
    d. 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?
    a. Apple Computer
    b. eBay
    c. Target
    d. 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&E Model Marketing Plan | R&D Managing strategy & 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&E Model Marketing Plan | R&D Managing strategy & 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&E Model Marketing Plan | R&D Managing strategy & 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&E Model Marketing Plan | R&D Managing strategy & 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):
    a. constraint.
    b. opportunity.
    c. threat.
    d. 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:
    a. internal organizational weaknesses prevent taking advantage of an opportunity.
    b. environmental threats attack organizational weaknesses.
    c. organizational strengths grasp opportunities.
    d. 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:
    a. changing buyer tastes in the marketplace.
    b. the presence of modern production facilities.
    c. inadequate financing capabilities.
    d. 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:
    a. ownership of valuable patents.
    b. a narrow current product line.
    c. changing buyer tastes in the marketplace.
    d. 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:
    a. product innovations.
    b. competitive constraints.
    c. a strategic window.
    d. 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?
    a. Target market
    b. Distribution
    c. Product
    d. 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.
    a. captive
    b. consumer
    c. home
    d. 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:
    a. promotion.
    b. product.
    c. process.
    d. 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
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45. In marketing, the term product:
    a. refers only to tangible items that can be seen, tasted or touched.
    b. is a broad concept encompassing the satisfaction of consumer needs.
    c. is limited in meaning to goods, services and ideas only.
    d. never refers to such things as package design, brand name or warranty.

    ANS: B PTS: 1 DIF: 1 REF: 46
    OBJ: 2-5
    NAT: AACSB Analytic | CB&E Model Product | R&D Managing strategy & innovation
    TYP: KN

46. The term marketing mix describes:
    a. a composite analysis of all environmental factors inside and outside the firm.
    b. a series of business decisions that aid in selling a product.
    c. the relationship between a firm's marketing strengths and its business weaknesses.
    d. a blending of four strategic elements to satisfy specific target markets.

    ANS: D PTS: 1 DIF: 1 REF: 45
    OBJ: 2-5
    NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
    TYP: KN

47. Jenny has been appointed marketing manager for Sparkling Cleaning Products. Her job focuses on decisions involving customer service, package design, brand names, and warranties. The area of marketing strategy in which Jenny will work is most likely:
    a. product strategy.
    b. resource valuation and pricing.
    c. retailing and distribution strategy.
    d. target market development.

    ANS: A PTS: 1 DIF: 2 REF: 46
    OBJ: 2-5
    NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation TYP: AP

48. Decisions involving transportation, warehousing, inventory control, and order processing relate to _____ strategy.
    a. pricing
    b. competitive
    c. product
    d. distribution

    ANS: D PTS: 1 DIF: 1 REF: 46
    OBJ: 2-5
    NAT: AACSB Analytic | CB&E Model Distribution | R&D Managing strategy & innovation
    TYP: KN

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49. Decisions about distribution strategy involve such challenges as:
    a. where to advertise.
    b. placing an automatic stamping machine in the plant.
    c. when to raise prices to cover costs.
    d. warehouse design and inventory control.

    ANS: D PTS: 1 DIF: 1 REF: 46
    OBJ: 2-5
    NAT: AACSB Analytic | CB&E Model Distribution | R&D Managing strategy & innovation
    TYP: KN

50. Maxwell has been named to an upper-level management position at QVC. He will be working with transportation media, order processing, and development of marketing channels. Maxwell is involved in developing _____ strategies.
    a. product
    b. distribution
    c. promotional
    d. marketing

    ANS: B PTS: 1 DIF: 2 REF: 46
    OBJ: 2-5
    NAT: AACSB Reflective Thinking | CB&E Model Distribution | R&D Managing strategy & innovation TYP: AP

51. Technology is providing new opportunities for electronic distribution that:
    a. allows product design to be customized to each purchaser.
    b. markedly reduces packaging and shipping costs.
    c. provides unique promotional opportunities.
    d. automatically targets a market that is sophisticated and wealthy.

    ANS: B PTS: 1 DIF: 2 REF: 46
    OBJ: 2-5
    NAT: AACSB Technology | CB&E Model Marketing Plan | R&D Knowledge of technology, design, & production TYP: KN

52. Newsletters, catalogs, and invitations to company-sponsored events are most closely associated with the marketing mix activity of:
    a. pricing.
    b. distribution.
    c. product development.
    d. promotion.

    ANS: D PTS: 1 DIF: 1 REF: 46-47
    OBJ: 2-5
    NAT: AACSB Analytic | CB&E Model Promotion | R&D Managing strategy & innovation
    TYP: KN

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53. The marketing mix decisions which are most closely regulated and subject to public scrutiny usually relate to _____ strategy.
    a. product
    b. promotional
    c. distribution
    d. pricing

    ANS: D PTS: 1 DIF: 1 REF: 47
    OBJ: 2-5
    NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
    TYP: KN

54. Which of the following terms best fits the activity of promotion?
    a. Making products available.
    b. Finding a convenient location.
    c. Maintaining a high level of regulation.
    d. Communicating between buyers and sellers.

    ANS: D PTS: 1 DIF: 1 REF: 46-47
    OBJ: 2-5
    NAT: AACSB Analytic | CB&E Model Promotion | R&D Managing strategy & innovation
    TYP: KN

55. All of the following are part of the marketing environment *except:*
    a. political-legal.
    b. competitive.
    c. product.
    d. socio-cultural.

    ANS: C PTS: 1 DIF: 1 REF: 47
    OBJ: 2-6
    NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of human behavior & societyTYP: KN

56. A firm has decided to alter its pricing and promotional strategies in response to lower-than-forecasted job growth and declining personal incomes. The firm is responding to changes in its _____ environment.
    a. socio-cultural
    b. political-legal
    c. competitive
    d. economic

    ANS: D PTS: 1 DIF: 2 REF: 48
    OBJ: 2-6
    NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation TYP: AP

57. The rule of three states that the three leading firms in an industry will have _____ percent of the market.
    a. less than 25
    b. around 50
    c. between 70 and 90
    d. nearly 100

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ANS: C PTS: 1 DIF: 1 REF: 48
OBJ: 2-6
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of general business functions TYP: KN

58. Carmen is a marketer for a global consumer products company. She is working on a promotional campaign designed for a foreign market and is ensuring the promotional campaign is clearly understood by the nation's consumers and does not inadvertently offend anyone. Carmen is being influenced by the country's _____ environment.
a. socio-cultural
b. political-legal
c. competitive
d. economic

ANS: A PTS: 1 DIF: 3 REF: 48
OBJ: 2-6
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of human behavior & society TYP: AP

59. As chief executive of Stalwart Shipfitting Company, a diversified producer of marine supplies and equipment, John needs a method for spotting promising product lines that warrant commitment of additional resources, as well as those that should be removed from the firm's product portfolio. A good choice for this firm would be:
a. computer models.
b. strategic business units.
c. a marketing audit.
d. an inventory audit.

ANS: B PTS: 1 DIF: 2 REF: 49
OBJ: 2-7
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation TYP: AP

60. The strategic business unit (SBU) concept is best identified as a:
a. planning tool that separates tactical and operational issues for analysis.
b. device used primarily to separate marketing costs from production expenses.
c. marketing planning tool best suited to the needs of large, diversified organizations.
d. way to create units of business activity based solely on sales potential.

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

61. Each strategic business unit (SBU) within a firm has its own individual:
a. advertising consultant.
b. government watch dog agency.
c. board of directors.
d. competitors.

ANS: D PTS: 1 DIF: 1 REF: 49
OBJ: 2-7
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation

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TYP: KN

62. According to the market share/market growth matrix, a successful product typically:
a. begins as a question mark, becomes a star, and eventually moves to the status of cash cow.
b. begins as a star, fades to a question mark, and finally becomes a dog and is dropped.
c. begins as a cash cow, moves to question mark, and finally becomes a star.
d. starts life as a cash cow and fades to a dog when it's dropped.

ANS: A PTS: 1 DIF: 3 REF: 50
OBJ: 2-7
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

63. Which of the following is a marketing planning tool?
a. Market share/market growth matrix
b. Consumer scanning model
c. Market vulnerability/business opportunity matrix
d. Market sheet analysis

ANS: A PTS: 1 DIF: 2 REF: 50
OBJ: 2-7
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

64. To evaluate an organization's SBUs, the Boston Consulting Group developed a portfolio performance framework that characterizes some of the SBUs as:
a. question marks.
b. quick winners.
c. charging bulls.
d. cash outs.

ANS: A PTS: 1 DIF: 2 REF: 50
OBJ: 2-7
NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Managing strategy & innovation
TYP: AP

65. The quadrant of the market share/market growth matrix that represents both a high market share and a high rate of market growth includes the:
a. cash cows.
b. achievers.
c. stars.
d. strivers.

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

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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:
    a. star.
    b. cash cow.
    c. question mark.
    d. 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:
    a. pork barrel.
    b. question mark.
    c. cash cow.
    d. 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?
    a. Cash cow
    b. Star
    c. Question mark
    d. 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):
    a. eagle.
    b. question mark.
    c. cash cow.
    d. 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

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
b. marketing planning
c. strategic planning
d. tactical planning
e. mission
f. first mover strategy
g. SWOT analysis
h. strategic window
i. marketing mix
j. product strategy
k. strategic business unit
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

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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: 1 DIF: 1 REF: 38
OBJ: 2-3
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes
TYP: KN

10. ANS: H PTS: 1 DIF: 1 REF: 43
OBJ: 2-4
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

11. 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

12. ANS: G PTS: 1 DIF: 1 REF: 42
OBJ: 2-4
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing decision-making processes
TYP: KN

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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

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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

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