

File: ch02, Chapter 2: Strategy and Sales Program Planning

True/False

1. A firm's sales force strategy should be derived from its marketing strategy.

Ans: True

Response: See page 34

2. A company's sales force program should follow directly from top management's business strategy decisions.

Ans: False

Response: See page 34

3. Supply chain management is a Level 1, top management decision.

Ans: False

Response: See page 35

4. Strategic marketing planning focuses on identifying market segments and a designing targeting strategy.

Ans: False

Response: See page 37

5. The basic notion behind the idea of a "Hierarchy of Sales Objectives" is that some objectives are more important than others.

Ans: False

Response: See page 34

6. Target marketing refers to the selection and prioritizing of segments to which the company will market its products or services.

Ans: True

Response: See page 35

7. A positioning strategy is concerned with how a company wants customers to perceive the company vis-à-vis competitors.

Ans: True

Response: See page 36

8. Sales executives generally are more involved in Level 1 decisions such as business and marketing strategy, than in Level 2 decisions.

Ans: False

Response: See page 36

9. Strategic implementation decisions include the marketing mix decisions a firm makes when executing its strategy.

Ans: False

Response: See page 36

10. The first step in developing a go-to-market strategy is to segment the market.

Ans: True

Response: See page 37

11. The first step in developing a go-to-market strategy is to identify all the activities that are needed to serve customers properly.

Ans: False

Response: See page 37

12. Most large companies access their markets exclusively through a direct sales force.

Ans: False

Response: See page 38, 39

13. One result of proliferating new channels is that many companies are able to reduce the size of their sales force.

Ans: True

Response: See page 38

14. Telemarketing as a means of accessing customers is growing rapidly, but is usually limited to orders of \$300 or less.

Ans: False

Response: 40, 41

15. The internet is proving to be more of a substitute for the sales force, rather than a tool to help the sales force become more effective.

Ans: False

Response: See page 40

16. It is not unusual for manufacturers to sell to distributors, when faced with low-priced competitors.

Ans: True

Response: See page 41

17. Companies may view integrators as competitors, even though they may help sell the company's products.

Ans: True

Response: See page 41

18. Many sales forces are taking-on a bigger role in identifying new product opportunities for their companies.

Ans: True

Response: See page 41, 42

19. The sales force's only involvement in product development management (PDM) is to help launch new and modified products.

Ans: False

Response: See page 42

20. Supply chain management is primarily concerned with the integration and coordination of a firm's own logistical operations.

Ans: False

Response: See page 43

21. The sales force is generally involved in the managing orders and channel partners aspects of supply chain management process.

Ans: True

Response: See page 43

22. The sales force is generally more involved in a firm's supply chain management (SCM) efforts, than in its customer relationship management (CRM) processes.

Ans: False

Response: See page 44, 45

23. The sales force is generally responsible for designing and implementing a firm's customer relationship management (CRM) processes.

Ans: False

Response: See page 45

24. "The purpose of marketing is to make a sale," is an example of a consultative relationship perspective.

Ans: False

Response: See page 46

25. When a customer purchases from a particular supplier primarily because of the consistency of its product quality, the customer and supplier are most likely in a transactional relationship.

Ans: True

Response: See page 49, 50

26. A consultative relationship is likely to differ from a transactional relationship in that success depends more on intimately grasping a customer's current business issues.

Ans: True

Response: See page 51

27. One way in which consultative selling attempts to create value is by making the purchasing process easy for the customer.

Ans: False

Response: See page 51, 52

28. One method for creating value in a consultative relationship is for the seller to help the customer develop a better solution to their problems than they would have discovered on their own.

Ans: True

Response: See page 51, 52

29. For a consultative relationship to be profitable for the supplier, it usually must be a long-term relationship.

Ans: True

Response: See page 51

30. The difference between consultative and enterprise type relationships is that in an enterprise relationship the customer is looking for significant value from the relationship in addition to the product itself.

Ans: False

Response: See page 52

31. It is not unusual for the customer to be the one to initiate an enterprise type relationship with a supplier.

Ans: True

Response: See page 52

32. It is very unusual for the customer to be the one to initiate an enterprise type relationship with a supplier.

Ans: True

Response: 52

Multiple Choice

33. Strategies are employed to:

- a. make better use of company resources.
- b. set specific and achievable objectives.
- c. sustain an advantage over the competition.
- d. both a and c of the above.
- e. all of the above.

Ans: e

Response: See page 33, 34

34. The three C's of an organization's business, often used to describe the basic character of an organization, are:

- a. customers, competitors, cost.
- b. customers, competitors, company.
- c. customers, cost, company.
- d. customers, compensation, company.
- e. none of the above.

Ans: b

Response: See page 32, 33

35. A _____ should include a statement about (1) the type of customers served, (2) the needs to be fulfilled, and (3) the technology used to fulfill the needs.

- a. customer-product matrix
- b. customer base triangle
- c. segmentation
- d. business mission
- e. target marketing

Ans: d

Response: See page 33

36. Which of the following is the **least** important factor in strategic planning?

- a. setting objectives
- b. formulating strategies
- c. determining the budget
- d. corporate public relations
- e. monitoring results

Ans: d

Response: See page 35, 36

37. Which of the following are examples of commonly used organizational goals:

- a. dollar revenue.
- b. social responsibility.
- c. dollar profits.
- d. both a and c above.
- e. all of the above.

Ans: e

Response: See page 33

38. When the Scott Paper Company switched its focus to improving its profitability, which of the following are logical sales force consequences:

- a. sales training has to be altered.
- b. sales compensation should be changed.
- c. sales territories need to be redesigned.
- d. only a and b above.
- e. all of the above.

Ans: e

Response: See page 33

39. _____ Is the way an organization attempts to achieve its overall performance objectives.

- a. strategy
- b. positioning
- c. business mission
- d. target marketing
- e. none of the above

Ans: a

Response: See page 33

40. The sales force's role when executing a Differentiated Strategy usually includes:

- a. selling high margin products.
- b. focusing on non-price benefits.
- c. establish long-term customer relationships.

- d. only a and b above.
- e. a, b, and c are all likely to be included.

Ans: e

Response: See page 35

41. The high profit sales force programs in a Low-Cost business strategy are likely to include:

- a. extensive use of independent sales agents.
- b. compensation that is largely salary.
- c. evaluations based on behaviors, as well as outcomes.
- d. both a and b above.
- e. none of the above.

Ans: a

Response: See page 35

42. In the computer industry, IBM is trying to de-emphasize price by promoting exceptional levels of service and support. This is an example of which generic business strategy?

- a. a low-cost strategy
- b. a defender strategy
- c. a analyzer strategy
- d. a differentiation strategy
- e. a build strategy

Ans: d

Response: See page 38

43. Selective use of sales agents, intense supervision of a limited number of salespeople, and a largely salary based compensation plan are most likely to be associated with which of the following business strategies:

- a. build
- b. low cost
- c. differentiated
- d. diversify
- e. focused

Ans: c

Response: See page 35

44. Focusing your product on a special part of the market is an example of:

- a. capital budgeting.
- b. segmenting.
- c. target marketing.
- d. centralization.
- e. penetration programming.

Ans: c

Response: See page 35

45. Identifying customers with common needs is always a part of:

- a. capital budgeting.
- b. segmentation.
- c. Setting business unit objectives.
- d. a differentiated strategy.
- e. a harvesting strategy.

Ans: b

Response: See page 35

46. Market segmentation involves aggregating customers into groups that:

- a. are the same size.
- b. are in the same industry.
- c. have similar needs.
- d. both a and b above.
- e. all of the above.

Ans: c

Response: See page 35

47. Identifying customers with common needs is called:

- a. capital budgeting
- b. segmentation
- c. differentiation
- d. penetration programming
- e. harvesting

Ans: b

Response: See page 35

38. Aggregating customers into groups based on common needs is referred to as:

- a. target marketing.
- b. needs-based grouping.
- c. market segmentation.
- d. market implication.
- e. strategic marketing.

Ans: c

Response: See page 35

49. Which of the following are considered when developing a positioning strategy:

- a. customer perceptions of our products.
- b. customer perceptions of competitors' products.
- c. customer size and location.
- d. both a and b above.
- e. a, b, and c are all likely to be considered.

Ans: d

Response: See page 36

50. Developing a plan for how you want your customers to perceive your product is referred to as:

- a. customer relationship management.
- b. a go-to-market strategy.
- c. positioning.
- d. a customer strategy.
- e. a segmentation strategy.

Ans: c

Response: See page 36

51. Which of the following are considered to be “essential activities” when developing a go-to-market strategy?

- a. Interest creation activities.
- b. Pre-purchase activities.
- c. Post-purchase activities.
- d. Only b and c above.
- e. all of the above.

Ans: e

Response: See page 38, 39

52. Which of the following participants in a firm’s go-to-market strategy is most efficient in that it is inexpensive per customer contact?

- a. independent sales agents.
- b. telemarketing.
- c. advertising.
- d. resellers.
- e. integrators.

Ans: c

Response: See page 39

53. Which of the following are given exclusive contracts to perform the selling function within specified geographic areas?

- a. independent sales agents.
- b. telemarketing.
- c. alliances.
- d. resellers.
- e. integrators.

Ans: a

Response: See page 41

54. Which of the following are commonly performed by independent sales agents?

- a. Prospecting for new customers.
- b. Advertising.
- c. Product delivery.
- d. Product delivery.
- e. All of the above are performed by independent sales agents.

Ans: a

Response: See page 41

55. Value added resellers (VARs) in the computer industry are service providers, unaffiliated with any single supplier, who advise their clients on their computer needs. VARs are a good example of which of the following:

- a. integrators.
- b. independent sales agents.
- c. alliances.
- d. transactors.
- e. differentiators.

Ans: a

Response: See page 41

56. AT&T contracting with another company to jointly sell its computers in France is an example of which market accessing alternative:

- a. an independent sales agent.
- b. an integrator.
- c. an alliance.
- d. a differentiator.
- e. a distributor.

Ans: c

Response: See page 41

57. When introducing a new product, studies show that which of the following change are likely to be made to a firm's sales program:

- a. the sales structure.
- b. the quota system.
- c. the advertising campaign.
- d. only a and b.
- e. all the above.

Ans: d

Response: See page 43

58. The sales force is most likely to be involved in which of the following supply chain management sub-processes?

- a. managing inbound logistics.
- b. managing process technology.
- c. managing channel partners.
- d. managing outbound logistics.
- e. managing supplier relationships.

Ans: c

Response: See page 43, 44

59. Which of the following is best characterized by offering a product of acceptable quality that is competitively priced with an emphasis on convenience?

- a. a transactional relationship
- b. a consultative relationship
- c. a enterprise relationship
- d. a differentiation strategy
- e. a niche strategy

Ans: a

Response: See page 49, 50

60. In transactional relationships, the primary persons directly involved with customers are the _____ and the _____.

- a. sales manager, customer service representative
- b. salesperson, sales manager
- c. salesperson, customer service representative
- d. only a and b above

e. a, b, and c are all true.

Ans: e

Response: See page 49, 50

61. This type of relationship is characterized by the selling company spending considerable time understanding the special needs of the customer and marshalling resources inside the supplier's company to meet those special needs.

- a. a transactional relationship
- b. a consultative relationship
- c. an enterprise relationship
- d. both b and c above
- e. both a and b above

Ans: d

Response: See page 50, 51

62. In which type of relationship are both the physical product and the sales force of secondary importance?

- a. a transactional relationship
- b. a consultative relationship
- c. an enterprise relationship
- d. both b and c above
- e. both a and b above

Ans: c

Response: See page 52, 53