

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

TRUE/FALSE

1. Production and marketing of goods and services are two basic functions that create utility.

ANS: T PTS: 1 DIF: 1 REF: 5

OBJ: 1-1

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

TYP: KN

2. In a confectionary, the bakes department designs a new oven to optimize the heat distribution evenly to reduce wastage, thus generating utility.

ANS: F PTS: 1 DIF: 1 REF: 5

OBJ: 1-1

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

TYP: KN

3. Buying an iPod generates ownership utility; however, buying a concert ticket does not.

ANS: F PTS: 1 DIF: 2 REF: 5

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Knowledge of human behavior & society

TYP: AP

4. An auto manufacturer creates ownership utility for its consumers by combining metal, rubber, plastic and petroleum products.

ANS: F PTS: 1 DIF: 1 REF: 5

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Knowledge of technology, design, & production

TYP: AP

5. Maxwell bought a new pair of jeans from V-Men Store and wore it to college. His friend, Bud, appreciated the garment and visited V-Men Store that weekend to buy a similar pair. Bud walked away a happy customer. This is a case of time, place, and ownership utility.

ANS: T PTS: 1 DIF: 2 REF: 5

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Knowledge of human behavior & society

TYP: AP

6. Within a business environment, the marketing function is responsible for the creation of time, place, and ownership utility, whereas the production function creates form utility.

ANS: T PTS: 1 DIF: 2 REF: 5-6

OBJ: 1-1

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

7. An organization creates a customer through a three-step approach: identifying the design of their product or service, design a pricing plan, and promoting their products through aggressive marketing.

ANS: T PTS: 1 DIF: 1 REF: 6

OBJ: 1-1

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

8. Successful marketing specialists must approach the marketplace in a three-step method: determine consumer wants, calculate an organization's ability to service these wants, and put in place the processes to create the goods or services to change consumers into customers.

ANS: T PTS: 1 DIF: 3 REF: 6

OBJ: 1-1

NAT: AACSB Analytic | CB&E Model Customer | R&D Knowledge of general business functions TYP: KN

9. Marketing is the organizational term that refers to all forms of selling from institutional sales to personal selling.

ANS: F PTS: 1 DIF: 2 REF: 7

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions TYP: AP

10. Jeffrey, the marketing manager at Stille & Nyce HomeNeeds, conducts a survey to identify consumers who would require a new type of recliner and researches the best design for them. After this, it is the responsibility of Karen, the finance manager, to decide the pricing strategy for the new product.

ANS: F PTS: 1 DIF: 1 REF: 7

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions TYP: AP

11. The expanded concept of marketing addresses stockholders' expectations as the primary objective of any organization.

ANS: F PTS: 1 DIF: 2 REF: 7

OBJ: 1-1

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

12. International markets are becoming more important but less interdependent than in years past. This trend is due to growth in electronic commerce and other computer technologies that have simplified the way business is conducted.

ANS: F PTS: 1 DIF: 2 REF: 7

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model International Perspective | R&D Knowledge of human behavior & society
TYP: KN

13. The existence of the WTO, the passage of NAFTA, and the creation of the Euro are examples of protectionism on the part of nations concerned with increased globalization of the marketplace.

ANS: F PTS: 1 DIF: 2 REF: 7

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model International Perspective | R&D Knowledge of human behavior & society
TYP: KN

14. The strategies used in global marketing are an extension of domestic marketing strategies.

ANS: F PTS: 1 DIF: 1 REF: 8

OBJ: 1-1

NAT: AACSB Analytic | CB&E Model International Perspective | R&D Strategic & systems skills
TYP: KN

15. In the global marketplace, brand standardization is the most effective way to market products. For example, having a single product name, such as Coke, Toshiba, or Porsche allows a company to create a universal marketing program that can be implemented to attract consumers from all the countries where it markets.

ANS: F PTS: 1 DIF: 2 REF: 8

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model International Perspective | R&D Strategic & systems skills
TYP: AP

16. Defined in its most historical and simplest form, marketing is essentially an exchange process in which one party, the consumer, receives something to satisfy a perceived need.

ANS: F PTS: 1 DIF: 2 REF: 8

OBJ: 1-1

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

17. The marketing era is the successive historical outcome of the production era.

ANS: F PTS: 1 DIF: 1 REF: 9

OBJ: 1-2

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

18. Stanford Sewing Machines started operations in the country in 1899. Selling sewing machines throughout the early decades of the 20th century, Stanford's management believed that their superior quality machines would sell themselves. This thought was typical of the production era.

ANS: T PTS: 1 DIF: 1 REF: 9
OBJ: 1-2
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN

19. Henry Ford's mass-production line exemplifies production orientation.

ANS: T PTS: 1 DIF: 1 REF: 9
OBJ: 1-1
NAT: AACSB Reflective Thinking | CB&E Model International Perspective | R&D Knowledge of general business functions
TYP: KN

20. Studies have shown that new and innovative products with the highest-quality will eventually succeed in the market.

ANS: F PTS: 1 DIF: 2 REF: 9
OBJ: 1-1
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

21. An increase in output, as a result of improvements in production techniques, helped usher in the marketing era in the 1950s.

ANS: F PTS: 1 DIF: 1 REF: 9
OBJ: 1-2
NAT: AACSB Analytic | CB&E Model Customer | R&D Knowledge of human behavior & society
TYP: KN

22. Production era marketing paid close attention to the needs of the consumer. For example, Henry Ford wanted multiple color options for his automobiles in order to accommodate consumer preferences.

ANS: F PTS: 1 DIF: 2 REF: 9
OBJ: 1-2
NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Strategic & systems skills
TYP: AP

23. The marketing era is defined by the shift in focus from products and sales to satisfying a consumer's needs.

ANS: T PTS: 1 DIF: 2 REF: 10
OBJ: 1-2
NAT: AACSB Analytic | CB&E Model Customer | R&D Strategic & systems skills
TYP: KN

24. The emergence of the marketing concept can be linked to the shift from a seller's market to a buyer's market.

ANS: T PTS: 1 DIF: 1 REF: 10

OBJ: 1-2

NAT: AACSB Analytic | CB&E Model Customer | R&D Knowledge of human behavior & society

TYP: KN

25. When management shifts its focus from product-orientation to customer-orientation, future growth is endangered.

ANS: F PTS: 1 DIF: 1 REF: 10

OBJ: 1-2

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

TYP: KN

26. A firm with a fully developed marketing concept is one with a company-wide consumer orientation with the objective of achieving long-term success.

ANS: T PTS: 1 DIF: 1 REF: 10

OBJ: 1-2

NAT: AACSB Analytic | CB&E Model Customer | R&D Strategic & systems skills

TYP: KN

27. A focus on maintaining and satisfying existing customers is consistent with the relationship era.

ANS: T PTS: 1 DIF: 1 REF: 11

OBJ: 1-2

NAT: AACSB Analytic | CB&E Model Customer | R&D Knowledge of human behavior & society

TYP: KN

28. While many firms claim to have embraced relationship marketing and adopted the marketing concept, there is little evidence that a strong market orientation contributes to market success and overall financial performance.

ANS: F PTS: 1 DIF: 3 REF: 11

OBJ: 1-2

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Strategic & systems skills

TYP: AP

29. Relationship marketing begins after the sales transaction is completed.

ANS: F PTS: 1 DIF: 1 REF: 11

OBJ: 1-2

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills

TYP: AP

30. Marketing myopia occurs when management fails to recognize the scope of its business.

ANS: T PTS: 1 DIF: 1 REF: 12
OBJ: 1-3
NAT: AACSB Analytic | CB&E Model Strategy | R&D Strategic & systems skills
TYP: KN

31. Firms that narrowly define their organizational goals can avoid the problem of marketing myopia.

ANS: F PTS: 1 DIF: 1 REF: 12
OBJ: 1-3
NAT: AACSB Analytic | CB&E Model Strategy | R&D Strategic & systems skills
TYP: KN

32. If AT&T describes itself as a telecommunications company rather than a telephone company, it is suffering from marketing myopia.

ANS: F PTS: 1 DIF: 2 REF: 12
OBJ: 1-3
NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Strategic & systems skills
TYP: AP

33. Dell recently launched a campaign called “Purely You,” which complements their new corporate focus on innovation and technical support. In giving up the “Dude, you’re getting a Dell!” campaign and moving to “Purely You,” it can be said that Dell is avoiding myopic marketing.

ANS: T PTS: 1 DIF: 3 REF: 12-13
OBJ: 1-3
NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Strategic & systems skills
TYP: AP

34. Organizations such as the Federal Trade Commission and the Department of Motor Vehicles are examples of not-for-profit organizations that operate within the public sector.

ANS: T PTS: 1 DIF: 2 REF: 13
OBJ: 1-4
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing the task environment
TYP: AP

35. The American Heart Association is an example of a not-for-profit organization that operates within the private sector of the economy.

ANS: T PTS: 1 DIF: 2 REF: 13
OBJ: 1-4
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions
TYP: AP

36. Decision-making is easier in not-for-profit organizations as they do not have to focus on marketing.

ANS: F PTS: 1 DIF: 1 REF: 14

OBJ: 1-4

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

TYP: KN

37. Private sector organizations that work toward promoting a social cause are not-for-profit organizations.

ANS: F PTS: 1 DIF: 2 REF: 14

OBJ: 1-4

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

TYP: KN

38. Some not-for-profit organizations, such as the Lance Armstrong Foundation, have adopted the marketing concept by partnering with for-profit companies, such as Nike, to promote the not-for-profit's message or image.

ANS: T PTS: 1 DIF: 2 REF: 14

OBJ: 1-4

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills

TYP: AP

39. Not-for-profit organizations are generally less concerned with the bottom line than for-profit organizations.

ANS: T PTS: 1 DIF: 1 REF: 14

OBJ: 1-4

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

TYP: KN

40. The most obvious distinction between not-for-profit organizations and for-profit firms is the focus on generating revenues above and beyond the costs.

ANS: T PTS: 1 DIF: 1 REF: 14

OBJ: 1-4

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

TYP: KN

41. An important difference between for-profit and not-for-profit organizations is that for-profits often market to multiple publics rather than a single public on which not-for-profits may focus.

ANS: F PTS: 1 DIF: 2 REF: 14

OBJ: 1-4

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

TYP: KN

42. Because of their unselfish goals of serving society, not-for-profit organizations are not required to have marketing objectives.

ANS: F PTS: 1 DIF: 1 REF: 14

OBJ: 1-4

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

43. For-profit organizations are more influenced by their customers than not-for-profits.

ANS: T PTS: 1 DIF: 3 REF: 14

OBJ: 1-4

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

44. Many not-for-profit organizations are faced with situations where the major contributors/sponsors attempt to set directions, sometimes diluting the organization's stated objectives.

ANS: T PTS: 1 DIF: 2 REF: 14-15

OBJ: 1-4

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

45. Celebrities such as Tiger Woods and Donald Trump use person marketing to increase their value in the marketplace.

ANS: T PTS: 1 DIF: 1 REF: 15

OBJ: 1-5

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

46. Germany engaged in place marketing in order to host the 2006 World Cup.

ANS: T PTS: 1 DIF: 2 REF: 15

OBJ: 1-5

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

47. Branches of the U.S. military sometimes show recruitment advertisements in cinemas featuring movies that are most likely to attract viewers of military age. This is an example of place marketing.

ANS: F PTS: 1 DIF: 2 REF: 15

OBJ: 1-5

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

48. 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 event marketing.

ANS: F PTS: 1 DIF: 1 REF: 15
OBJ: 1-5
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN

49. Marketing of sporting, cultural, and recreational activities to selected target markets is known as cause marketing.

ANS: F PTS: 1 DIF: 1 REF: 15
OBJ: 1-5
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN

50. The Gap's sponsorship of the "Product Red" campaign to combat AIDS in Africa is an example of a for-profit organization linking its products to a social objective in cause marketing.

ANS: T PTS: 1 DIF: 2 REF: 17
OBJ: 1-5
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

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

ANS: T PTS: 1 DIF: 2 REF: 17
OBJ: 1-5
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

52. Surveys have shown that marketers overestimate the impact that cause marketing has on how the customer views the company. According to their observations, sales will not increase because a company is linked to a cause.

ANS: F PTS: 1 DIF: 2 REF: 17
OBJ: 1-5
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of human behavior & society
TYP: KN

53. The NCAA promotes the Final Four college basketball tournament. This is an example of organization marketing.

ANS: F PTS: 1 DIF: 1 REF: 17
OBJ: 1-5
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions
TYP: AP

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

ANS: T PTS: 1 DIF: 1 REF: 18

OBJ: 1-5

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions TYP: AP

55. The cost of finding new customers is far less than the cost of keeping old ones.

ANS: F PTS: 1 DIF: 2 REF: 20

OBJ: 1-6 NAT: AACSB Analytic | CB&E Model Customer | R&D Operations skills

TYP: KN

56. In today's competitive environment, attracting new customers is important, but maintaining loyal customers is even more critical.

ANS: T PTS: 1 DIF: 2 REF: 18

OBJ: 1-6

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

TYP: KN

57. The traditional view of marketing can be described as transaction-based marketing.

ANS: T PTS: 1 DIF: 1 REF: 18

OBJ: 1-6

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

58. Under the relationship marketing concept, employees within a firm need not apply the same high standards of customer satisfaction to internal relationships as they do external customer relationships.

ANS: F PTS: 1 DIF: 1 REF: 18

OBJ: 1-6

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills

TYP: AP

59. In relationship marketing, the cost of investment made by the firm to attract and keep the customer far exceeds the lifetime value of the customer.

ANS: F PTS: 1 DIF: 2 REF: 18

OBJ: 1-6

NAT: AACSB Analytic | CB&E Model Customer | R&D Strategic & systems skills

TYP: KN

60. Airline frequent flyer programs are examples of relationship marketing concepts.

ANS: T PTS: 1 DIF: 2 REF: 18

OBJ: 1-6

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

61. Compared to transaction marketing, relationship marketing relies more heavily on information technologies.

ANS: T PTS: 1 DIF: 2 REF: 19
OBJ: 1-6
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Operations skills
TYP: AP

62. The marketing department at Sun Oil Company uses in-house printing services to design, edit, and print marketing materials. After mistakes and missed deadlines, the marketing department hires an outside printer. Viewed through the transaction-based marketing theory, the Sun Oil printing department lost a customer when its own marketing department outsourced the printing.

ANS: F PTS: 1 DIF: 3 REF: 18
OBJ: 1-6
NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Strategic & systems skills
TYP: AP

63. According to relationship marketing, intradepartmental relationships are as important as external customers.

ANS: T PTS: 1 DIF: 1 REF: 18
OBJ: 1-6
NAT: AACSB Analytic | CB&E Model Strategy | R&D Knowledge of general business functions
TYP: KN

64. Relationship marketing believes that internal marketing is critical to the success of external marketing plans.

ANS: T PTS: 1 DIF: 1 REF: 18
OBJ: 1-6
NAT: AACSB Analytic | CB&E Model Strategy | R&D Strategic & systems skills
TYP: KN

65. Relationship marketing classifies its customers in terms of the strength of the organization-to-customer relationship. The following customer relationship ladder outlines the type of relationships and the degree of commitment: customer < regular user < loyal supporter < advocate.

ANS: T PTS: 1 DIF: 3 REF: 19
OBJ: 1-6
NAT: AACSB Analytic | CB&E Model Customer | R&D Strategic & systems skills
TYP: KN

66. Technology has made communication cheaper and has increased its geographic reach. Leroy, who owns a potato-wafer company, with two successful domestic brands, realizes that by using cheap technology, it is easier to attract new customers across many regions than to invest in customer loyalty programs in home territory. His thought is endorsed by the tenets of relationship marketing.

ANS: T PTS: 1 DIF: 1 REF: 19

OBJ: 1-6

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

67. Relationship marketing also tries to rebuild damaged relationships and rejuvenate unprofitable customers.

ANS: T PTS: 1 DIF: 2 REF: 19

OBJ: 1-6

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

68. Interactive multimedia technologies have revolutionized the way people store, distribute, retrieve, and present information.

ANS: T PTS: 1 DIF: 1 REF: 19

OBJ: 1-6

NAT: AACSB Analytic | CB&E Model Online/Computer | R&D Knowledge of media communications & delivery
TYP: KN

69. Interactive marketing is buyer-seller communication in which the customer controls the amount and type of information received from a marketer.

ANS: T PTS: 1 DIF: 1 REF: 19

OBJ: 1-6

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

70. Point-of-sale brochures and coupon dispensers are basic forms of interactive advertising.

ANS: T PTS: 1 DIF: 1 REF: 19

OBJ: 1-6

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN

71. One of the busiest areas of interactive marketing involves online auction sites, such as eBay.

ANS: T PTS: 1 DIF: 1 REF: 19

OBJ: 1-6

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

72. Compared with traditional media, the hypermedia resources of the Web suffer from a number of disadvantages, particularly with regard to speed of access and facility of navigation.

ANS: F PTS: 1 DIF: 1 REF: 19

OBJ: 1-6

NAT: AACSB Reflective Thinking | CB&E Model Online/Computer | R&D Knowledge of media communications & delivery
TYP: AP

73. Interactive promotions put customers in control because they can easily obtain tips on product usage and answers to customer service questions; they can also tell the company what they like or dislike about a product and move on to another area of the Web.

ANS: T PTS: 1 DIF: 2 REF: 19

OBJ: 1-6

NAT: AACSB Analytic | CB&E Model Online/Computer | R&D Managing strategy & innovation
TYP: AP

74. Mobile marketing is a term used to describe marketing messages sent via wireless technology.

ANS: T PTS: 1 DIF: 1 REF: 19

OBJ: 1-6

NAT: AACSB Analytic | CB&E Model Online/Computer | R&D Knowledge of technology, design, & production
TYP: KN

75. The pervasive influence of wireless technology nowadays is a generative factor for the next wave in marketing -- mobile marketing.

ANS: T PTS: 1 DIF: 2 REF: 19

OBJ: 1-6

NAT: AACSB Analytic | CB&E Model Online/Computer | R&D Knowledge of technology, design, & production
TYP: KN

76. Derek is an avid Internet user who chances upon a website featuring Muscle Tone Magic (MTM), a proprietary program to improve fitness. The last link (URL) opens up a page detailing the ingredients of their food supplement which is part of the package. Derek, having spent 15 minutes reading so far, closes the MTM website and returns to browsing other sites. This is an instance of interactive marketing.

ANS: T PTS: 1 DIF: 1 REF: 19

OBJ: 1-6

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

77. Product blogs, message boards, and chats offer the 21st century version of product testimonials.

ANS: T PTS: 1 DIF: 1 REF: 19

OBJ: 1-6

NAT: AACSB Analytic | CB&E Model Online/Computer | R&D Knowledge of media communications & delivery
TYP: AP

78. Buzz marketing is “spreading the word about a product or service” in an informal fashion. Due to the Internet, companies can do little to control or direct this type of consumer dialogue.

ANS: F PTS: 1 DIF: 2 REF: 20
OBJ: 1-6
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN

79. A strategic alliance is defined as a partnership between a for-profit business and a not-for-profit organization.

ANS: F PTS: 1 DIF: 1 REF: 20
OBJ: 1-6
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of general business functions
TYP: KN

80. Whirlpool and Sears have a horizontal strategic alliance involving the manufacture of the Sears brand of appliances, sold under the private label name, Kenmore.

ANS: F PTS: 1 DIF: 3 REF: 20
OBJ: 1-6
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN

81. Buzz marketing, by effectively attracting new clients, becomes a “one-way” approach to build customer relationships

ANS: F PTS: 1 DIF: 3 REF: 20
OBJ: 1-6
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

82. According to relationship marketing, companies view their suppliers as adversaries against whom they must fiercely negotiate prices, playing one off against the other so that they can offer their customers the best and cheapest.

ANS: F PTS: 1 DIF: 2 REF: 20
OBJ: 1-6
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN

83. Company A provides a component to Company B, which then sells it under its own brand. This is an example of a vertical alliance.

ANS: T PTS: 1 DIF: 2 REF: 20
OBJ: 1-6
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN

84. Mass-marketing campaigns are effective and widely used tools in relationship marketing.

ANS: F PTS: 1 DIF: 2 REF: 20

OBJ: 1-6

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills

TYP: AP

85. Developing a trust relationship between companies and their customers is the key to survival and success in the sophisticated consumer market.

ANS: F PTS: 1 DIF: 1 REF: 20

OBJ: 1-6

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills

TYP: KN

86. Product development partnerships and vertical alliances are two examples of strategic alliances.

ANS: T PTS: 1 DIF: 1 REF: 20

OBJ: 1-6

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills

TYP: KN

87. When determining product costs, marketing expenses will amount to approximately one half of the total cost of the product.

ANS: T PTS: 1 DIF: 2 REF: 20-21

OBJ: 1-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Operations skills

TYP: AP

88. On an average, half of the costs involved in a product, such as a Subway sandwich, a Toyota Prius, or a trip to Costa Rica, can be traced directly to transportation.

ANS: T PTS: 1 DIF: 2 REF: 20-21

OBJ: 1-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Operations skills

TYP: KN

89. Fuller & Co. seeks out products that will appeal to its customers and then uses advertising, personal selling, and sales promotion to match the goods and services with the appropriate customers. This part of the marketing process is described as the facilitating function of marketing.

ANS: F PTS: 1 DIF: 2 REF: 21

OBJ: 1-7

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills

TYP: AP

90. The functions of marketing can be grouped into three major categories: exchange functions, physical distribution functions, and financing functions.

ANS: F PTS: 1 DIF: 1 REF: 21

OBJ: 1-7

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

91. By purchasing a gallon of Grade A milk, a pound of U.S.D.A. Choice steak, and a dozen Washington State Extra Fancy apples, a consumer experiences one of the facilitating functions of marketing.

ANS: T PTS: 1 DIF: 2 REF: 21

OBJ: 1-7

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Knowledge of general business functions
TYP: AP

92. The buying function of marketing involves advertising, personal selling, and sales promotion in the attempt to match products and services to consumer needs.

ANS: F PTS: 1 DIF: 1 REF: 21

OBJ: 1-7

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

93. When Starbucks makes a latte for a customer, it is performing a distribution function.

ANS: T PTS: 1 DIF: 2 REF: 21

OBJ: 1-7

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Operations skills
TYP: AP

94. Manufacturers engage in risk taking when they create goods and services based on research and their belief that consumers need them.

ANS: T PTS: 1 DIF: 1 REF: 21

OBJ: 1-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN

95. Less than a quarter of all major corporations offer ethics training to employees.

ANS: F PTS: 1 DIF: 2 REF: 22

OBJ: 1-8

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

96. Washquik Corporation recalled 200,000 washing machines that were experiencing motor problems. Upon repair of a machine, service technicians were instructed to leave a box of BioClean, a new environmentally friendly detergent offered by a partner company, BioCare. The actions of Washquik show both an ethical and socially responsible approach to servicing customers.

ANS: T PTS: 1 DIF: 2 REF: 22
OBJ: 1-8 NAT: AACSB Ethics | CB&E Model Strategy | R&D Conscientiousness
TYP: KN

97. The ethics of a fast-food chain selling hamburgers in the United States are the same as a company marketing products globally via the Internet.

ANS: F PTS: 1 DIF: 2 REF: 22
OBJ: 1-8
NAT: AACSB Ethics | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: KN

98. A computer glitch causes a wireless telephone service provider to overcharge its customer for calls during a one-month period. The company has a social responsibility to alert customers to extra charges and refund any overpayments.

ANS: F PTS: 1 DIF: 2 REF: 22
OBJ: 1-8 NAT: AACSB Ethics | CB&E Model Marketing Plan | R&D Conscientiousness
TYP: AP

99. While social responsibility varies from country to country, ethical behavior is the same everywhere.

ANS: F PTS: 1 DIF: 2 REF: 22
OBJ: 1-8
NAT: AACSB Ethics | CB&E Model Strategy | R&D Knowledge of human behavior & society
TYP: KN

100. Timberland Company's charitable donations and time off given to employees who volunteer are evidence of its social responsibility.

ANS: T PTS: 1 DIF: 2 REF: 24
OBJ: 1-6
NAT: AACSB Ethics | CB&E Model Strategy | R&D Managing strategy & innovation
TYP: AP

101. Liquid Resources, a waste management company, expands its scope of business to recycle liquids that can be turned into fuel-grade ethanol. The decision to take the company in a new direction is most likely based on ethics.

ANS: F PTS: 1 DIF: 3 REF: 24
OBJ: 1-8 NAT: AACSB Ethics | CB&E Model Strategy | R&D Conscientiousness
TYP: AP

MULTIPLE CHOICE

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

ANS: B PTS: 1 DIF: 1 REF: 5

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions TYP: AP

2. When you purchase concert tickets over the Internet, which utility is *not* created?
- a. Place
 - b. Time
 - c. Form
 - d. Ownership

ANS: C PTS: 1 DIF: 2 REF: 5

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions TYP: AP

3. The utility of a product or service is its:
- a. want-satisfying power.
 - b. re-usability.
 - c. function as a commodity.
 - d. design quality.

ANS: A PTS: 1 DIF: 1 REF: 5

OBJ: 1-1

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

4. Fame-us is a talent hunt agency focusing on the youth looking to enter Hollywood. As part of their marketing strategy, Fame-us would generate time and place utility by:
- a. creating a nationwide advertising campaign to attract applicants.
 - b. launching roadshows across cities and conduct 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.

ANS: B PTS: 1 DIF: 1 REF: 6

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

5. Convenience stores and vending machines create all of the following utilities *except*:
- ownership utility.
 - form utility.
 - time utility.
 - place utility.

ANS: B PTS: 1 DIF: 2 REF: 5-6

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions TYP: AP

6. The following statements concerning the global marketplace are true *except*:
- The global marketplace is growing because of Internet technology.
 - The global marketplace is growing because of trade agreements.
 - The global marketplace is growing because no single country can manufacture, supply, and consume all that it produces.
 - The global marketplace is growing owing to talent shortage in the home countries of national companies.

ANS: D PTS: 1 DIF: 2 REF: 7

OBJ: 1-1

NAT: AACSB Analytic | CB&E Model International Perspective | R&D Knowledge of human behavior & society TYP: KN

7. Which of the following is now the second-largest market in the world?
- United Kingdom
 - China
 - Japan
 - India

ANS: B PTS: 1 DIF: 1 REF: 7

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model International Perspective | R&D Strategic & systems skills TYP: AP

8. The future growth of a company is endangered when management:
- adopts a consumer orientation.
 - is aware of the scope of its business.
 - is committed to maintaining a product-oriented philosophy.
 - is focused on providing benefits rather than producing products.

ANS: C PTS: 1 DIF: 2 REF: 9

OBJ: 1-3

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN

9. In the history of marketing, when did the production era end in the United States?
- Late 1800s with the mass immigration of skilled workers to America.
 - 1920s with the improvement in production capabilities.
 - 1960s with the establishment of overseas production facilities.
 - 21st century with the introduction of robotics.

ANS: B PTS: 1 DIF: 2 REF: 9

OBJ: 1-2

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

10. A marketing philosophy summarized by the phrase “a good product will sell itself” is characteristic of the _____ era.
- production
 - sales
 - marketing
 - relationship

ANS: A PTS: 1 DIF: 2 REF: 9

OBJ: 1-2

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

11. Approximately, what percentage of new products fails?
- Less than 10 percent.
 - Between 25 percent and 40 percent
 - Between 50 percent and 65 percent.
 - More than 80 percent.

ANS: D PTS: 1 DIF: 2 REF: 9

OBJ: 1-1

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

12. Which of the following factors contributed to the transition from the production era to the sales era?
- Increased consumer demand
 - More sophisticated production techniques
 - Increase in urbanization
 - The Great Depression

ANS: B PTS: 1 DIF: 1 REF: 9

OBJ: 1-2

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

13. 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. This approach is consistent with which era in marketing history?
- Production era
 - Relationship era
 - Marketing era
 - Sales era

ANS: D PTS: 1 DIF: 2 REF: 9-10

OBJ: 1-2

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of human behavior & society TYP: AP

14. A company with a _____ orientation assumes that customers will resist purchasing products not deemed essential. Therefore, the marketing department will need to overcome this resistance through personal selling and advertising.
- production
 - marketing
 - sales
 - relationship

ANS: C PTS: 1 DIF: 1 REF: 9-10

OBJ: 1-2

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

15. A buyer's market is characterized by:
- more goods and services than buyers to buy them.
 - more buyers than available goods and services.
 - practically no competition in the marketplace.
 - slow economic growth.

ANS: A PTS: 1 DIF: 1 REF: 10

OBJ: 1-2

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

16. The emergence of the marketing concept can best be explained by:
- higher production levels.
 - a shift from a production to a sales orientation.
 - a shift from a seller's market to a buyer's market.
 - a focus on product quality.

ANS: C PTS: 1 DIF: 2 REF: 10

OBJ: 1-2

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

17. 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. Target markets
 - c. Offer more product variety than competitors
 - d. Promote heavily

ANS: B PTS: 1 DIF: 3 REF: 10

OBJ: 1-2

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills

TYP: AP

18. A strong market orientation:
- a. reflects the adoption by a firm of a sales orientation.
 - b. is consistent with a production orientation.
 - c. becomes necessary with a shift from a buyer's market to a seller's market.
 - d. generally improves market success and overall performance.

ANS: D PTS: 1 DIF: 2 REF: 10

OBJ: 1-2

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills

TYP: KN

19. 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. long term relationships with customers.

ANS: B PTS: 1 DIF: 2 REF: 11

OBJ: 1-2

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

TYP: KN

20. When did relationship marketing emerge?
- a. Mid 1800s, with the limited access to large markets.
 - b. 1920s, with the development of mass production.
 - c. Mid 1950s, with the advent of television advertising.
 - d. 1990s, with the evolution of the traditional marketing concept.

ANS: D PTS: 1 DIF: 2 REF: 11

OBJ: 1-2

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

TYP: KN

21. If a company such as J.B. Trucking wanted to avoid marketing myopia, it should define its business as:
- transportation solutions.
 - a trucking company.
 - a materials handling company.
 - a freight hauling firm.

ANS: A PTS: 1 DIF: 1 REF: 12

OBJ: 1-3

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

22. Which of the following statements is *not* correct regarding not-for-profit organizations?
- There are more than 1.5 million not-for-profit organizations in the United States.
 - Nearly 10 percent of the workforce works for or volunteers at not-for-profits.
 - Not-for-profit organizations are all found in the public sector.
 - Not-for-profits sometimes form strategic alliances with for-profit companies.

ANS: C PTS: 1 DIF: 3 REF: 13

OBJ: 1-4

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

23. All of the following are public not-for-profit organizations *except*:
- American Cancer Society.
 - Department of Homeland Security.
 - University of Iowa.
 - Federal Trade Commission.

ANS: A PTS: 1 DIF: 1 REF: 13

OBJ: 1-4

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of human behavior & society
TYP: AP

24. Governmental units and agencies:
- are not considered not-for-profit organizations.
 - pursue objectives that may or may not be authorized by law.
 - are expected to at least break even.
 - are generally funded from tax collections.

ANS: D PTS: 1 DIF: 1 REF: 13-14

OBJ: 1-4

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

25. An alliance between a not-for-profit organization and a for-profit organization:
- a. rarely benefits either party.
 - b. often benefits both parties.
 - c. typically benefits the not-for-profit more than the for-profit.
 - d. typically benefits the for-profit more than the not-for-profit.

ANS: B

PTS: 1

DIF: 2

REF: 14

OBJ: 1-4

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

TYP: KN

26. Comparing not-for-profit organizations with for-profit organizations, all of the following statements are correct *except*:
- a. not-for-profit organizations can be impacted by contributors' personal agendas.
 - b. not-for-profit organizations may market both tangible goods and services.
 - c. not-for-profit organizations depend on strategic alliances with for-profits to provide advertising and visibility.
 - d. not-for-profit organizations must try to find ways to market their services in a cost-effective manner.

ANS: C

PTS: 1

DIF: 3

REF: 14

OBJ: 1-4

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

TYP: KN

27. The most obvious distinction between not-for-profit and for-profit organizations is:
- a. for-profits have more exact marketing goals.
 - b. not-for-profits have a different view of what constitutes the bottom line.
 - c. customers of not-for-profits have more control.
 - d. not-for-profits market services not goods.

ANS: B

PTS: 1

DIF: 1

REF: 14

OBJ: 1-4

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

TYP: KN

28. Not-for-profit organizations often market to _____ and _____ may interfere with the organization's marketing program.
- a. a single public; stockholders
 - b. a single public; the government
 - c. multiple publics; other voluntary organizations
 - d. multiple publics; major contributors

ANS: D

PTS: 1

DIF: 3

REF: 14-15

OBJ: 1-4

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

TYP: KN

29. All of the following are examples of nontraditional marketing *except* _____ marketing.
- a. political
 - b. cause
 - c. event
 - d. organization

ANS: A

PTS: 1

DIF: 1

REF: 15

OBJ: 1-5

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

30. Melissa is campaigning for Janet, her friend, who is contesting for the presidency of the student council at Riverdale Junior College. Melissa's effort is an example of _____ marketing.
- a. cause
 - b. person
 - c. place
 - d. organization

ANS: B

PTS: 1

DIF: 1

REF: 15

OBJ: 1-5

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions
TYP: AP

31. You receive a flyer urging you to attend a rally for a local political candidate. You're asked to bring a can of food for the local food bank as the "price of admission". This is a combination of _____ and _____ marketing respectively.
- a. event; person
 - b. event; organization
 - c. organization; cause
 - d. person; cause

ANS: D

PTS: 1

DIF: 3

REF: 15-17

OBJ: 1-5

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

32. A music star promotes her concerts, but also uses her concerts to promote a charitable cause. This is an example of a combination of _____, _____, and _____ marketing respectively.
- a. event; person; time
 - b. cause; person; event
 - c. person; event; cause
 - d. person; organization; event

ANS: C

PTS: 1

DIF: 3

REF: 15-17

OBJ: 1-5

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

33. The basic objective of place marketing is to:
- attract visitors or new businesses to a particular area.
 - influence others to accept the goals of the sponsoring organization.
 - convince people to attend a sporting or cultural event.
 - bring to the attention of the public some charitable issue.

ANS: A PTS: 1 DIF: 1 REF: 16

OBJ: 1-5

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

34. State bureaus of tourism and conventions typically engage in _____ marketing.
- organization
 - person
 - place
 - cause

ANS: C PTS: 1 DIF: 1 REF: 16

OBJ: 1-5

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions
TYP: AP

35. Some Florida drivers have license plates that say “Save the Manatee.” This is an example of _____ marketing.
- organization
 - cause
 - place
 - event

ANS: B PTS: 1 DIF: 2 REF: 17

OBJ: 1-5

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

36. Tyson Foods promoting the “Share Our Strength” program is an example of _____ marketing.
- event
 - person
 - cause
 - place

ANS: C PTS: 1 DIF: 1 REF: 17

OBJ: 1-5

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

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

ANS: B PTS: 1 DIF: 2 REF: 17

OBJ: 1-5

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions TYP: AP

38. An alumni association at a university sends out announcements promoting the homecoming football game and an alumni association function. This is an example of a combination of _____ and _____ marketing.
- a. event; person
 - b. event; organization
 - c. person; organization
 - d. event; place

ANS: B PTS: 1 DIF: 3 REF: 17-18

OBJ: 1-5

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions TYP: AP

39. The revenues and intangible benefits accrued to the firm, minus the investment to attract and keep the customer is known as:
- a. customer value.
 - b. intangible benefit stream.
 - c. investment-benefit differential.
 - d. lifetime value of the customer.

ANS: D PTS: 1 DIF: 2 REF: 18

OBJ: 1-6

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Strategic & systems skills
TYP: KN

40. 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.

ANS: B PTS: 1 DIF: 3 REF: 18

OBJ: 1-7

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

41. Many hotel chains offer free stays and other perks to repeat customers. This is an example of:
- relationship marketing.
 - transaction-based marketing.
 - team marketing.
 - a strategic alliance.

ANS: A PTS: 1 DIF: 1 REF: 18

OBJ: 1-7

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

42. The rapid development of telecommunications from Internet to cell phones allows marketers to accomplish all of the following *except*:
- find new markets on a global level.
 - target markets to locate, secure, and maintain customers in a one-to-one marketing relationship.
 - realize improved marketing efficiencies, including lower sales and marketing costs.
 - standardize product lines and marketing promotions to appeal to the largest possible audience.

ANS: B PTS: 1 DIF: 3 REF: 19

OBJ: 1-6

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

43. An example of interactive media marketing would be:
- a customer having input in creating their own products, such as Subway or Build-a-Bear.
 - an intermediary wholesaler who links sale of goods from manufacturer to consumer.
 - buyer-seller communication through the Internet, virtual reality kiosks, and CD-ROMs.
 - Consumer Reports.

ANS: C PTS: 1 DIF: 3 REF: 19

OBJ: 1-6

NAT: AACSB Technology | CB&E Model Marketing Plan | R&D Knowledge of technology, design, & production
TYP: AP

44. Interactive marketing refers to:
- sequential marketing efforts beginning with frontline salespersons and proceeding to detailed instructions by a technical expert.
 - marketing efforts vis-a-vis interactive programs where customers can post their queries directly to the management.
 - buyer-seller communications in which the customer controls the amount and type of information received from a marketer.
 - software-controlled marketing strategy which uses central databases to segment the market on various demographic and psychographic factors.

ANS: C PTS: 1 DIF: 2 REF: 19

OBJ: 1-6

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

45. 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 might differ from a traditional transaction-based marketer?
- a. The city pool allows kids 12 years and younger to swim 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 Chief Financial Officer to discuss year-end financial reporting.

ANS: C PTS: 1 DIF: 3 REF: 19-20

OBJ: 1-7

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

46. By converting indifferent customers into loyal ones through relationship marketing, companies can:
- a. increase the cost of maintaining existing customers.
 - b. start a process by which customers become bound contractually to the business.
 - c. avoid the necessity of improving customer service in the long run.
 - d. generate repeat sales.

ANS: D PTS: 1 DIF: 2 REF: 20

OBJ: 1-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

47. Relationship marketing focuses more attention on _____ customers because new customers are _____ to acquire compared to existing customers.
- a. existing; less expensive
 - b. new; less expensive
 - c. existing; more expensive
 - d. new; more expensive

ANS: C PTS: 1 DIF: 2 REF: 20

OBJ: 1-7

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN

48. Sally Myers, head of marketing at Sally's Salon, serviced six new customers over the past two weeks. Through a feedback form, Sally learnt that all of them had acted upon the opinions of their friends and family members. What Sally encountered is an example of:
- a. interactive marketing success.
 - b. effective target market strategies.
 - c. marketing myopia.
 - d. a success story in buzz marketing.

ANS: D PTS: 1 DIF: 2 REF: 20

OBJ: 1-6

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

49. What is the ultimate objective of one-to-one marketing?

- a. Find new customers
- b. Create regular purchasers
- c. Turn customers into advocates
- d. Turn customers into loyal supporters

ANS: C PTS: 1 DIF: 2 REF: 20

OBJ: 1-7

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

50. Relationship marketing relies heavily on:

- a. mass marketing and global promotions.
- b. technology to store customer data and to customize products/services.
- c. strategic alliances and creating competitive advantages.
- d. aligning business goals with a social cause.

ANS: B PTS: 1 DIF: 3 REF: 20

OBJ: 1-6

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Strategic & systems skills
TYP: AP

51. A biotechnology company and a university medical school work to develop a new drug to treat arthritis. This is an example of:

- a. a joint marketing agreement.
- b. marketing research.
- c. a one-to-one marketing program.
- d. a strategic alliance.

ANS: D PTS: 1 DIF: 1 REF: 20

OBJ: 1-7

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

52. All of the following statements about strategic alliances are correct *except*:

- a. Strategic alliances can be formed by both for-profit and not-for-profit organizations.
- b. All strategic alliances end up benefiting one organization more than another.
- c. Strategic alliances are designed to create competitive advantages.
- d. Strategic alliances can be vertical or horizontal in nature.

ANS: B PTS: 1 DIF: 2 REF: 20

OBJ: 1-7

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

53. Which is *not* a facilitating function of marketing?

- a. Standardizing
- b. Financing
- c. Risk taking
- d. Securing media information

ANS: D PTS: 1 DIF: 2 REF: 21

OBJ: 1-6

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions TYP: AP

54. Buying and selling are:

- a. the two exchange functions of marketing.
- b. physical distribution functions.
- c. exchange and distribution functions, respectively.
- d. distribution and exchange functions, respectively.

ANS: A PTS: 1 DIF: 1 REF: 21

OBJ: 1-6

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

55. When Best Buy sells a new television or DVD player, it is performing the _____ function.

- a. facilitating
- b. buying
- c. distribution
- d. risk taking

ANS: C PTS: 1 DIF: 2 REF: 21

OBJ: 1-8

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions TYP: KN

56. The facilitating functions of marketing include:

- a. securing marketing information and risk taking.
- b. buying and selling.
- c. transportation and storage.
- d. typing and separation.

ANS: A PTS: 1 DIF: 2 REF: 21

OBJ: 1-8

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills TYP: KN

57. The selling function of marketing involves:
- a. making sufficient quantities of goods available in the marketplace.
 - b. ensuring products meet established quality and quantity standards.
 - c. securing marketing information.
 - d. using advertising, personal selling, and sales promotion to match goods and services to customers.

ANS: D PTS: 1 DIF: 2 REF: 21

OBJ: 1-8

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Operations skills

TYP: KN

58. What are the subfunctions of physical distribution?

- a. Buying, selling, and financing
- b. Risk taking and market research
- c. Warehousing and transporting
- d. Standardizing and grading

ANS: C PTS: 1 DIF: 2 REF: 21

OBJ: 1-8

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

TYP: KN

59. Financing is one of the _____ functions.

- a. exchange
- b. pricing
- c. commercial
- d. facilitating

ANS: D PTS: 1 DIF: 2 REF: 21

OBJ: 1-8

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

TYP: KN

60. GMAC provides credit to GM dealers, as well as buyers. This is an example of:

- a. financing function.
- b. exchange function.
- c. distribution function.
- d. securing marketing information.

ANS: A PTS: 1 DIF: 2 REF: 21

OBJ: 1-8

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills

TYP: AP

61. The physical distribution functions of marketing are:

- a. storing and transporting.
- b. standardization and grading.
- c. financing and risk taking.
- d. buying and selling.

ANS: A PTS: 1 DIF: 1 REF: 21

OBJ: 1-8

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

62. When marketers apply quantity control standards, they are:

- a. engaging in the process of exchange.
- b. reducing the need for purchasers to inspect each item they purchase.
- c. determining the amount an individual will be allowed to buy on credit.
- d. developing channels of distribution for a product.

ANS: B PTS: 1 DIF: 2 REF: 21

OBJ: 1-8

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

63. Schwann's Foods sells its products through both grocery stores and door-to-door sales. Selling, order taking, delivery and limited customer service are all conducted by the drivers. Which two marketing functions overlap as a result of the drivers' required responsibilities?

- a. Facilitation and distribution
- b. Exchange and facilitating
- c. Distribution and exchange
- d. Exchange and financing

ANS: C PTS: 1 DIF: 3 REF: 21

OBJ: 1-8

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions
TYP: KN

64. Marketers are responsible for three primary marketing functions, which are further divided into eight sub-functions. Which of the following is *not* one of the primary functions?

- a. Facilitating
- b. Physical distribution
- c. Servicing
- d. Exchange

ANS: C PTS: 1 DIF: 1 REF: 21

OBJ: 1-8

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

65. Which of the following is a facilitating function of marketing?

- a. Buying
- b. Selling
- c. Standardization and grading
- d. Distribution

ANS: C PTS: 1 DIF: 2 REF: 21

OBJ: 1-8

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Operations skills

TYP: KN

66. Ethics refers to:

- a. the code of conduct for managers within organizations.
- b. the social causes promoted by the company.
- c. the social responsibility of organizations.
- d. the moral standards of behavior expected by society.

ANS: D PTS: 1 DIF: 1 REF: 22

OBJ: 1-8

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

TYP: KN

67. Approximately, _____ of large companies offer some sort of ethics training for workers?

- a. less than 25 percent
- b. one-third
- c. ten percent
- d. more than half

ANS: D PTS: 1 DIF: 2 REF: 22

OBJ: 1-8

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

TYP: KN

68. _____ involves marketing philosophies, policies, procedures and actions whose primary objective is the enhancement of society.

- a. Social responsibility
- b. Green marketing
- c. Ethics
- d. Relationship marketing

ANS: A PTS: 1 DIF: 1 REF: 22

OBJ: 1-8

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

TYP: KN

69. By contributing to local scholarships and community programs, which type of behavior is Target Stores exhibiting?
- Relationship marketing
 - Social responsibility
 - Green marketing
 - One-to-one marketing

ANS: B

PTS: 1

DIF: 2

REF: 22-24

OBJ: 1-8

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

TYP: AP

MATCHING

Match each definition to the corresponding term.

- | | |
|---------------------------|---------------------------------|
| a. utility | k. event marketing |
| b. buzz marketing | l. organization marketing |
| c. exchange process | m. interactive marketing |
| d. seller's market | n. lifetime value of a customer |
| e. buyer's market | o. one-to-one marketing |
| f. marketing myopia | p. strategic alliances |
| g. social responsibility | q. not-for-profit organizations |
| h. relationship marketing | r. mobile marketing |
| i. person marketing | s. ethics |
| j. place marketing | |

1. A(n) _____ occurs when buyers outnumber sellers or product supply.
2. An advertisement for a U.S. Senate candidate is an example of _____.
3. The want satisfying power of a product is its _____.
4. _____ results from management's failure to recognize the scope of its business.
5. A(n) _____ occurs when there more sellers (or products) than buyers.
6. For-profit organizations and not-for-profit organizations often form _____.
7. The _____ occurs when two or more parties exchange something of value.
8. _____ is a customized marketing program designed to build long-term relationships with individual customers.
9. Buyer-seller communications in which the customer controls the amount and type of information received from a marketer is called _____.
10. The promotion of music concerts and movies is referred to as _____.
11. Many not-for-profits utilize _____ in order to influence people to accept their goals or contribute in some way.
12. _____ describes the current era in the history of marketing.
13. An advertisement titled "Ski Vermont" is an example of _____.
14. The _____ equals the revenues and benefits a customer brings to an organization, minus expenses to attract and maintain the relationship.
15. Corporations that voluntarily recycle paper, glass and electronics practice _____.
16. "Word-of-mouth" advertising that has grown in effectiveness with the advent of the Internet is called _____.

17. The American Cancer Society in the private sector and The Department of Natural Resources in the public sector are examples of _____.
 18. The growth of wireless technology has given rise to a new marketing strategy called _____.
 19. The moral standards of behavior expected by a society are known as _____.
1. ANS: D PTS: 1 DIF: 1 REF: 10
 OBJ: 1-2
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of general business functions
 TYP: KN
2. ANS: I PTS: 1 DIF: 1 REF: 15
 OBJ: 1-5
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
 TYP: AP
3. ANS: A PTS: 1 DIF: 1 REF: 5
 OBJ: 1-1
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of general business functions
 TYP: KN
4. ANS: F PTS: 1 DIF: 1 REF: 12
 OBJ: 1-3
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Operations skills
 TYP: KN
5. ANS: E PTS: 1 DIF: 1 REF: 10
 OBJ: 1-2
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of general business functions
 TYP: KN
6. ANS: P PTS: 1 DIF: 1 REF: 20
 OBJ: 1-7
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
 TYP: AP
7. ANS: C PTS: 1 DIF: 1 REF: 8
 OBJ: 1-1
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of general business functions
 TYP: KN
8. ANS: O PTS: 1 DIF: 1 REF: 19
 OBJ: 1-6
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
 TYP: AP
9. ANS: M PTS: 1 DIF: 1 REF: 19
 OBJ: 1-6
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
 TYP: KN
10. ANS: K PTS: 1 DIF: 1 REF: 17
 OBJ: 1-5
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
 TYP: KN
11. ANS: L PTS: 1 DIF: 1 REF: 18
 OBJ: 1-5
 NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
 TYP: AP
12. ANS: H PTS: 1 DIF: 1 REF: 11

- OBJ: 1-2
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing the task environment
TYP: KN
13. ANS: J PTS: 1 DIF: 1 REF: 16
OBJ: 1-5
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN
14. ANS: N PTS: 1 DIF: 1 REF: 18
OBJ: 1-6
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: KN
15. ANS: G PTS: 1 DIF: 1 REF: 22-24
OBJ: 1-8 NAT: AACSB Ethics | CB&E Model Marketing Plan | R&D Conscientiousness
TYP: KN
16. ANS: B PTS: 1 DIF: 1 REF: 20
OBJ: 1-6
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: AP
17. ANS: Q PTS: 1 DIF: 1 REF: 13
OBJ: 1-4
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of general business functions
TYP: KN
18. ANS: R PTS: 1 DIF: 1 REF: 19
OBJ: 1-6
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: AP
19. ANS: S PTS: 1 DIF: 1 REF: 22
OBJ: 1-8 NAT: AACSB Ethics | CB&E Model Marketing Plan | R&D Conscientiousness
TYP: KN

ESSAY

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

ANS:

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 tyres: 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.

PTS: 1 DIF: 2 REF: 5-6 OBJ: 1-1
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Knowledge of general business functions
TYP: KN

2. Compare the purchase of an AM/FM radio with the purchase of a satellite radio. Describe the creation of utility from the perspective of the manufacturer and marketer. Describe the utility relationship between the customer and the marketer.

ANS:

The manufacturer of the clock radio creates form and ownership utility. The consumer will usually end the relationship with the manufacturer once the product is purchased, unless service is required. The broadcasts to this radio, generated by the local radio station, provide time and place utility to the customer. As the broadcast is free to the listener, however, the ownership utility for the broadcast is generated for the advertisers and sponsors. The latter, in turn, expect, but are not guaranteed to have a utility relationship with the listener in the way of future sales.

The relationship between the customer and the satellite radio provider is different because it is ongoing in nature. The manufacture and sale of the radio hardware achieves form and ownership utility. The subscription required between the listener and the broadcaster creates time, place, and ownership utility. The amount of utility generated between the two can vary over time. Adding top celebrities can generate more utility to the listener. In turn, better broadcasts bring in more subscribers, adding to the profitability of the broadcaster.

PTS: 1 DIF: 3 REF: 5-6 OBJ: 1-1
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

3. List the three steps required to create a customer.

ANS:

The three steps are: identify needs in the marketplace, find out which need(s) the organization can profitably serve, and develop a product to convert potential buyers into customers.

PTS: 1 DIF: 1 REF: 6 OBJ: 1-1
NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Operations skills
TYP: AP

4. Explain the concept of marketing. What are some common misconceptions about marketing?

ANS:

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. Marketing involves analyzing customer needs, securing information needed to design and produce products that match buyer expectations, efficiently distributing products, satisfying customer preferences, and creating and maintaining relationships with customers and suppliers. Marketing applies to both profit-seeking and not-for-profit organizations. Due to the continuous exposure to advertising and personal selling, many people equate marketing with selling, or think that marketing begins only after a product has been produced.

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

5. List some factors that have prompted marketers to extend their commerce opportunities internationally.

ANS:

Nations today do not have the ability to supply all the resources, produce the products, and consume the output by themselves. They are forced to go outside their domestic arena to find more efficient and cost-effective manufacturing sources and lucrative markets. The political and technological changes witnessed in the past 20 years have also facilitated this change. Governments are working together via trade agreements, trade organizations, and currency consolidation to reduce trade barriers between countries. In addition, the advent of the Internet and other technologies has tapped new markets, brought existing markets closer, and improved the speed and efficiency with which commerce is transacted.

PTS: 1

DIF: 3

REF: 7

OBJ: 1-1

NAT: AACSB Reflective Thinking | CB&E Model International Perspective | R&D Strategic & systems skills

TYP: AP

6. List the four eras in marketing history in chronological order. Briefly describe the philosophy behind each era.

ANS:

The four 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 fill it), and the relationship era (build and maintain cost-effective long-term relationships with customers, employees, suppliers, and other parties for mutual benefit).

PTS: 1

DIF: 2

REF: 8-11

OBJ: 1-2

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

TYP: KN

7. What is the major difference between the sales era and marketing era? Name a technological advancement that might have propelled companies, especially consumer products companies, into the marketing era.

ANS:

During the sales era, companies assumed customers would resist purchasing products not deemed essential, and that the task of personal selling and advertising was to convince them to buy. During the marketing era, there was a shift in the focus of companies away from products and sales to satisfying customer needs. The introduction of television into homes across the country transferred the communication from sales people to advertising. Advertising not only communicated the benefits of products but also created needs and wants in the minds of consumers.

PTS: 1

DIF: 2

REF: 9-10

OBJ: 1-2

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

TYP: KN

8. Define marketing myopia, and describe how a company can overcome a myopic view. Give an example of a successful avoidance of marketing myopia.

ANS:

Marketing myopia is defined as management's failure to recognize the scope of its business. Firms can avoid marketing myopia through a broader focus on the benefits of its products rather than the products themselves. A trucking company defining itself as a transportation company and a telephone company defining itself as a communications company are examples of how to avoid marketing myopia. Nokia defining itself as a cell phone manufacturer would be a myopic view. However, Nokia seeing its mission as connecting people shows that the creative focus of the company is on better ways to bring people together using telecommunications.

PTS: 1

DIF: 3

REF: 12

OBJ: 1-3

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Operations skills

TYP: AP

9. Give an example of a public not-for-profit organization and a private not-for-profit organization. List the funding patterns for both.

ANS:

An example of a public not-for-profit organization is the local public school system. It is funded mainly by tax collections. An example of a private not-for-profit organization is the National MS Society. It is funded mainly by contributions.

PTS: 1

DIF: 1

REF: 13

OBJ: 1-4

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

TYP: KN

10. Explain the potential challenges to a not-for-profit organization from its resource contributor(s).

ANS:

In the case of not-for-profit organizations, a major resource contributor -- whether a cash donor, volunteer, or someone who provides other resources -- may try to interfere with the marketing program, to promote a message the contributor feels is relevant. Major contributors might even restrict a contribution to achieve their objectives.

PTS: 1

DIF: 1

REF: 14-15

OBJ: 1-4

NAT: AACSB Analytic | CB&E Model Marketing Plan | R&D Strategic & systems skills

TYP: AP

11. List and describe the five types of nontraditional marketing. Give an example of each.

ANS:

Cause marketing is the identification and promotion of a social issue, cause, or idea to selected target markets (Hurricane Katrina Relief Fund, 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, Army recruiting).

PTS: 1

DIF: 3

REF: 15-18

OBJ: 1-5

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

TYP: KN

12. Describe the nontraditional marketing employed at the 2008 Beijing Olympics.

ANS:

Beijing Olympics 2008 was a success of three nontraditional marketing strategies; cause marketing, event marketing, and place marketing. Beijing 2008 promoted the theme “One World, One Dream” aimed at better cooperation among the world’s nations; an instance of cause marketing. The event was marketed on a grand scale through various media. Beijing 2008 also served the purpose of place marketing. It was a platform to showcase modern China to the rest of the world with hopes to cash in on its new image to attract more foreign investment and lead to greater political and economic cooperation with the rest of the world.

PTS: 1

DIF: 2

REF: 17

OBJ: 1-5

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

TYP: AP

13. Define lifetime value of a customer. How has Apple Computer, with the development of the iPod product line and iTunes software, gained a competitive advantage over competitors such as Napster? Will Apple experience a higher or lower lifetime value of a customer and why?

ANS:

The lifetime value of a customer is the measure of the revenue and intangible benefits a customer brings to the organization over the average lifetime, minus the investment that the firm has made to attract and keep the customer.

Apple has developed hardware and proprietary software that revolutionized the way that music, purchased or downloaded, can be stored, catalogued and replayed. Because of the digital file structure, only iPod products can play the software. This links the hardware sales to the repeat purchases of music through the software, increasing the lifetime value of the customer.

By expanding the jukebox catalogue to include movies, books on tape, television shows and podcasts, Apple is increasing their market with customers buying up the product line and expanding the media purchases through the software. Other jukebox companies, such as Napster, failed to integrate hardware and software and have thus been relegated to smaller segments of the market. Since it has linked its hardware sales to the increasing demand for media downloads and purchases, Apple could experience a higher lifetime value of a customer.

PTS: 1

DIF: 3

REF: 18

OBJ: 1-6

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills

TYP: AP

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

ANS:

Historically, marketing was viewed as a simple exchange process, that is, a process that moved from transaction to transaction without any significant carry-forward 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.

PTS: 1

DIF: 2

REF: 18

OBJ: 1-6

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

TYP: KN

15. Who is an advocate? Describe how a customer turns into an advocate?

ANS:

An advocate is a customer who not only buys a firm's products but also recommends them to others. The process begins when a new customer is acquired. The new customer is then turned into a regular purchaser and then into a loyal supporter. Only then can the customer be turned into an advocate.

PTS: 1

DIF: 2

REF: 18

OBJ: 1-6

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

TYP: KN

16. Define relationship marketing with an example.

ANS:

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. Wal-Mart, for instance, works closely with its suppliers to ensure products are available when and where consumers want them. These relationships reduce costs, which leads to higher profits for the firms involved and lower prices for consumers. The premise underlying this philosophy is that, although it is important to seek new customers, it is still cheaper to maintain existing relationships than to continually build new ones.

PTS: 1 DIF: 2 REF: 18-20 OBJ: 1-6
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation
TYP: AP

17. Define interactive marketing. How has multimedia technologies impacted data transmission? List some of the technologies being utilized for interactive marketing.

ANS:

Interactive marketing refers to buyer-seller communications in which the customer controls the amount of information received from the marketer. The buyer has immediate access to key product information when he or she needs it. Multimedia technologies have improved the speed, accuracy, and customer feedback rate of interactive marketing. Interactive media technologies include telephones and cell phones, computers, the Internet, and two-way televisions, to name a few.

PTS: 1 DIF: 3 REF: 19 OBJ: 1-6
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Operations skills
TYP: AP

18. Organizations occasionally form strategic alliances with one another for mutual benefit. How would a for-profit and not-for-profit company benefit from such an alliance?

ANS:

Marketing alliances between for-profit and not-for-profit organizations can benefit both parties by helping each other achieve their objectives. The not-for-profit benefits from the advertising potential of the profit organization, giving it more exposure. The for-profit organization benefits from the goodwill it generates with customers and employees alike. Additionally, given a choice between two products of similar quality and price, the customer will select the product aligned with a cause.

PTS: 1 DIF: 2 REF: 20 OBJ: 1-4
NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Strategic & systems skills
TYP: AP

19. Explain the exchange and distribution functions of marketing.

ANS:

Buying and selling represent exchange functions. Buying is important to marketing on several levels. Marketers must try to understand consumer behavior. Because they generate time, place, and ownership utilities through purchases, marketers must anticipate consumer preferences for purchases to be made several months later. Selling is the second half of the exchange process. It involves advertising, personal selling, and sales promotion in an attempt to match the firm's goods and services to consumer needs. Transporting and storing are physical distribution functions. Transporting involves physically moving goods from the seller to the purchaser. Storing involves warehousing goods until they are needed for sale.

PTS: 1

DIF: 1

REF: 21

OBJ: 1-7

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

TYP: KN

20. List the four facilitating functions and provide examples.

ANS:

The four facilitating functions are standardizing and grading, financing, risk taking, and securing marketing information. Standardization and grading can be found in the construction industry (sizing of doors, gauge of wiring, dimensions of cut lumber and height of cabinetry). The financing function allows wholesalers and retailers to purchase goods and services on credit, allowing time to resell the products before the payment is due (allowing wholesalers 90 days to pay invoices in full). Securing market information is collecting data on the potential customer, identifying their needs and wants, buying habits, competitive products in the market, and collecting feedback after the sale (marketing research surveys at the malls and on the Internet). Risk taking is the analysis of the cost and benefit of producing and marketing goods and services. It measures the uncertainty of future sales.

PTS: 1

DIF: 3

REF: 21

OBJ: 1-7

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

TYP: AP

21. Define ethics and social responsibility. Why are these two concepts important for marketers? Give an example of each behavior.

ANS:

Ethics consists of moral standards of behavior expected by a society. Social responsibility involves marketing philosophies, policies, procedures, and actions whose primary objective is to enhance society. Following ethical standards and exhibiting social responsibility often improves customer relationships, employee morale and loyalty, marketplace success, and financial performance.

An example of ethical behavior would be a company recalling contaminated food products and alerting the public. Social responsibility would be the same company donating products to homeless shelters, food banks, or disadvantaged schools.

PTS: 1

DIF: 2

REF: 22-24

OBJ: 1-8

NAT: AACSB Ethics | CB&E Model Marketing Plan | R&D Conscientiousness

TYP: KN