Test Bank for Contemporary Marketing 20th Edition by Boone, Kurtz

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Name:____ Class:__________________________ Date:______________

Chapter 1 - Marketing: The Art and Science of Satisfying Customers

1. Production and marketing of goods and services are two basic functions that create utility.
   a. True
   b. False

ANSWER: True

2. Form utility is created when the company converts raw materials and component parts into finished goods and services.
   a. True
   b. False

ANSWER: True

3. A popular coffee chain takes advantage of time and place utility by positioning its cafes in low-traffic locations such as retail stores and airports across the country.
   a. True
   b. False

ANSWER: False

4. The transfer of title to goods or services at the time of purchase creates ownership utility.
   a. True
   b. False

ANSWER: True

5. Vending machines and convenience stores focus on providing place utility for people buying newspapers, snacks, and soft drinks.
   a. True
   b. False

ANSWER: True

6. Designing and marketing want-satisfying goods, services, and ideas are the foundation for the creation of utility.
   a. True
   b. False

ANSWER: True

7. Marketing of a product begins after it hits the shelf.
   a. True
   b. False

ANSWER: False

8. Production orientation is a business philosophy that stresses on the importance of _________.
   a. quantity of products
   b. quality of products
   c. production process
   d. output efficiency

ANSWER: b

9. In the sales era, firms primarily focused on:

a. determining consumer needs before producing products.
b. matching their output to the potential number of customers.
c. building long-term customer relationships through service and quality.
d. focusing on mass production and distribution excluding customer demand.

ANSWER: b

10. Buying and selling represent _________.
a. exchange functions
b. financing functions
c. administrative functions
d. executive functions

ANSWER: a

11. The marketing era is the successive historical outcome of the ________.
a. sales era
b. research era
c. production era
d. industrial era

ANSWER: a

12. The marketing era is defined by a shift in focus from products and sales to satisfying a __________.
a. producer’s needs
b. consumer’s needs
c. wholesaler’s needs
d. market need

ANSWER: b

13. The emergence of the marketing concept has resulted in companies being better able to:
a. predict future market trends and reduce product development costs.
b. understand their customers' buying needs and tailor offerings accordingly.
c. increase production efficiency and reduce operational costs.
d. focus solely on product quality and minimize customer interaction.

ANSWER: b

14. The advent of a strong buyer’s market created the need for businesses to adopt:
a. product orientation, focusing on maximizing production efficiency.
b. consumer orientation, prioritizing customer needs and preferences.
c. sales orientation, aiming for higher volume sales regardless of customer preferences.
d. market orientation, focusing on targeting a wide audience with generic products.

ANSWER: b

15. The marketing concept focuses on the objective of achieving:
a. long-run profits.
b. short-term success.

c. immediate market share.

d. aggressive sales tactics.

ANSWER: a

16. Based on Glen Inc.'s strategy of producing goods based on local customers' experiences, needs, and preferences, which of the following statements best describes their approach?

a. Glen Inc. uses a production-driven strategy, focusing on mass production of standard products.

b. Glen Inc. uses a market-driven strategy, creating products tailored to the needs and preferences of local customers.

c. Glen Inc. uses a sales-driven strategy, relying on aggressive sales tactics to sell standardized products.

d. Glen Inc. uses a product-driven strategy, prioritizing innovation over customer needs and preferences.

ANSWER: b

17. In the history of marketing, the fourth era (relationship era) has given way to the fifth era, called the ________.

a. sales era

b. production era

c. research era

d. social era

ANSWER: d

18. Which of the following statements best describes a firm that has fully implemented the marketing concept?

a. The firm focuses on short-term sales goals, often at the expense of customer satisfaction.

b. The firm emphasizes company-wide production efficiency without considering customer needs.

c. The firm adopts a consumer orientation throughout the organization, aiming for long-term success.

d. The firm relies on aggressive sales tactics to drive immediate profits excluding customer loyalty.

ANSWER: c

19. Which of the following statements best describes a firm with a sales orientation?

a. The firm believes that consumers will only purchase essential goods.

b. The firm believes consumers will resist purchasing nonessential goods and services.

c. The firm prioritizes long-term customer satisfaction and builds relationships with consumers.

d. The firm focuses on producing high-quality products and assumes that demand will naturally follow.

ANSWER: b

20. Which of the following type of marketing is used by celebrities?

a. Event marketing

b. Sales marketing

c. Person marketing

d. Time marketing

ANSWER: c

21. Promotional events designed to attract visitors to a particular area or to improve the image of a city, state, or nation would be examples of _______.

a. cause marketing

b. event marketing

c. organization marketing

d. place marketing

ANSWER: d

22. How can a company's involvement in social issues influence its marketing strategy and brand perception?

a. By solely focusing on the social issue, companies may alienate potential customers who have different values or interests.

b. Cause marketing helps companies generate higher immediate sales by promoting social causes that align with consumers' personal beliefs.

c. Cause marketing strengthens brand perception and loyalty by associating a brand with a cause that resonates with target audiences.

d. Cause marketing leads to negative outcomes as it diverts the company's resources from product development and production.

ANSWER: c

23. A theater group promoting a performance to raise funds in the fight against cancer is an example of both cause marketing and __________.

a. event marketing

b. person marketing

c. place marketing

d. time marketing

ANSWER: a

24. Marketing of sporting, cultural, and recreational activities to selected target markets is known as ________.

a. culture marketing

b. event marketing

c. target marketing

d. sport marketing

ANSWER: b

25. Virtually all colleges and universities have alumni associations that publish magazines, hold reunions, and try to raise funds. These activities constitute ___________.

a. organization marketing

b. academic marketing

c. cause marketing

d. place marketing

ANSWER: a

26. The traditional view of marketing can be described as:

a. relationship-based marketing.

b. customer-oriented marketing.

c. transaction-based marketing.

d. cause-based marketing.

ANSWER: c

27. According to relationship marketing, what should the lifetime value of a customer exceed?
    a. The marketing budget allocated for advertising campaigns
    b. The investment made by the firm to attract and retain the customer
    c. The cost of goods sold to the customer in the first year
    d. The revenue generated in the first year of the customer's purchase

ANSWER: b

28. What is the primary goal of relationship marketing in terms of customer progression?
    a. To reduce customer spending over time
    b. To move customers from new customers to advocates who recommend the products
    c. To focus on immediate sales without considering long-term relationships
    d. To keep customers static without encouraging further engagement

ANSWER: b

29. According to relationship marketing, the loyalty ladder progresses through which stages?
    a. New customers, loyal supporters, regular purchasers, and advocates
    b. New customers, regular purchasers, loyal supporters, and advocates
    c. Regular purchasers, advocates, new customers, and loyal supporters
    d. Advocates, loyal supporters, regular purchasers, and new customers

ANSWER: b

30. How does marketing information contribute to building and maintaining lasting relationships with customers?
    a. By identifying the most effective pricing strategies
    b. By collecting data on competitors' market share
    c. By helping firms understand consumer needs
    d. By monitoring the firm's financial performance

ANSWER: c

31. In the context of marketing, financing involves:
    a. extending credit facilities to channel members (wholesalers and retailers) and end consumers, aiding in cash flow management.
    b. providing short-term loans to wholesalers only, ensuring they can stock up on products during high demand periods.
    c. offering credit terms exclusively to consumers to boost immediate sales without involving intermediary businesses.
    d. creating credit lines for distributors to finance long-term investments in marketing strategies and product development.

ANSWER: a

32. Compared to transaction marketing, relationship marketing relies more heavily on:
    a. promoting one-time purchases using mass marketing and advertisements.
    b. focusing on short-term sales through traditional marketing methods and direct selling.
    c. building long-term customer relationships through personalized communication and technology.
    d. creating broad product awareness through aggressive pricing and mass distribution.

ANSWER: c

33. Risk-taking in marketing refers to:
    a. dealing with uncertainty by creating products based on research and expected consumer demand.
    b. reducing risks by focusing only on products with proven market demand and existing customers.
    c. minimizing uncertainty by creating goods aligned with current consumer trends and needs.
    d. managing risk by producing products that are likely to appeal to a broad range of customers.

ANSWER: a

34. Intermediaries that may be involved in a product's movement from producer to final consumer are known as _______.
    a. wholesalers
    b. retailers
    c. distributors
    d. agents

ANSWER: a

35. Manufacturers engage in risk-taking when they:
    a. develop goods and services based on market research, anticipating consumer demand despite uncertainty.
    b. create new products without confirming demand, relying on intuition and industry trends.
    c. invest in production of innovative goods, hoping to meet unmet consumer needs with little prior testing.
    d. produce goods based on customer feedback and adjust their offerings as market trends evolve.

ANSWER: a

36. Marketing is the direct connection between a firm and its ________.
    a. customers
    b. producers
    c. market
    d. success

ANSWER: a

37. A company combines metal, rubber, and other components in the production of appliances. In doing so, the company creates _____.
    a. ownership utility
    b. form utility
    c. place utility
    d. time utility

ANSWER: b

38. The utility of a product or service is its _______.
    a. want-satisfying power
    b. reusability
    c. function as a commodity
    d. design quality

ANSWER: a

39. Fame-us is a talent hunt agency focusing on youth looking to enter Hollywood. As part of their marketing strategy, Fame-us generates time and place utility by:
    a. creating a nationwide advertising campaign to attract applicants.
    b. conducting talent hunts at campuses during Thanksgiving.
    c. endorsing their services using famous celebrities from Hollywood.
    d. opening a well-equipped studio with pre- and post-production facilities.

ANSWER: b

40. The ability to transfer title to goods or services from marketer to buyer is described as _________.
    a. ownership utility
    b. form utility
    c. time utility
    d. place utility

ANSWER: a

41. Availability of goods and services at convenient locations creates ______.
    a. form utility
    b. time utility
    c. place utility
    d. ownership utility

ANSWER: c

42. Creating form utility is the responsibility of the ___________.
    a. finance function
    b. production function
    c. marketing function
    d. research and development function

ANSWER: b

43. Banks have recently begun to install ATMs in supermarkets to address customers' wants for instant cash when they go shopping. What type of utility are banks creating for customers?
    a. Form
    b. Possession
    c. Place
    d. Ownership

ANSWER: c

44. The process for creating, communicating, and delivering value to the customer is called _____.
    a. marketing
    b. financing
    c. operations
    d. administration

ANSWER: a

45. The marketing philosophy summarized by the phrase "a high-quality product will sell itself" is a characteristic of the _____.
   a. production era
   b. sales era
   c. marketing era
   d. relationship era

ANSWER: a

46. Which of the following factors contributed to the transition from the production era to the sales era?
   a. Increased consumer demand
   b. Sophisticated production techniques
   c. Increase in urbanization
   d. The Great Depression

ANSWER: b

47. A company produces a high-quality product with a maximum monthly output of 10,000 units. Production levels are constant, and the company relies on its marketing department to find customers for its output. This approach is consistent with which era in marketing history?
   a. Production era
   b. Relationship era
   c. Marketing era
   d. Sales era

ANSWER: d

48. Consumers resist purchasing nonessential goods and services. Which marketing approach focuses on overcoming this resistance through creative advertising and personal selling?
   a. Production
   b. Marketing
   c. Sales
   d. Relationship

ANSWER: c

49. A market in which there are more buyers for fewer goods and services is known as a _______.
   a. seller’s market
   b. monopoly
   c. buyer’s market
   d. oligopoly

ANSWER: a

50. A buyer’s market is characterized by:
   a. more goods and services than buyers to buy them.
   b. a small number of firms dominating the production of goods offered.
   c. practically no competition in the marketplace.
   d. a single firm producing a major share of the products or services offered.

ANSWER: a

51. The emergence of the marketing concept can best be explained by:
    a. higher production levels.
    b. greater sophistication in the production of goods.
    c. the shift from a seller's market to a buyer's market.
    d. a focus on product quality.

ANSWER: c

52. Assume you want to increase the number of customers by applying the marketing concept. Which of the following strategies would be most consistent with this approach?
    a. Reduce product costs
    b. Offer more product variety than competitors
    c. Target markets
    d. Employ inexpensive labor

ANSWER: c

53. A company wanted to increase its customers by applying the marketing concept. Which of the following would be an appropriate way to apply this approach?
    a. Maximize production of goods
    b. Focus on meeting the needs of the consumers
    c. Offer more product variety than competitors
    d. Produce high-quality goods

ANSWER: b

54. The business philosophy incorporating the marketing concept where the focus is on satisfying the needs and wants of consumers rather than simply producing and selling products is known as _______.
    a. customer persuasion
    b. consumer orientation
    c. aggressive marketing
    d. sales orientation

ANSWER: b

55. Which marketing concept focuses on a companywide consumer orientation with the objective of achieving long-run success?
    a. Marketing myopia
    b. Exchange process
    c. Marketing concept
    d. Seller's market

ANSWER: c

56. In the relationship era, firms focus on:
    a. short-term relationships with suppliers.
    b. long-term relationships with customers and suppliers.
    c. short-term relationships with customers and suppliers.

d. short-term relationships with customers.

ANSWER: b

57. Which of the following is an example of person marketing?

a. A firm creates awareness of the importance of using public transport.
b. A country promotes its sightseeing spots and cuisines.
c. A mall is inaugurated by a popular commercial actor.
d. A firm promotes an interstate soccer match.

ANSWER: c

58. A student is campaigning for their friend, who is contesting for the presidency of the student council at a junior college. This effort is an example of _________.

a. cause marketing
b. person marketing
c. place marketing
d. organization marketing

ANSWER: b

59. The basic objective of place marketing is to:

a. attract visitors or new businesses to a particular area.
b. influence others to accept the goals of the sponsoring organization.
c. convince people to attend a sporting or cultural event.
d. bring to the attention of the public some charitable issue.

ANSWER: a

60. State bureaus of tourism and conventions typically engage in _____.

a. organization marketing
b. person marketing
c. place marketing
d. cause marketing

ANSWER: c

61. Billboards for the city's national football league team are positioned within 5 miles of the stadium. This is an example of _____.

a. form utility creation
b. place marketing
c. organization utility
d. sports marketing

ANSWER: b

62. A student was asked to bring a can of food for the local food bank as the price of admission for a certain ceremony. This is an example of _____.

a. person marketing
b. organization marketing

c. ownership utility
d. cause marketing

ANSWER: d

63. Some Florida drivers have license plates that say Save the Manatee. This is an example of _____ marketing.
a. organization
b. cause
c. place
d. event

ANSWER: b

64. A company provides free cereals and biscuits to support a program that aims to end hunger in various emerging nations. This is an example of _____.
a. organization marketing
b. person marketing
c. cause marketing
d. place marketing

ANSWER: c

65. The Tour de Cure is a bicycle ride, not a race, to raise money for the American Diabetes Association and is held in 40 states nationwide. This is an example of:
a. cause marketing.
b. organization marketing.
c. person marketing.
d. place marketing.

ANSWER: a

66. As an official sponsor of the Olympics, The Coca-Cola Company engages in _____.
a. place marketing
b. event marketing
c. person marketing
d. organization marketing

ANSWER: b

67. Which of the following is a combination of person, cause, and organization marketing?
a. Tiger Woods endorsing both Nike, a sports company, and Accenture, a consulting company.
b. The Nobel Peace Prize awarded to Al Gore for his work on climate change.
c. UNICEF’s work to improve the living conditions of children across the world.
d. Angelina Jolie’s role as a UN Goodwill Ambassador for refugees.

ANSWER: d

68. A university sells customized sweatshirts, pullovers, and jerseys to its students and staff. This is an example of _____.
a. cause marketing
b. organization marketing

c. person marketing

d. event marketing

ANSWER: b

69. The revenues and intangible benefits accrued to the firm, minus the investment to attract and keep a customer is known as the ________.

a. gradient of return on investment

b. intangible benefit stream

c. investment-benefit differential

d. lifetime value of the customer

ANSWER: d

70. Many hotel chains offer free stays and other perks to repeat customers. This is an example of:

a. relationship marketing.

b. transaction-based marketing.

c. interactive marketing.

d. social marketing.

ANSWER: a

71. In the practice of relationship marketing, the definition of a customer is taken to another level. Which of the following best illustrates how a company practicing relationship marketing is different from a traditional transaction-based marketer?

a. The city pool allows kids 12 years and younger to swim for free on Fridays.

b. A local coffee shop distributes coupons for $.50 off each cup of coffee.

c. The purchasing department of a defense contractor invites its suppliers to attend an annual golf outing.

d. The heads of the financial departments meet with the CFO to discuss year-end financial reporting.

ANSWER: c

72. What is the marketing function that involves manufacturers creating goods and services based on research and consumer needs?

a. Financing

b. Risk taking

c. Marketing information

d. Distribution

ANSWER: b

73. The application of relationship marketing requires attention to levels of customer loyalty. Which of the following is the highest level as defined by this type of marketing?

a. Loyal supporter of the company and its goods and services

b. Advocate who not only buys the products but recommends them to others

c. Regular purchaser of the company's products

d. Stockholder who literally buys into the organization and its mission

ANSWER: b

74. Mobile marketing refers to:

a. running promotional campaigns on transport media such as trains and airplanes.
b. marketing messages transmitted via wireless technology.
c. promoting associated products or services alongside mobile technologies.
d. the use of online social media as a communications channel for marketing messages.

ANSWER: b

75. By converting indifferent customers into loyal ones through relationship marketing, companies can ___________.
a. decrease production cost
b. generate one-time sales
c. avoid after-sales services
d. generate repeat sales

ANSWER: d

76. Which of the following is true of relationship marketing?
a. It focuses on finding new customers.
b. It prefers not to maintain existing customers due to high costs.
c. It does not believe in generating repeat sales.
d. It believes in maintaining existing customers.

ANSWER: d

77. What does relationship marketing focus on?
a. Boosting sales through short-term promotional strategies
b. Building and sustaining long-term relationships with stakeholders
c. Improving production processes to reduce operational costs
d. Aligning business goals with societal and environmental needs

ANSWER: b

78. A customer browsing a company's social media page interacts with a chatbot to get detailed product information at their convenience. Which type of marketing does this scenario represent?
a. Relationship marketing
b. Interactive marketing
c. Digital advertising
d. Content marketing

ANSWER: b

79. Define utility and discuss the four types of utility. Give examples and list the functional areas within an organization that are responsible for each.

ANSWER: Utility is the want-satisfying power of a good or service. The four types of utility are (1) form (conversion of raw materials and components into finished products), (2) time (availability of goods and services when consumers want them), (3) place (availability of goods and services at convenient locations), and (4) ownership (ability to transfer title to goods and services from marketer to buyer). Examples of each type of utility are: form—mixing alloys, steel, and rubber to manufacture radial tires; time—courier delivery on time; place—banks at the supermarket; ownership—owning a new TV. Marketing is responsible for ownership, time, and place. The production function is responsible for form utility.

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80. How can a business combine all four types of utility to stand out from competitors?

ANSWER: A business can create a competitive edge by integrating all four utilities into its strategy. For example, it can deliver high-quality, innovative products (form utility), ensure they're available when needed through fast shipping or extended hours (time utility), and make them accessible in convenient locations or online (place utility). Additionally, it can offer flexible payment options and transparent return policies to simplify ownership (ownership utility). By addressing customer needs holistically, the business can provide a seamless and satisfying experience, making it more appealing than competitors who may excel in only one or two areas. This comprehensive approach builds trust and loyalty.

81. List the five eras in marketing history in chronological order, and briefly describe the philosophy behind each era. Provide an example of an organization that is functioning in the social era and explain why you selected it.

ANSWER: The five eras are: the production era (quality products will sell themselves), the sales era (creative selling and advertising will overcome consumer resistance and convince them to buy), the marketing era (the consumer rules; find a need and satisfy it), the relationship era (build and maintain cost-effective long-term relationships with customers, employees, suppliers, and other parties for mutual benefit), and the social era (use the Web and social networking sites to connect with consumers). Students' examples will vary but should demonstrate their understanding of the use of the internet to engage in two-way communication with consumers.

82. What is the major difference between the sales era and marketing era?

ANSWER: The sales era was characterized by the belief that consumers would resist purchasing nonessential goods and services, and the attitude that only creative advertising and personal selling could overcome consumers' resistance and persuade them to buy. The sales era was typified by the trend of seller's markets.
The marketing era was characterized by the business philosophy incorporating the marketing concept that emphasized first determining unmet consumer needs and then designing a system for satisfying them. There was a shift in the focus of companies away from products and sales to satisfying customer needs. Advertising not only communicated the benefits of products but also created needs and wants in the minds of consumers. The marketing era was influenced by the trend of buyer's markets.

83. List and describe the five categories of marketing. Give an example of each.

ANSWER: Cause marketing is the identification and promotion of a social issue, cause, or idea to selected target markets (Hurricane Helene Relief Fund and Save the Rainforest). Person marketing is designed to cultivate the attention and preference of a target market toward a person (Oprah Winfrey). Place marketing is designed to attract visitors to, improve the image of, or entice business opportunity to utilize a particular city, state, nation, or geographic area. (A city vying for the rights to host an Olympic event will place market to the Olympic committee.) Event marketing is the promotion of specific recreational, sporting, cultural, or charitable activities to a specific target market (concert promotion, the Super Bowl, and county fairs are all examples). Organizational marketing is the effort to influence others to recognize the goals, accept the goods and services, or contribute in some way to the organization (Salvation Army Christmas campaign, American Red Cross ads, and Army recruiting).

84. What is the difference between interactive marketing and social marketing in terms of customer engagement?

ANSWER: Interactive marketing gives customers control over the information they receive. For example, a customer might choose to get updates only on products they're interested in, or they can select specific topics they want to hear about. Social marketing, on the other hand, happens on social media platforms where companies share content, ask questions, or run polls to get people involved. For instance, a company might post a question on social media, asking followers to share their thoughts or vote on something, encouraging direct interaction.

85. Define relationship marketing and explain its characteristics.

ANSWER: Relationship marketing is the development and maintenance of long-term, cost-effective relationships with individual customers, suppliers, employees, and other parties for mutual benefit. Strategic alliances and partnerships among manufacturers, retailers, and suppliers often benefit everyone. It broadens the scope of external marketing relationships to include suppliers, customers, and referral sources. In relationship marketing, the term customer takes on a new meaning. Employees serve customers within an organization as well as outside it; individual employees and their departments are customers of and suppliers to one another. They must apply the same high standards of customer satisfaction to intradepartmental relationships as they do to external customer relationships. Relationship marketing recognizes the critical importance of internal marketing to the success of external marketing plans. Programs that improve customer service inside a company also raise productivity and staff morale, resulting in better customer relationships outside the firm. Relationship marketing gives a company new opportunities to gain a competitive edge by moving customers up a loyalty ladder—from new customers to regular purchasers, then to loyal supporters of the firm and its goods and services, and finally to advocates who not only buy its products but recommend them to others.

86. Describe the process of relationship building in marketing.

ANSWER: Relationship building begins early in marketing. It starts with determining what customers need and want, then developing high-quality products to meet those needs. It continues with excellent customer service during and after purchase. It also includes programs that encourage repeat purchases and foster customer loyalty. Marketers may try to rebuild damaged relationships or rejuvenate unprofitable customers with these practices as well.

87. Differentiate between transaction-based marketing and relationship marketing.

ANSWER: Historically, marketing was viewed as a simple exchange process, that is, a process that moved from transaction to transaction without any significant carryover of effects. In other words, closing deals was more important than making friends. More recently, a new concept explicitly realizes that relationships are important and maintaining a long-term relationship between marketing firm and customer is not only satisfying, but cost-effective too. If a one-time customer can be converted to a loyal customer, more sales will be generated over the long run. In short, it is cheaper to retain a customer than to constantly find new ones. Effective relationship marketing also relies heavily on information technologies such as computer databases to record customers' tastes, price preferences, and lifestyles. This technology helps companies become one-to-one marketers that gather customer-specific information and provide individually customized goods and services. The firms target their marketing programs to appropriate groups rather than relying on mass-marketing campaigns. Companies that study customer preferences and react accordingly gain distinct competitive advantages.

88. Describe social marketing and its significance for marketers uses.

ANSWER: Social marketing is the use of online social media as a communications channel for marketing messages. Social media platforms allow marketers to educate customers, answer questions, and gather feedback that can be used for product development or customer service.

89. What does interactive marketing involve?

a. One-way communication where the marketer controls all information shared with customers

b. Buyer-seller communication where the customer controls the type of information received

c. Creating long-term relationships with customers through loyalty programs

d. Promoting products through traditional advertising methods like TV and radio

ANSWER: b

90. A goalkeeper for the U.S. men's soccer team has just signed a major marketing deal with your company. You plan to utilize him in a variety of marketing campaigns leading up to the next Men's World Cup. Which one of the following categories of nontraditional marketing will you emphasize in this situation?

a. Sports marketing

b. Person marketing
c. Social media marketing
d. Place marketing

ANSWER: b

91. You work on the assembly line at Ford Motor Company, producing the Ford Focus hybrid. What type of utility does your line create for Ford's customers?

a. Product
b. Form
c. Value
d. Place

ANSWER: b

92. The NBA Sacramento Kings play their home games in the Golden 1 Center. The naming of their stadium is an example of which one of the following four types of nontraditional marketing?

a. Stadium naming rights marketing
b. Sports team marketing
c. Organization marketing
d. Event marketing

ANSWER: d

93. Which one of the following statements about marketing is true?

a. Mobile marketing refers to marketing messages transmitted via wireless technology.
b. Effective relationship marketing does not rely on data and computer databases.
c. The lifetime value of a customer consists of the revenues and intangible benefits derived from the firm's relationship with the producer.
d. Social marketing is the use of offline social media as a communications channel for marketing messages.

ANSWER: a

94. When a company pays a market research firm to conduct a marketing research project, it is engaging in which one of the Eight Universal Marketing Functions?

a. Buying
b. Selling
c. Securing information
d. Risk-taking

ANSWER: c

95. You are the director of a health and wellness center that was successfully launched by using only marketing tools and techniques developed during the relationship and social eras. However, now that the business is established, there's a new owner who wants you to revert to using older, more traditional methods. Which of the following will appeal to them?

a. Recruit a nutritionist to answer members' diet-related questions on the center's website.
b. Offer only monthly memberships.
c. Open a retail store outside the center that sells workout clothes, supplements, and similar items.
d. Offer discounts on merchandise to short-term members only.

ANSWER: a

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96. Your boss, the CEO of a restaurant chain, is very bullish on nontraditional marketing. They have instructed you to implement some of their team's ideas in the next 6 months, but first, to flag any of the ideas that are inaccurate applications of nontraditional marketing. Which of the following should you flag?

a. Implement cause marketing by donating $1 from every dinner check to antipoverty agencies.

b. Implement place marketing by locating new restaurants near stadiums and sports arenas.

c. Implement event marketing by sponsoring a high-profile sports tournament.

d. Implement organic marketing by switching to organic-certified ingredients.

ANSWER: d

97. Netflix has become a popular media streaming company and provides consumers with the opportunity to view programming at their leisure whenever it's convenient for them. In addition, consumers can stream programming on smart TVs, tablets, computers, or smartphones. What type of utility is Netflix offering?

a. Time

b. Convenience

c. Form

d. Ownership

ANSWER: a

98. Forever 21 is a popular fashion clothing company and often attracts customers to its website or retail stores by posting pictures to its Facebook and Instagram accounts. Forever 21 has over 15 million followers on both Instagram and Facebook. What marketing era best describes Forever 21 and its approach to marketing activities?

a. Social

b. Marketing

c. Sales

d. Production

ANSWER: a

99. Nations Bank has engaged in extensive marketing research to learn more about its customers – especially those in the 18–30 age group. The research identified that these consumers do not enjoy visiting a bank branch location and prefer to manage their banking via their smart phone, tablet, or computer. The bank has invested in sophisticated applications that enable consumers to deposit checks, check their balances, pay bills, and transfer funds. Nations Bank believes this investment in research to understand consumer needs enables them to develop the right array of services that will lead to improved market success and overall performance. This is an example of a:

a. marketing concept.

b. consumer listening.

c. marketing advocation.

d. sales orientation.

ANSWER: a

100. The *Today* show partnered with the U.S. National Parks in 2025 to celebrate 100 years of national parks. Various *Today* show regulars such as Al Roker were featured visiting the parks. This campaign is an example of _____.

a. place marketing

b. person marketing

c. event marketing

d. cause marketing

ANSWER: a

101. Austin, Texas, is host to a popular festival, South by Southwest (SXSW). It has released dates for the new year and invites participants for the unique music, film, and interactive events or sessions from March 10 through 19. Which category of nontraditional marketing would best characterize the marketing activities to attract attendees for the multiday festival?

a. Event

b. Cause

c. Organization

d. Place

ANSWER: a

102. A bakery ensures it has sufficient flour to consistently meet customer demand for bread. Which marketing function does this scenario represent, and why is it important?

a. Buying

b. Selling

c. Storage

d. Production

ANSWER: a

103. DHL has developed a reputation as an international business specialist enabling companies that produce or distribute products to economically ship finished goods to customers. Which function of marketing does DHL provide to companies?

a. Transporting

b. Selling

c. Risk taking

d. Storing

ANSWER: a

104. Edward Don & Company maintains over 12,000 food service and supply items for the hospitality industry as well as any organization that provides food service such as hospitals, schools, or prisons. Customers enjoy the opportunity to streamline their transactions by purchasing a large number of items from a single company. Customers may place orders online or order from their Edward Don sales representative. Edward Don purchases their items directly from the manufacturer and provides them to the business customer. What business function does Edward Don & Company provide?

a. Wholesaling

b. Financing

c. Risk taking

d. Storing

ANSWER: a

105. Which of the following is an element of the marketing strategy for any given product?

a. Competitive companies producing similar products

b. The people most likely to sell the product

c. The places where the product is bought the most

d. Product discounts and rebates

ANSWER: d

106. All Chuck E. Cheese's restaurants feature kid-friendly pizza and arcade games. The chain attracts families with young children, which is the organization's:

a. marketing mix.

b. marketing variable.

c. target market.

d. market tactic.

ANSWER: c

107. As the marketing director for Kia Motors, you've been tasked with marketing a new, moderately priced vehicle that runs on gas or electric and meets high safety standards. It seats up to five, holds a lot of cargo, and features an onboard vacuum cleaner. Which of the following market segments will you focus on primarily?

a. Wealthy consumers with $250,000+ annual incomes

b. Young, primarily single individuals

c. Environmentally conscious consumers

d. Budget-minded families with growing children

ANSWER: d

108. Your marketing instructor has asked you to put together a very detailed description of Starbuck's target market. Which of the following category of information would you include?

a. Food and drink preferences

b. Religious background

c. Citizenship status

d. Racial background

ANSWER: a

109. Red Robin Gourmet Burgers and Brews offers a tower of onion rings – a foot-high, vertical stack of about a dozen crispy onion rings served on a custom-made stand. This is an example of the company's:

a. package design.

b. customer service.

c. brand name.

d. trademark.

ANSWER: a

110. Your old computer has finally died, and you're kind of happy about it. It had problems from the very start, and you've wasted more time online and on the phone with tech support than you care to remember. The manufacturer is notorious for giving customers the runaround! This time, when you buy your new computer, you're going to make a better choice. The product feature you'll find most appealing is:

a. the manufacturer's customer service.

b. the design.

c. the brand name.

d. the warranty.

ANSWER: a

Chapter 1 - Marketing: The Art and Science of Satisfying Customers

111. You are a style-conscious shopper, even though you live on a tight budget. That's why you buy most of your clothes at Target. However, for the past several months, you've been hearing that the economy is slowing and is predicted to continue to do so in the months ahead. In looking at your options for future clothes purchases, you will most likely:

a. stay true to Target's good value.

b. look for stores offering cheaper alternatives, such as Ross Dress for Less and Wal-Mart.

c. start shopping at higher-end stores for better quality clothing that will last longer.

d. vow to not buy any new clothes for the next three years.

ANSWER: b

112. Many Audis come equipped with high-end Bose sound systems built in at the factory. In this context, Audi is part of Bose's:

a. promotions.

b. product line.

c. pricing strategy.

d. distribution channel.

ANSWER: d

113. Most marketing students are familiar with the "4 Ps" of marketing. Distribution channels are related to which of the 4 Ps?

a. Product

b. Promotion

c. Place

d. Price

ANSWER: c

114. The variables in the marketing mix include:

a. product, price, distribution, and promotion.

b. product, price, and promotion.

c. promotion, distribution, and price.

d. price, promotion, place, and people.

ANSWER: a

115. During a strong economy, consumers are more willing to pay higher prices for goods, while in a weak economy, they look for bargains. Which strategy might businesses use in response to these economic conditions?

a. Lower prices in a strong economy to attract more customers.

b. Increase prices in a weak economy to maintain profit margins.

c. Lower prices in a weak economy to encourage spending.

d. Increase prices in a weak economy to increase profit from fewer customers.

ANSWER: c

116. During the most recent Thanksgiving holiday weekend in the United States, gasoline retailers increased the price of gas an average of five cents a gallon. Which statement is most likely to be true about gasoline retailers' pricing strategy?

a. Gasoline retailers must be greedy to maximize profits.

b. There was fierce competition among gasoline retailers.

c. The economy was strong, so gasoline retailers capitalized on consumer demand.

d. The economy was weak, and gasoline retailers had to recover losses from earlier.

ANSWER: c

117. During the production era, business success was often defined by production efficiency. How did Henry Ford’s mass-production philosophy reflect this orientation?

a. By offering a wide variety of products to meet diverse consumer preferences

b. By prioritizing product quality over production efficiency

c. By focusing on mass production and limiting product choices to streamline efficiency

d. By customizing products to individual customer needs to increase satisfaction

ANSWER: c

118. A skincare brand maintains a social media page where customers can ask product questions, share testimonials, and discover special promotions. This brand is an example of an organization operating in the ______.

a. production era

b. social era

c. marketing era

d. relationship era

ANSWER: b

119. As a means of enhancing customer relationships, Verizon Wireless occasionally sends out text messages to its wireless customers promoting special offers. This is an example of:

a. consumer-based marketing.

b. transaction-based marketing.

c. mobile marketing.

d. social marketing.

ANSWER: c

120. You are the marketing director of Blue Ribbon Bakery, a producer of baked goods that are sold across the American South. Of all the ideas your team has come up with to promote your new line of hamburger and hot dog buns, which do you think will be least effective?

a. Offering the product at a lower introductory price for the first three months

b. Handing out coupons with free in-store samples

c. Sponsoring a giveaway contest through the company's Facebook page

d. Sponsoring an essay contest where consumers explain what they like about the products

ANSWER: d

121. How do distribution and promotion strategies differ in terms of their focus and methods?

a. Distribution focuses on getting products to consumers through various channels, while promotion focuses on communicating product benefits to consumers.

b. Distribution involves transportation, warehousing, and inventory management, while promotion involves advertising and sales tactics.

c. Distribution ensures product availability in the right locations and quantities, while promotion works to create awareness and drive sales.

d. Distribution relies on intermediaries like wholesalers, while promotion relies on methods like direct selling and advertisements.

ANSWER: c

122. How do price strategy and distribution decisions differ in terms of their focus and activities?
   a. Price strategy focuses on setting profitable and justifiable prices, while distribution decisions focus on ensuring product availability through transportation and warehousing.
   b. Price strategy is concerned with inventory control and order processing, while distribution decisions determine the price at which products will be sold.
   c. Price strategy involves selecting marketing channels for promotions, while distribution decisions focus on determining product pricing based on market demand.
   d. Price strategy deals with product promotion through discounts, while distribution decisions involve selecting wholesalers and retailers.

ANSWER: a

123. How do a seller's market and a buyer's market differ in terms of supply, demand, and the behavior of buyers and sellers?
   a. In a seller's market, there is an excess of goods and services, causing buyers to have limited choices, while in a buyer's market, there are fewer goods available, giving sellers an advantage.
   b. In a seller's market, demand exceeds supply, giving sellers power to set higher prices, while in a buyer's market, supply exceeds demand, enabling buyers to negotiate lower prices.
   c. In a seller's market, there are more goods than buyers, leading to lower prices, while in a buyer's market, there are fewer goods than buyers, leading to price inflation.
   d. In a seller's market, buyers have many options to choose from, while in a buyer's market, sellers are able to dictate the price due to limited demand.

ANSWER: b

124. How do consumer orientation and the marketing concept differ in terms of their focus and approach toward satisfying customer needs?
   a. Consumer orientation focuses on identifying and fulfilling immediate consumer needs, while the marketing concept emphasizes a company-wide, long-term approach to satisfying consumer needs.
   b. Consumer orientation is about designing products to meet existing consumer demands, while the marketing concept is about aligning the entire company towards short-term consumer satisfaction.
   c. Consumer orientation involves individual customer focus, while the marketing concept applies to broader market strategies aimed at creating lasting customer relationships.
   d. Consumer orientation prioritizes short-term product adjustments, while the marketing concept emphasizes long-term profitability through customer satisfaction and engagement.

ANSWER: a

125. The makers of Advil have designed machines that automatically move plastic bottles along conveyor belts until each bottle is filled with a precise number of tablets or gelcaps. This is an example of which of the Eight Universal Marketing Functions?
   a. Transporting
   b. Standardizing and grading
   c. Securing information
   d. Selling

ANSWER: b

Chapter 1 - Marketing: The Art and Science of Satisfying Customers

126. Given that a farmer's products are subject to unpredictable influences such as weather and pests, a farmer could be said to be engaging in which of the Eight Universal Marketing Functions?

a. Transporting

b. Standardizing and grading

c. Storing

d. Risk taking

ANSWER: d

127. In the context of marketing, which of the following is the best example of risk taking?

a. A restaurant owner creates a dish using fish purchased the day before.

b. An entrepreneur offers to sell products on credit to attract new customers.

c. A clothing retailer opens a store in a less developed neighborhood.

d. An inventor creates a new safety device for older adults living alone.

ANSWER: d

128. In the context of marketing, which of the following is the best example of selling?

a. An app designer making their services available to clients

b. A food truck owner acquiring hamburger and lunch meat for their sandwiches

c. A custom furniture maker purchasing an old oak tree to make a dining table

d. A bakery owner hiring a marketing firm to promote their new cupcakes

ANSWER: a

129. In the context of marketing, which of the following is the best example of financing?

a. An apartment landlord charging an additional fee for late rent payments

b. A flower wholesaler allowing florists to purchase products on credit

c. A real estate developer taking out a loan to purchase 40 acres of land

d. An art gallery securing a line of credit for a small expansion project

ANSWER: b

130. You own a carpet, tile, and flooring store. Of the following activities, which one is the best example of selling in your business?

a. Purchasing the building next door so you can expand your showroom and warehouse

b. Deciding to add a new-to-the-market brand of flooring to your product offering

c. Offering customers a 90-days-same-as-cash discount on credit card purchases

d. Using a minivan to deliver the flooring and carpeting to customers' homes and offices

ANSWER: c

131. You are about to open a dog grooming business. Which of the following activities best represents your efforts to secure market information?

a. Contacting leasing agents about potential locations for your business

b. Contacting all of the vets in the area to establish an estimated number of dogs in your town

c. Asking your closest friends for feedback on your logo design

d. Estimating your costs accurately so you can determine a fair pricing structure

ANSWER: b

132. The Mistletoe Christmas Tree Farm has been in your family for generations, and you've been running it for more than 20 years. Today you are _______
   a. studying sales records from the last five years to determine whether you need to import more trees from other farms, which is a good example of the universal function of buying.
   b. placing ads in the local newspaper throughout November and December, which is a good example of the universal function of buying.
   c. hiring a designer to create a new website promoting Mistletoe Farm, which is a good example of the universal function of buying.
   d. planning family-friendly activities such as caroling, ornament making, and cookie decorating, which is a good example of the universal function of buying.

ANSWER: a

133. At the local farmer's market, you sell 1-pound bags of organically grown and naturally dried beans. In your business, standardizing and grading is a common function, as exemplified by which of the following?
   a. Redesigning your packaging so your bags, labels, business cards, and website have the same look and feel
   b. Narrowing your product offering to six different kinds of beans
   c. Adding labels that explain the criteria for being an "organic" farmer
   d. Removing as many bad beans as possible before bagging

ANSWER: d

134. You've certainly got your customers' paper needs covered! Not only do you sell copier paper for businesses of all sizes, you will retrieve paper files for either storage or destruction (shredding). Of the following activities, which would you say best represents the function of storing in your business?
   a. Holding at least 4 tons of unsold copier paper in your warehouse
   b. Holding at least 6 tons of your customers' paper files in your warehouse
   c. Delivering an average of 100 pounds of paper to your customers daily
   d. Shredding an average of 300 pounds of paper weekly

ANSWER: a

135. What is the main reason risk-taking is involved when manufacturers create products based on research?
   a. To rely on past consumer habits and preferences
   b. To ensure that goods are produced regardless of demand
   c. To anticipate that consumer demand will align with the product offerings
   d. To minimize the uncertainty of consumer needs and preferences

ANSWER: c

136. Why do wholesalers and retailers acquire inventory based on future consumer expectations?
   a. To ensure they always have excess inventory in case demand falls
   b. Because they believe the future market conditions will meet their assumptions
   c. Because they expect future demand to be the same as current consumer trends
   d. To prepare for changes in consumer preferences that are based on historical data

ANSWER: b

137. Why is financing considered an important marketing function for manufacturers and retailers?
   a. It helps buyers to purchase goods without needing immediate funds.

b. It ensures that manufacturers always have a sufficient inventory.
c. It allows wholesalers to determine product pricing strategies.
d. It eliminates the need for customer relationship management.

ANSWER: a

138. How do standardizing and grading functions support the marketing process?
a. They ensure that consumers can easily identify high-quality products without inspection.
b. They allow marketers to adjust prices according to customer preferences.
c. They eliminate the need for financing options in transactions.
d. They facilitate risk-taking by encouraging experimentation in product offerings.

ANSWER: a

139. How do the physical distribution functions of transporting and storing contribute to the marketing process?
a. They help ensure products are available when and where customers need them.
b. They enable marketers to focus on advertising strategies.
c. They increase product pricing to cover warehousing costs.
d. They allow firms to directly engage with customers for feedback.

ANSWER: a

140. Why is buying an essential function in marketing?
a. It involves anticipating future consumer behavior and preferences.
b. It focuses solely on the production process of goods.
c. It increases the cost of products for consumers.
d. It aims to reduce the role of intermediaries in the supply chain.

ANSWER: a

141. How does selling contribute to the exchange process in marketing?
a. It involves making the firm's products available at the lowest price.
b. It uses advertising, sales promotion to match goods to consumer needs.
c. It focuses on producing new products for sale.
d. It ensures that products are purchased from suppliers at the best cost.

ANSWER: b

142. How does transporting add value to a product?
a. By increasing the variety of products available
b. By ensuring that goods reach the right locations
c. By providing after-sales service to customers
d. By ensuring a steady production of goods

ANSWER: b

143. Compare financing and risk-taking in terms of their role in the marketing process.
a. Financing ensures product availability, while risk-taking deals with consumer behavior uncertainties.
b. Financing supports inventory management, while risk-taking focuses on product development.
c. Financing deals with product promotion, while risk-taking ensures timely product delivery.

d. Financing ensures customer satisfaction, while risk-taking predicts consumer behavior.

ANSWER: b

144. Compare securing marketing information and standardizing and grading in terms of their importance to marketers.

a. Securing marketing information helps predict customer behavior, while standardizing and grading ensure product consistency.

b. Securing marketing information is about customer engagement, while standardizing and grading are about managing product inventory.

c. Securing marketing information focuses on product pricing, while standardizing and grading focus on after-sales service.

d. Securing marketing information focuses on customer satisfaction, while standardizing and grading are about customer loyalty.

ANSWER: a

145. How do strategic alliances create competitive advantages for companies?

a. By sharing research, development, and marketing costs

b. By reducing market competition between the partnering companies

c. By increasing individual company control over its operations

d. By limiting the exchange of resources between the firms

ANSWER: a

146. In what way do vertical alliances contribute to the success of a business strategy?

a. By allowing companies to distribute products under different brands

b. By facilitating product or component supply between companies for market reach

c. By preventing companies from competing in the same market segment

d. By encouraging companies to operate independently without sharing resources

ANSWER: b

147. How has the approach to marketing evolved from traditional transaction-based marketing to modern relationship marketing?

a. The focus has shifted from attracting customers to maintaining long-term relationships for loyalty and repeat business.

b. Marketers now emphasize one-time sales and closing deals rather than long-term customer retention.

c. The focus has changed to targeting only new customers, ignoring existing ones.

d. Traditional marketing strategies no longer involve the company's suppliers and employees.

ANSWER: a

148. What is the primary focus of internal marketing within relationship marketing?

a. Improving customer service inside the company to boost external customer relationships.

b. Increasing profits by focusing only on external customers.

c. Creating advertising campaigns to target new customers.

d. Fostering competition between employees to increase productivity.

ANSWER: a

149. How does moving customers up the loyalty ladder contribute to a company's competitive advantage?

a. It encourages customers to become advocates who recommend the company to others.
b. It focuses on attracting new customers without retaining them.
c. It leads to short-term profits without fostering long-term relationships.
d. It reduces the need for customer service and product improvement.

ANSWER: a

150. Why is it important for marketers to develop new techniques to build customer relationships?
a. Consumers are becoming more sophisticated and can easily reject irrelevant messages.
b. Traditional marketing techniques no longer require customer input.
c. Customer service and internal marketing are no longer considered important.
d. Consumers are less likely to make purchases unless the products are highly discounted.

ANSWER: a

Instructor Manual

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Chapter 1: Marketing: The Art and Science of Satisfying Customers

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Purpose and Perspective of the Chapter

The purpose of this chapter is to explore how marketing generates value for consumers and organizations by addressing core concepts and practices. It begins by summarizing how marketing creates value through the four types of utility: form, time, place, and possession. This chapter then discusses the four variables of the marketing mix—product, price, promotion, and place—and their strategic application. Additionally, it contrasts marketing activities across five historical eras, highlighting their evolution. It also explains the concept of relationship marketing with a focus on strategies to enhance customer loyalty. Furthermore, it describes six distinct categories of marketing and identifies the eight key functions involved in marketing physical goods. This chapter provides a comprehensive foundation for understanding modern marketing practices.

Chapter Objectives

The following objectives are addressed in this chapter:

1.1 Summarize how marketing creates value through the four types of utility.

1.2 Describe the four variables of the marketing mix.

1.3 Contrast marketing activities during the five eras in the history of marketing.

1.4 Explain how relationship marketing can move customers up the loyalty ladder.

1.5 Differentiate the six categories of marketing.

1.6 Identify the eight functions of marketing physical goods.

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Key Terms

Buyer's market: A market in which there are more goods and services than people willing to buy them.

Cause marketing: The identification and marketing of a social issue, cause, or idea to selected target markets.

Consumer orientation: A business philosophy incorporating the marketing concept that emphasizes first determining unmet consumer needs and then designing a system for satisfying them.

Distribution: Decisions involving modes of transportation, warehousing, inventory control, order processing, and selection of marketing channels.

Event marketing: The marketing of sporting, cultural, and charitable activities to selected target markets.

Exchange functions: Buying and selling

Exchange process: The activity in which two or more parties give something of value to each other to satisfy perceived needs

Interactive marketing: Buyer–seller communications in which the customer controls the amount and type of information received from a marketer through channels such as the internet and virtual reality kiosks.

Marketing: The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Marketing concept: The companywide consumer orientation with the objective of achieving long-run success.

Marketing mix: Product, price, distribution, and promotion.

Mobile marketing: The marketing messages sent to wireless devices, such as phones and tablets.

Organization marketing: The marketing efforts of mutual-benefit organizations, service organizations, and government organizations that seek to influence others to accept their goals, receive their services, or contribute to them in some way.

Person marketing: The efforts designed to cultivate the attention and preference of a target market toward a person.

Place marketing: The marketing efforts to attract people and organizations to a particular geographic area.

Price strategy: The method of setting profitable and justifiable prices.

Product: A good, service, or idea.

Product marketing: The efforts designed to communicate the benefits of a good or service.

Production orientation: Manufacturers stress production of quality products and then look for people to purchase them.

Promotion: The communication to a firm's buyers about their products.

Relationship marketing: The development, growth, and maintenance of long-term, cost-effective relationships with individual customers, suppliers, employees, and other partners for mutual benefit.

Sales orientation: A belief that consumers will resist purchasing nonessential goods and services, with the attitude toward marketing that only creative advertising and personal selling can overcome consumers' resistance and persuade them to buy.

Seller's market: A market in which there are more buyers for fewer goods and services.

Social marketing: The use of online social media as a communications channel for marketing messages.

Strategic alliances: The partnerships in which two or more companies combine resources and capital to create competitive advantages in a new market.

Target market: The group of people toward whom the firm aims its marketing efforts and ultimately its merchandise.

Transaction-based marketing: The traditional view of marketing as a simple exchange process.

Utility: The want-satisfying power of a good or service.

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What's New in This Chapter

The following elements are improvements in this chapter from the previous edition:

- Introductory paragraph added
- Removal of opening and closing examples
- Addition of assessment questions for each lo
- Updated examples and images throughout chapter
- Addition of Airbnb case
- Addition of a scholarly citation

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Chapter Outline

The following outline organizes activities (including any existing discussion questions in PowerPoints or other supplements) and assessments by chapter (and therefore by topic), so that you can see how all the content relates to the topics covered in the text.

I. **How Marketing Creates Utility** (LO 1.1, PPT Slides 4–8)
    i. Economists contributed the concept of utility—the want-satisfying power of a good or service.
    ii. Types of utility:

(1) Form utility: Conversion of raw materials and components into finished goods and services.
(2) Time utility: Availability of goods and services when consumers want them.
(3) Place utility: Availability of goods and services at convenient locations.
(4) Ownership (possession): Ability to transfer title to goods or services from marketer to buyer.

a. A Definition of Marketing
   i. Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

II. **Elements of Marketing Strategy** (LO 1.2, PPT Slides 9–15)
   i. Basic elements of a marketing strategy consist of:
      (1) The target market.
      (2) The marketing mix variables of product, price, distribution, and promotion that combine to satisfy the needs of the target market.
   ii. Target market is the group of people toward whom the firm aims its marketing efforts and ultimately its merchandise.
   iii. Examples:
      (1) ButcherBox, a subscription-based meat delivery service, primarily targets health-conscious consumers who prioritize quality, convenience, and ethical sourcing in their meat consumption.
      (2) Some companies exclusively target household consumers;
         (a) Kraft Foods (now called Mondelēz International) is the maker of Oreo cookies and Wheat Thins crackers.
         (b) Other companies, such as Cisco, a technology services and equipment company, markets its products primarily to business buyers like Marriott, government agencies, utilities, and educational institutions.

a. Marketing Mix Variables
   i. Product
      (1) Product refers to a good, service, or idea.
      (2) Product strategy may involve decisions about:
         (a) Customer service
         (b) Package design
         (c) Brand names
         (d) Trademarks, patents, and warranties
      (3) Example: Starbucks believes in superior customer service; its “baristas” are specially trained to create a personalized buying experience. The company also pursues continuous innovation; the company unveiled a reinvention plan that includes café

upgrades, an emphasis on healthy snacks and tea, and AI tools for rewards.

ii. Price
  (1) Price strategy is the method of setting profitable and justifiable prices.
  (2) One of the many factors that influence a marketer's pricing strategy is competition. While Starbucks has always charged premium prices, the company moderated its price increases after Dunkin' and McDonald's introduced cheaper brands of specialty coffee.
  (3) Political unrest, inflation, or a freeze that destroys crops could all affect the price of goods and services. For instance, Tropicana may need to increase the price of its juice if orange farmers have a poor harvest.

iii. Distribution (also called "Place")
  (1) Distribution decisions involve modes of transportation, warehousing, inventory control, order processing, and selection of marketing channels.
  (2) Technology continually opens new channels of distribution in many industries. For example, Amazon is experimenting with home delivery via drones.

iv. Promotion
  (1) Promotion is broadly defined as communication to a firm's buyers about their products.
  (2) Organizations use various methods for sending messages about their goods, services, and ideas. They may communicate directly through salespeople or indirectly through advertisements.
  (3) Sales promotion is a promotional tactic that entails offering incentives like a reduced price for a limited time, or a brand-consistent giveaway.

III. **Five Eras in the History of Marketing** (LO 1.3, PPT Slides 16–20)

a. The Production Era (Prior to 1920s)
  i. Manufacturers stressed production of quality products and then looked for people to purchase them.
  ii. The prevailing attitude of this era held that a high-quality product would sell itself. This production orientation dominated business philosophy for decades; business success often was defined solely in terms of production success.
  iii. The production era reached its peak during the early part of the twentieth century. Henry Ford's mass-production line exemplifies this orientation.

b. The Sales Era (1920s to early 1950s)
    i. Manufacturers began to increase their emphasis on effective sales forces to find customers for their products.
    ii. Companies with a sales orientation assume that customers will resist purchasing nonessential goods and services and that the task of personal selling and advertising is to persuade them to buy.
        (1) Sales orientation is a belief that consumers will resist purchasing nonessential goods and services, with the attitude toward marketing that only creative advertising and personal selling can overcome consumers' resistance and persuade them to buy.

c. The Marketing Era (Since 1950s)
    i. Emergence of the Marketing Concept
        (1) The marketing concept, a crucial change in management philosophy, can be linked to the shift from a seller's market—one in which there were more buyers for fewer goods and services—to a buyer's market—one in which there were more goods and services than people willing to buy them.
        (2) The advent of a strong buyer's market created the need for a consumer orientation by businesses.
        (3) Companies had to market goods and services, not just produce and sell them. This realization has been identified as the emergence of the marketing concept.
        (4) Today's fully developed marketing concept is a company-wide consumer orientation with the objective of achieving long-run success.

d. The Relationship Era (Since 1990s)
    i. Organizations now build on the marketing era's customer orientation by focusing on establishing and maintaining relationships with both customers and suppliers.
    ii. Relationship marketing involves developing long-term, value-added relationships over time with customers and suppliers.
        (1) Example: In a recent Super Bowl ad, General Motors and Netflix teamed up with Will Ferrell to promote a new marketing agreement between the two brands that puts new GM electric vehicles in popular Netflix series, including "Love is Blind," "Queer Eye," and "Unstable."

e. The Social Era (Since 2000s)
    i. The social era of marketing is in full swing, propelled by the widespread accessibility of the internet and the emergence of influential social media platforms like Facebook and X.
    ii. Through targeted advertisements, interactive content, and personalized communication, businesses leverage the power of

social media to amplify their brand presence and drive consumer engagement.

IV. **From Transaction-Based Marketing to Relationship Marketing** (LO 1.4, PPT Slides 21–24)

i. As marketing progresses through the 21st century, a significant change is taking place in the way companies interact with customers.

ii. The traditional view of marketing as a simple exchange process, or transaction-based marketing, is being replaced by a different, longer-term approach that emphasizes building relationships with one customer at a time.

iii. Marketers realize that consumers are becoming more and more sophisticated. They quickly recognize marketing messages and may turn away from them if the messages do not contain information that consumers want and need.

iv. Relationship marketing gives a company new opportunities to gain a competitive edge by moving customers up a loyalty ladder—from new customers to regular purchasers, then to loyal supporters of the firm and its goods and services, and finally to advocates who not only buy its products but also recommend them to others.

a. Using Social Marketing to Build Relationships

i. As an increasing number of internet users in the United States use wireless devices such as smartphones or tablets to access the web and check their email, mobile marketing—marketing messages transmitted via wireless technology—has become extremely popular.

ii. Interactive marketing refers to buyer–seller communications in which the customer controls the amount and type of information received from a marketer.

(1) This technique provides immediate access to key product information when the consumer wants it, and it is increasingly taking place on social media sites such as Facebook, X, and Pinterest.

iii. Social marketing is the use of online social media as a communications channel for marketing messages.

b. Developing Partnerships and Strategic Alliances

i. Strategic alliances are partnerships in which two or more companies combine resources and capital to create competitive advantages in a new market.

V. **Categories of Marketing** (LO 1.5, PPT Slides 25–28)

i. *Product Marketing:* Involves efforts designed to communicate the benefits of a good or service. For-profit organizations have long used the four marketing mix variables—product, price, distribution, and promotion—to persuade target consumers to buy and to build long-term relationships.

ii. *Person marketing:* Involves efforts designed to cultivate the attention, interest, and preferences of a target market toward a celebrity or authority figure. Celebrities can be real people or fictional characters. Political candidates engage in person marketing as they promote their candidacy for office.

iii. *Place marketing:* Attempts to attract customers to particular areas. Cities, states, regions, and countries publicize their tourist attractions to lure vacation travelers. They also promote themselves as good locations for businesses. Place marketing has become more important in the world economy—not only for tourism but also to recruit business and workers.

iv. *Cause marketing:* Refers to the identification and marketing of a social issue, cause, or idea to selected target markets. Cause marketing covers a wide range of issues, including literacy, physical fitness, awareness of childhood obesity, environmental protection, elimination of birth defects, child-abuse prevention, and preventing texting while driving.

v. *Event marketing*: Refers to the marketing of sporting, cultural, and charitable activities to selected target markets. It also includes the sponsorship of such events by firms seeking to increase public awareness and bolster their images by linking themselves and their products to the events.

vi. *Organization marketing:* Attempts to persuade people to accept the goals of, receive the services of, or contribute in some way to an organization.

VI. **Costs and Functions of Marketing** (LO 1.6, PPT Slides 29–34)

i. *Buying:* Ensuring that product offerings are available in sufficient quantities to meet customer demands.

ii. *Selling:* Using advertising, personal selling, and sales promotion to match products to customer needs.

iii. *Transporting:* Moving products from their point of production to locations convenient for purchasers.

iv. *Storing:* Warehousing products until needed for sale.

v. *Standardizing and Grading:* Ensuring that product offerings meet quality and quantity controls of size, weight, and other variables.

vi. *Financing:* Providing credit for channel members (wholesalers and retailers) and consumers.

vii. *Risk Taking:* Dealing with uncertainty about future customer purchases.
viii. *Securing Marketing Information:* Collecting information about consumers, competitors, and channel members for use in decision-making.

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Additional Discussion Questions

The following are discussion questions that do not appear in the text, PPTs, or courseware (if courseware exists) – they are for you to use as you wish. You can assign these questions several ways: in a discussion forum in your LMS; as whole-class discussions in person; or as a partner or group activity in class.

1. **Discussion: Duration 20 minutes**
   a. In 2015, Pepsi beat out Diet Coke to become the second most popular soda in the United States. While Coke remained the overall market leader, Pepsi's accomplishment startled a soda world that had believed Coca-Cola's diet beverage was invulnerable in the number-two spot. Pepsi's taste and fizz hadn't changed, and the price was the same as Diet Coke.
   b. So how did Pepsi do it? How did Pepsi beat Coke?
   c. And what can this victory in the soda wars teach us about marketing?
   d. **Answer**: Pepsi was the new kid on the block looking to prove something. They were **hungry and willing to mix it up.** A savvy exec at Pepsi came up with a bold revolutionary strategy to do just that.
   That idea was the **Pepsi Challenge.** Pepsi went inside malls around the country and invited people to do a blind taste test between Coke and Pepsi. The results were remarkable; people picked Pepsi over Coke by a significant margin.

2. **Discussion: Duration 10-15 minutes**
   a. Are all industries living in the social era, or do some seem resistant to competition? Are there some industries that simply don't need to adapt or be as responsive to customers because of how the industry is structured? *Example: utility companies*.
   b. **Answer**: Marketing is steadily moving from being producer-oriented to customer-driven. The social era allows companies to create value through connections. Organizations are able to collaborate more efficiently and effectively. With this type of strategy, consumers have the ability to become co-creators or partners in innovation.

3. **Discussion: Duration 20 minutes**
   a. Discuss which of the marketing eras you would think would be most effective. Why?
   b. **Answer**: Student answers will vary. Responses should identify the five eras in the history of marketing: (1) the production era, (2) the sales era, (3) the

marketing era, (4) the relationship era, and (5) the social era and explain why they believe their chosen era to be the most effective.

4. **Discussion: Duration 15-25 minutes**
   a. What's a company or brand that you follow on social media? What company or brand sends you emails? In what ways does this keep you loyal as a customer?
   b. **Answer**: The cost of maintaining existing customers is far below the cost of finding new ones, making these loyal customers extra valuable and the investment in relationship marketing worth it.

5. **Discussion: Duration 15–20 minutes**
   a. Ask the class for a few additional examples of each category. This can be done as a class, or first in small groups.
      - The six categories of marketing can often overlap.
      - *Example:* Office supply giant Staples (selling a product) recently partnered with the Boys & Girls Clubs of America (an organization) to sponsor its annual school supplies drive and donated supplies to more than 5,000 communities nationwide (a cause).

6. **Discussion: Duration 15–20 minutes**
   a. Ask the class for a few additional examples of overlaps between these marketing categories.
      i. **Answer**: While product marketing is the most well-known and widely used form of marketing, there are actually six categories of marketing.

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Additional Activities and Assignments

The following are activities and assignments developed by Cengage but not included in the text, PPTs, or courseware (if courseware exists) – they are for you to use if you wish.

1. **Bringing Value to Customers**
   a. **Purpose:** To orient students to how companies bring value to society through goods and services.
   b. **Relationship to Text:** What is Marketing?
   c. **Estimated Class Time:** About 20-30 minutes
   d. **Format:** This activity can be facilitated in both a classroom and an online environment. Instructions for how to facilitate the activity in the classroom and online are provided below.

   Classroom Format: Classroom discussion with student groups creating a mini-presentation or skit and presenting to class.

Activity: Divide students into groups and have them follow these steps:

- Pick a good or service that didn't exist 30–50 years ago. You may want to assign goods or services to ensure that students groups don't pick the same thing. *Examples: Smartphones with turn-by-turn directions, online banking, Facebook, etc.*
- Student groups should first discuss what life was like for a consumer before that good or service was available. What about life was more difficult, more expensive, or simply not possible before that good or service?
- Student groups will then discuss what life is like now that the good or service is available. In what ways has it improved lives for users and for society as a whole.
- After the groups have discussed amongst themselves, have them present to the class. Each presentation will only take a few minutes.
- For a fun twist, have the groups perform a skit that depicts the before and after. *For example: Before Uber you had to hope a taxi drove by and saw you wave. If it didn't, you sat there lonely and frustrated. Or you had to get on a payphone to call the taxi company (if you had their number). You might be waiting there for hours. And if you didn't have cash, you might not be able to pay for a taxi in the first place. All that has changed with Uber.*

Online Format: For synchronous courses meeting in Zoom, WebEx, or Microsoft Teams, divide your class into small groups of three to five people. Have students discuss their thoughts within the group regarding the following questions:

- What prompted these goods or services to be created?
- Compared to 30–50 years ago, was there a steady stream of better products that led the current version—or was this a sudden innovation that changed everything?
- What do you think the next innovation for this type of product will look like and how will it change our lives?
- Ask each group to share their results with the class.

For asynchronous courses utilizing discussion boards, pose the same questions:

- What prompted these goods or services to be created?
- Compared to 30–50 years ago, was there a steady stream of better products that led the current version—or was this a sudden innovation that changed everything?
- What do you think the next innovation for this type of product will look like and how will it change our lives?
- Have students discuss and offer constructive feedback on the thoughts related to how marketing brings value to customers.

e. **Possible discussion questions:** What prompted these goods or services to be created? Compared to 30–50 years ago, was there a steady stream of better products that led the current version—or was this a sudden innovation that changed everything? What do you think the next innovation for this type of product will look like and how will it change our lives?

f. **Result:** This exercise is an easy and fun way to promote interaction on the first day of class. Students get to discuss companies they are familiar with and products they use, which helps engage them with the topic of marketing.

2. **Marketing Mix Variables (Duration 20 minutes)**
   a. **Activity:** In your group, select one existing company. Complete the following for the company you have selected:
      - What is the name of the company?
      - What products does this company sell or specialize in?
      - What is the price point of their main products?
      - How are their products distributed?
      - How does this company promote their main products?

   b. **Answer:** Student answers will vary.

3. **Elements of Marketing Strategy (Duration 20 minutes)**
   a. **Activity:** In groups, have students choose a few common products that people in the group have purchased recently. Then have students discuss the most they'd be willing to pay for the at type of product, including why they would pay that amount (assuming they had the money to afford it).
   b. After the group sharing time, have a few students share with the whole class.
   c. **Answer:** Student answers will vary. Some students would never pay more than $20,000 for a car—no matter how much money they had. While some might love to have a car that costs over $50,000, they'll have a number of reasons guiding their decisions, mainly related to how much they personally *value* that type of product.

4. **From Transaction-based Marketing to Relationship Marketing (Duration 20 minutes)**
   a. **Activity:** In small groups have students pick a product and try to calculate the potential lifetime value of a customer. They will do this in several steps:
      - Estimate how much profit the company makes per transaction with each customer.
      - Estimate how many transactions the average customer would make in a month.
      - Estimate how many months the customer would likely remain a customer.
      - Calculate the total lifetime value of that customer (i.e., profit per transaction x transactions per month x months as customer).

   b. After the group sharing time, have a few students share with the whole class.
   c. **Answer:** If the average customer at McDonald's is worth $3 profit per visit, visits 5 times per month, and would be a customer for 10 years (120 months), the lifetime value of that customer is $1,800. It's not important that the students have accurate numbers, only that they understand lifetime value.

This will help them relate to why companies put so much effort into retaining customers, and why they might lose money on the first few transactions to wing a new customer.

5. **Eight Functions of Marketing Physical Goods (Duration 20 minutes)**
   a. **Activity:** In small groups, have students select a product. Pretending they are manufacturers of that product, have them make a list of all functions and factors they must consider in order to make sure they can profitably make the product available to customers at the time, place, and price that customers want. *Don't include the actual production process, but everything that needs to take place before and after the actual product.*
   b. After the group sharing time, have a few students share with the whole class.
   c. **Answer:** If they produce Nike shoes, what all needs to happen before a certain model of shoe is produced for the first time, and what all happens in order to make that shoe available at a retail store in the United States after it is produced? Ask them to be specific.

6. **Analyzing Marketing Strategy (Duration 10-25 minutes)**
   a. **Activity:** In small groups, ask students to select a company or brand. Have each group define the product, pricing, distribution, and promotional strategy for each company.
   b. Have each group present their findings to the class.

   Answer: Successful customer-driven organization begins by defining its target market, and formulating a cohesive strategy that integrates the four variables of the marketing mix in a way that best serves the target market.

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