



Chapter 2—Developing and Implementing Marketing Strategies

ESSAY

1. Describe the process of strategic planning. How does this process help marketing managers?

ANS:

Answer not provided.

PTS: 1

DIF: Easy

NAT: AACSB: Analytic | CBE: Model Marketing Plan

TYP: Knowledge

2. How does a firm use a market opportunity to reach a particular target market?

ANS:

Answer not provided.

PTS: 1

DIF: Moderate

NAT: AACSB: Reflective Thinking | CBE: Model Strategy

TYP: Knowledge

3. In what ways does having a mission statement help an organization achieve its goals?

ANS:

Answer not provided.

PTS: 1

DIF: Easy

NAT: AACSB: Communication | AACSB: Strategy | CBE: Model Marketing Plan

TYP: Knowledge

4. Compare and contrast corporate strategy and marketing strategy.

ANS:

Answer not provided.

PTS: 1

DIF: Moderate

NAT: AACSB: Communication | CBE: Model Strategy

TYP: Knowledge

5. Define the four product categories used in the Boston Consulting Group (BCG) product-portfolio analysis.

ANS:

Answer not provided.

PTS: 1

DIF: Moderate

NAT: AACSB: Communication | CBE: Model Product

TYP: Knowledge

6. Explain the different types of growth strategies that can be used by a strategic business unit.

ANS:

Answer not provided.

PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

7. Describe the two major components of marketing strategy. What should marketing managers consider when developing marketing strategy?

ANS:
Answer not provided.

PTS: 1 DIF: Easy
NAT: AACSB: Analytic | CBE: Model Strategy TYP: Knowledge

8. Discuss the creation of a marketing plan. What are the major components of a marketing plan?

ANS:
Answer not provided.

PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

9. What is internal marketing? Why is it helpful for a firm to initiate an internal marketing program?

ANS:
Answer not provided.

PTS: 1 DIF: Moderate
NAT: AACSB: Analytic | CBE: Model Marketing Plan TYP: Knowledge

10. Discuss the different ways of organizing the marketing unit.

ANS:
Answer not provided.

PTS: 1 DIF: Moderate
NAT: AACSB: Analytic | CBE: Model Marketing Plan TYP: Knowledge

11. Discuss how a firm's orientation is related to the development of its strategic plan.

ANS:
Answer not provided.

PTS: 1 DIF: Difficult
NAT: AACSB: Analytic | CBE: Model Marketing Plan TYP: Knowledge

SHORT ANSWER

12. Strategic planning is the process of _____.

ANS:

establishing an organizational mission and formulating goals, corporate strategy, marketing objectives, marketing strategy, and a marketing plan.

PTS: 1

DIF: Difficult

NAT: AACSB: Communication | CBE: Model Strategy

TYP: Knowledge

MULTIPLE CHOICE

13. When managers at Logistics Pro are developing their strategic plan, they use a market orientation as a guide to ensure that _____ is an integral part of the process.
- customer satisfaction
 - employee satisfaction
 - the best use of their marketing resources
 - the marketing mix
 - the marketing function

ANS: A

PTS: 1

DIF: Easy

NAT: AACSB: Analytic | CBE: Model Strategy

TYP: Application

14. Managers at the Littlefield Corporation are engaged in a complex process of revising their organization's mission and goals and developing corporate strategy, marketing objectives, marketing strategy, and, eventually, a marketing plan. This process is called
- marketing planning.
 - strategic planning.
 - marketing strategy.
 - corporate strategy.
 - strategic business planning.

ANS: B

PTS: 1

DIF: Moderate

NAT: AACSB: Analytic | CBE: Model Strategy

TYP: Application

15. Identifying and analyzing a target market and developing a marketing mix to satisfy individuals in that market are essential elements of which of the following parts of strategic planning?
- Establishing marketing objectives
 - Coordinating marketing activities
 - Organizing marketing functions
 - Developing a marketing strategy
 - Planning marketing activities

ANS: D

PTS: 1

DIF: Moderate

NAT: AACSB: Reflective Thinking | CBE: Model Strategy

TYP: Knowledge

16. Safeway Food Stores is involved in identifying and analyzing a target market. The firm then develops a marketing mix to satisfy individuals in that market to gain long-term competitive advantages. Based on this example, Safeway is creating a
- corporate strategy.
 - target design.
 - mix strategy.
 - marketing strategy.
 - marketing tactic.

ANS: D

PTS: 1

DIF: Easy

NAT: AACSB: Analytic | CBE: Model Strategy

TYP: Application

17. To formulate a marketing strategy, one must
- identify and analyze a target market and develop a marketing mix to satisfy individuals in that market.
 - develop a statement of what is to be accomplished through marketing activities.
 - develop plans for implementation and control.
 - develop an adequate marketing control process.
 - determine marketing objectives.

ANS: A PTS: 1 DIF: Difficult

NAT: AACSB: Reflective Thinking | CBE: Model Marketing Plan

TYP: Comprehension

18. The marketing plan is
- a plan of all aspects of an organization's business strategy.
 - written differently for each SBU.
 - a written document detailing activities to be performed to implement and control marketing actions.
 - designed to specify not only marketing, but all other functional areas of business activities as well.
 - updated only periodically.

ANS: C PTS: 1 DIF: Difficult

NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

19. CyberCycle Inc., is preparing a written document specifying the activities to be performed to implement and control its marketing activities. This document is called the
- profit plan.
 - marketing program.
 - strategic market program.
 - strategic business plan.
 - marketing plan.

ANS: E PTS: 1 DIF: Easy

NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Application

20. The strategic planning process begins with
- development of an organizational mission statement.
 - development of marketing strategy.
 - analysis of the marketing environment.
 - analysis of target markets.
 - development of a marketing plan.

ANS: C PTS: 1 DIF: Difficult

NAT: AACSB: Analytic | CBE: Model Strategy TYP: Knowledge

21. A ____ is something that an organization does extremely well and may give a company an advantage over its competition.
- benchmark
 - sustainable competitive advantage
 - core competency
 - strategic vision

e. marketing opportunity

ANS: C PTS: 1 DIF: Easy
NAT: AACSB: Analytic | CBE: Model Marketing Plan TYP: Knowledge

22. A market opportunity results from
- the right combination of circumstances and timing that permit an organization to take action to reach a particular target market.
 - monitoring the firm's capabilities.
 - an increase in market share and profits.
 - an assessment of environmental forces.
 - technological determinism.

ANS: A PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

23. When the right combination of circumstances occurs at the right time to allow an organization to take action toward a target market, the firm is faced with a
- market objective.
 - market requirement.
 - strategic market plan.
 - market opportunity.
 - corporate objective.

ANS: D PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

24. In response to the increase in demand for organic foods, Wegmans, Inc., a regional supermarket, recently created organic food departments within their large stores. The creation of these departments was a result of
- a core competency
 - a market opportunity
 - its sales orientation
 - its distribution plan
 - a competitive advantage

ANS: B PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

25. Realizing that consumers have begun to seek vehicles that use less gasoline, Toyota heavily promotes its hybrid automobiles to capitalize on this ____ while the strategic window is open.
- marketing mix
 - market opportunity
 - objective
 - requirement
 - goal

ANS: B PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

26. After determining that consumers had concerns about fat and carbohydrates, Sardino's Pizza began offering a low-fat, low-carb pizza product. The creation of this new product was the result of
- a competitive advantage.
 - a well-defined mission statement.
 - good strategic planning.
 - a market opportunity.
 - opportunistic behavior.

ANS: D PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

27. A strategic window is
- the right combination of circumstances and timing that permit an organization to take action to reach a particular target market.
 - what determines the factors that are most important in making a market attractive or strong.
 - customers' requirements or desired benefits.
 - a temporary period of optimum fit between the key requirements of a market and the particular capabilities of a firm competing in that market.
 - the process that seeks information about events and relationships in a company's outside environment.

ANS: D PTS: 1 DIF: Difficult
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

28. A competitive advantage exists when a
- firm matches a core competency to opportunities it has discovered in the marketplace.
 - firm does marketing better than its competitors.
 - combination of circumstances and timing allow a firm to reach an attractive target market.
 - firm observes a fit between the key requirements of a market and its own capabilities.
 - firm has a strong marketing plan.

ANS: A PTS: 1 DIF: Difficult
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

29. A ____ is created when a company matches its core competency to opportunities it has discovered in the marketplace.
- market opportunity
 - market requirement
 - competitive advantage
 - strategic window
 - competitive opportunity

ANS: C PTS: 1 DIF: Easy
NAT: AACSB: Analytic | CBE: Model Strategy TYP: Knowledge

30. Microsoft's marketing, technical skills, and continuing investment in improving its software systems give it a(n) ____ because it makes computers easier to use.
- organizational opportunity advantage
 - strategic window
 - market requirement
 - market opportunity

e. competitive advantage

ANS: E PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Application

31. An analysis of ____ examines internal factors that give the organization certain advantages and disadvantages in meeting the needs of its target markets.
- a. opportunities and threats
 - b. market opportunities
 - c. strengths and weaknesses
 - d. activities and responsibilities
 - e. organizational resources

ANS: C PTS: 1 DIF: Easy
NAT: AACSB: Analytic | CBE: Model Marketing Plan TYP: Knowledge

32. John Deere's strong name recognition and solid customer demand for its farm and garden equipment are two elements of the firm's
- a. strengths.
 - b. opportunities.
 - c. weaknesses.
 - d. threats.
 - e. strategies.

ANS: A PTS: 1 DIF: Easy
NAT: AACSB: Analytic | CBE: Model Marketing Plan TYP: Application

33. Favorable conditions in the marketplace environment that could produce business rewards for the organization if acted upon properly are called
- a. strengths.
 - b. market strategies.
 - c. market niches.
 - d. threats.
 - e. opportunities.

ANS: E PTS: 1 DIF: Easy
NAT: AACSB: Analytic | CBE: Model Strategy TYP: Knowledge

34. Successful business organizations should take actions to convert internal weaknesses into ____ and external threats into ____.
- a. opportunities; core competencies
 - b. core competencies; strengths
 - c. opportunities; strengths
 - d. strengths; core competencies
 - e. strengths; opportunities

ANS: E PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Marketing Plan
TYP: Comprehension

35. When Opryland Hotel wants to have at least 90 percent of its customers indicating they had a memorable and satisfying experience at the hotel, this is an example of
- a. implementing the marketing mix

- b. maintaining their corporate identity
- c. a marketing objective
- d. a strategic plan
- e. a mission statement

ANS: C PTS: 1 DIF: Difficult
NAT: AACSB: Reflective Thinking | CBE: Model Marketing Plan | CBE: Model Customer
TYP: Application

36. An organization's business goals should be derived from its
- a. mission statement.
 - b. strategic plan.
 - c. strategic business plan.
 - d. marketing plan.
 - e. marketing strategy.

ANS: A PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

37. The reputation and well-known brand name of Rolex watches represents a ____ for Rolex.
- a. competitive advantage
 - b. core competency
 - c. market opportunity
 - d. strategic window
 - e. pricing strategy

ANS: B PTS: 1 DIF: Easy
NAT: AACSB: Analytic | CBE: Model Marketing Plan TYP: Knowledge

38. A firm's unique symbols, personalities, and philosophies comprise its
- a. corporate persona.
 - b. corporate identity.
 - c. corporate character.
 - d. CEO's identity.
 - e. ethics.

ANS: B PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

39. Which of the following is a characteristic of a marketing objective?
- a. It is consistent with both business-unit and corporate strategy.
 - b. It is a verbal agreement, not in writing.
 - c. It is not written in measurable terms.
 - d. It does not specify a time frame for its accomplishment.
 - e. It clearly identifies how marketing strategy will be implemented.

ANS: A PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

40. Which of the following statements is *incorrect*?
- a. Of the three levels of planning, corporate strategy is the broadest.
 - b. Business-unit strategy should be consistent with the corporate strategy.
 - c. Marketing strategy should be consistent with both the business-unit and corporate

strategies.

- d. Strategic planning begins at the marketing level and proceeds through business-unit and corporate levels.
- e. Strategic planning begins at the corporate level and proceeds through business-unit and marketing levels.

ANS: D PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

41. Resource deployment and coordination of functional areas of business are determined by
- a. the mission statement.
 - b. corporate strategy.
 - c. business-unit strategy.
 - d. marketing strategy.
 - e. the marketing mix.

ANS: B PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

42. ____ strategy determines the means for utilizing resources in the functional areas of marketing, production, finance, research and development, and human resources to achieve the organization's goals.
- a. Corporate
 - b. Business-unit
 - c. Marketing
 - d. Mission statement
 - e. Marketing mix

ANS: A PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

43. Within a business organization, a profit center that is self-supporting in terms of sales, markets, production, and other resources is known as a
- a. profit entity.
 - b. strategic business unit.
 - c. marketing program.
 - d. small business.
 - e. diversified corporation.

ANS: B PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

44. Kraft purchased the Duracell Battery Company and now operates this division as a separate profit center within the firm. In this example, Duracell is a(n) ____ unit of Kraft.
- a. strategic business
 - b. marketing
 - c. dependent
 - d. independent
 - e. corporate

ANS: A PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Strategy TYP: Application

45. A group that has the willingness, ability, and authority to buy a product is a
- market.
 - consumer.
 - strategic business unit.
 - business customer.
 - strategic window.

ANS: A PTS: 1 DIF: Difficult
NAT: AACSB: Communication | CBE: Model Customer TYP: Knowledge

46. According to the text, a market is defined as
- a place to buy products.
 - the buyers of the products that a company develops, promotes, prices, and distributes.
 - the specific group of customers on whom an organization focuses its marketing efforts.
 - a group of individuals and/or organizations that have needs for products in a product class and have the ability, willingness, and authority to purchase these products.
 - the percentage of a group of customers that actually buys a specific product from a specific company.

ANS: D PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Customer TYP: Knowledge

47. Jason, a 17-year old high school student, wants to buy a pack of Marlboro Lights. He has the money to purchase them, but he is still not considered to be a market for the product due to his lack of ____ to buy.
- ability
 - willingness
 - authority
 - need
 - location

ANS: C PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Customer TYP: Application

48. The Boston Consulting Group's matrix is based on the
- idea that a firm's market share and market attractiveness are the important factors for a marketing strategy.
 - assumption that a firm's actions have a profitable impact on marketing strategy.
 - business position and market attractiveness of the firm.
 - philosophy that a product's market growth rate and its market share are important determinants of its marketing strategy.
 - idea that a product's market growth rate and market attractiveness determine the marketing strategy.

ANS: D PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Product TYP: Knowledge

49. According to the Boston Consulting Group, marketers may classify their products as all of the following *except*
- dogs.
 - cash contributors.
 - question marks.
 - stars.

e. cash cows.

ANS: B PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Product TYP: Knowledge

50. Based on the work by the Boston Consulting Group, products with a dominant share of the market and good prospects for growth are
- dogs.
 - cash cows.
 - stars.
 - question marks.
 - pigs.

ANS: C PTS: 1 DIF: Moderate
NAT: AACSB: Analytic | CBE: Model Product TYP: Knowledge

51. The Boston Consulting Group classifies products that have a dominant market share but low prospects for growth and that generate more cash than is required to maintain market share as
- dogs.
 - cash cows.
 - stars.
 - cash contributors.
 - question marks.

ANS: B PTS: 1 DIF: Easy
NAT: AACSB: Analytic | CBE: Model Product TYP: Knowledge

52. The director of marketing for 3M tapes tells the rest of the management team, "When it comes to our transparent packaging tape unit, our strategy will be to use funds generated here to support our venture in the industrial bonding market." This strategy indicates that the packaging tape unit falls into which one of the following classifications?
- Problem child
 - Star
 - Cash cow
 - Dog
 - Question mark

ANS: C PTS: 1 DIF: Difficult
NAT: AACSB: Reflective Thinking | CBE: Model Product TYP: Application

53. The percentage of a market which actually buys a specific product from a specific company is referred to as that product's
- strategic segment
 - target market
 - market share
 - market cut
 - market position

ANS: C PTS: 1 DIF: Difficult
NAT: AACSB: Communication | CBE: Model Customer TYP: Knowledge

54. According to the Boston Consulting Group, question marks are characterized as products
- having a small share of a growing market and requiring large amounts of cash to build

market share.

- b. generating more cash than is required to maintain share.
- c. encompassing the greatest number of products.
- d. existing at a cost disadvantage and revealing few opportunities for growth at a reasonable cost.
- e. having substantial reported profits but needing a lot of cash to finance the rate of growth.

ANS: A PTS: 1 DIF: Difficult

NAT: AACSB: Communication | CBE: Model Product TYP: Knowledge

55. Which of the following is the *most* specific and detailed type of business strategy?

- a. business-unit
- b. marketing
- c. corporate
- d. customer service
- e. tactical

ANS: B PTS: 1 DIF: Moderate

NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

56. High Gliding Air Academy is developing its marketing mix for the coming year. Its managers know that they must first select ____, which may be the most important decision they make in the planning process.

- a. the promotional strategy
- b. a distribution method
- c. the pricing strategy
- d. a target market
- e. the desired profit margin

ANS: D PTS: 1 DIF: Easy

NAT: AACSB: Analytic | CBE: Model Marketing Plan TYP: Application

57. Which of the following statements about the marketing mix is *incorrect*?

- a. The selection of the target market serves as the basis for the creation of the marketing mix.
- b. The elements of the marketing mix are sometimes referred to as *marketing mix variables*.
- c. Each element of the marketing mix must be precisely matched with the needs of the target market.
- d. Once a marketing mix has been created for a particular target market, it cannot be changed until a new strategic window opens.
- e. Each element of the marketing mix must be precisely matched with the other elements of the marketing mix.

ANS: D PTS: 1 DIF: Moderate

NAT: AACSB: Analytic | CBE: Model Marketing Plan TYP: Comprehension

58. Business decisions made in creating a marketing mix

- a. are made before a target market is identified.
- b. are unchangeable once they are agreed upon by management.
- c. are only as good as the organization's understanding of the needs of the target market.
- d. usually take place when a strategic window is open.
- e. must always be consistent with the firm's opportunities.

ANS: C PTS: 1 DIF: Difficult

NAT: AACSB: Reflective Thinking | CBE: Model Marketing Plan
TYP: Comprehension

59. All marketing mix decisions must have two characteristics: ____ and ____.
- a. consistency; flexibility
 - b. consistency; rigidity
 - c. formality; flexibility
 - d. variability; flexibility
 - e. formality; rigidity

ANS: A PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

60. Gucci Group, a marketer of high-fashion products, achieved a company turnaround by ensuring that its brand had the same image and proper display around the world. It also lowered prices on some items, like handbags, to be more competitive. This illustrates a company working to develop a marketing mix that is both ____ and ____.
- a. consistent; flexible
 - b. formal; flexible
 - c. variable; flexible
 - d. consistent; rigid
 - e. consistent; formal

ANS: A PTS: 1 DIF: Moderate
NAT: AACSB: Analytic | CBE: Model Marketing Plan TYP: Application

61. A competitive advantage that cannot be readily copied by the competition is referred to as a(n) ____ advantage.
- a. controllable
 - b. sustainable
 - c. noncopyable
 - d. effective
 - e. implementable

ANS: B PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

62. Harley-Davidson's Harley Owner's Group (HOG) helps to foster strong relationships between riders and their motorcycles, giving it a(n) ____ over other motorcycle manufacturers.
- a. controllable advantage
 - b. uncontrollable competitive advantage
 - c. sustainable marketing advantage
 - d. effective competitive advantage
 - e. sustainable competitive advantage

ANS: E PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Marketing Plan | CBE: Model Customer
TYP: Application

63. Because of its highly efficient and low-cost distribution system, Walmart has a ____ advantage over Kmart.
- a. nonsustainable competitive
 - b. sustainable marketing

- c. sustainable control
- d. sustainable implementation
- e. sustainable competitive

ANS: E PTS: 1 DIF: Easy
 NAT: AACSB: Analytic | CBE: Model Distribution TYP: Application

64. A marketing plan
- a. is characteristic of production-oriented firms and other mass producers.
 - b. provides a framework for implementing and controlling marketing activities.
 - c. always increases the marketing manager's operating costs.
 - d. produces plans that are short term in orientation.
 - e. restricts the marketing manager's future options.

ANS: B PTS: 1 DIF: Difficult
 NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

65. Starbucks is presently involved in a process of assessing marketing opportunities and resources, determining marketing objectives, re-defining marketing strategies, and developing guidelines for implementation and control. Thus, Starbucks is involved in
- a. strategic analysis.
 - b. marketing planning.
 - c. marketing management.
 - d. marketing.
 - e. market organization.

ANS: B PTS: 1 DIF: Difficult
 NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

66. Which of the following is *not* a purpose of the marketing plan?
- a. Communicate internally with employees
 - b. Assign tasks and responsibilities for implementation
 - c. Specify the allocation of resources
 - d. Monitor the performance of a marketing strategy
 - e. Serve as a contract with the customer

ANS: E PTS: 1 DIF: Moderate
 NAT: AACSB: Reflective Thinking | CBE: Model Marketing Plan
 TYP: Comprehension

67. Hallaway's Corp.'s new shampoo, VS2, is faltering badly in the market. Hallaway's marketing personnel are unsure who is responsible for various marketing tasks, when these tasks are to be completed, or what resources have been allocated. Hallaway Marketing Director Carolyn Willis said that the problem is that VS2 has the most poorly written ____ she has ever seen.
- a. marketing plan
 - b. competitive plan
 - c. implementation plan
 - d. media schedule
 - e. product specification sheet

ANS: A PTS: 1 DIF: Moderate
 NAT: AACSB: Reflective Thinking | CBE: Model Marketing Plan
 TYP: Application

68. The Texas Pitt Barbecue Corporation has conducted a SWOT analysis of its competition, and sees a marketing opportunity for its new Texas Pit Barbecue restaurant. It has developed its marketing plan to include the type of products it will sell, the location for the restaurant, and the pricing it will use. Their plan includes a marketing objective to make a profit of 5% the first year of operation. So far, the owners of the restaurant have eliminated a key piece of the marketing plan, which is ____.
- specifying how they will achieve their marketing objective
 - how they will address the competition's prices
 - coming up with a quantitative measure for their objective
 - developing a qualitative measure for their objective
 - assessing their weaknesses

ANS: A PTS: 1 DIF: Moderate
 NAT: AACSB: Reflective Thinking | CBE: Model Marketing Plan
 TYP: Application

69. Which of the following is *not* a component of a marketing plan?
- Environmental analysis
 - Marketing strategies
 - Product
 - Executive summary
 - Marketing implementation

ANS: C PTS: 1 DIF: Moderate
 NAT: AACSB: Analytic | CBE: Model Marketing Plan TYP: Knowledge

70. A marketing plan usually begins with a(n)
- executive summary.
 - introduction to the company's marketing objectives.
 - summary of current performance as compared with past performance.
 - situation analysis.
 - opportunity and threat analysis.

ANS: A PTS: 1 DIF: Easy
 NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

71. The process of putting marketing strategies into action is called
- marketing implementation.
 - marketing control.
 - marketing action.
 - marketing auditing.
 - the marketing action plan.

ANS: A PTS: 1 DIF: Easy
 NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

72. In essence, all organizations have two types of strategy: ____ is the strategy that the organization decides on during the planning phase, and ____ is the strategy that actually takes place.
- planned strategy; realized strategy
 - intended strategy; realized strategy
 - intended strategy; implemented strategy
 - planned strategy; implemented strategy
 - realized strategy; implemented strategy

ANS: B PTS: 1 DIF: Easy
NAT: AACSB: Analytic | CBE: Model Strategy TYP: Knowledge

73. The ____ strategy in an organization often does not live up to marketing planners' expectations.
- intended
 - expected
 - planned
 - control
 - realized

ANS: E PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

74. Sayid's employer is currently developing a new marketing strategy. The top managers have developed the marketing strategy and have given it to Sayid so that he can now develop an implementation plan. Sayid's company will *most likely* end up with which type of strategy?
- Decentralized
 - Centralized
 - Rigid
 - Intended
 - Realized

ANS: E PTS: 1 DIF: Moderate
NAT: AACSB: Analytic | CBE: Model Strategy TYP: Application

75. For marketing implementation to be successful, the needs of ____ customers must be met.
- external
 - internal
 - both internal and external
 - planned
 - both planned and realized

ANS: C PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Customer TYP: Knowledge

76. Starbucks provides training and support to its employees, including health care benefits. Through these ____ efforts Starbucks is better able to deliver quality products and service to its customers.
- internal management
 - extended marketing
 - intended marketing
 - external marketing
 - internal marketing

ANS: E PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

77. Using information about customers to create marketing strategies that develop and sustain desirable long-term customer relationships is known as
- computer resource management.
 - customer resource management.
 - customer relationship management.
 - customer research management.

e. e-marketing.

ANS: C PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Customer TYP: Knowledge

78. What focuses on using information about customers to create marketing strategies that develop and sustain desirable customer relationships?
- Customer relationship management
 - Electronic data interchange
 - Business-to-consumer marketing
 - Strategic partnerships
 - The marketing concept

ANS: A PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Customer TYP: Knowledge

79. Electronic marketing has greatly improved the ability of marketers to target individual customers. As a result, many feel that marketing's emphasis is shifting from share of market to share of
- budget.
 - consumer online time.
 - customer.
 - awareness.
 - commitment.

ANS: C PTS: 1 DIF: Easy
NAT: AACSB: Analytic | AACSB: Technology | CBE: Model Customer
TYP: Knowledge

80. Borders Books uses technology to help them identify specific customers, establish interactive dialogues with them to learn about their needs, and combine this information with their purchase histories to customize products to meet those needs. Borders Books is using the ____ approach.
- target market positioning
 - SWOT analysis
 - customer relationship management
 - total quality management
 - internal marketing

ANS: C PTS: 1 DIF: Moderate
NAT: AACSB: Analytic | AACSB: Technology | CBE: Model Customer
TYP: Application

81. Which of the following is *false* with regard to customer lifetime value?
- It is a key measurement that forecasts a customer's lifetime economic contribution based on continued relationship marketing efforts.
 - It can be calculated by taking the sum of the customer's present value contributions to profit margins over a specific timeframe.
 - It includes not only an individual's propensity to engage in purchases but also his or her strong word-of-mouth communication about the firm's products.
 - All customers have equal value to a firm.
 - It is the only gauge that incorporates revenue, expense, and customer behavior and adopts a customer-centric approach.

ANS: D PTS: 1 DIF: Moderate

NAT: AACSB: Reflective Thinking | CBE: Model Customer TYP: Knowledge

82. According to the text, the 80/20 rule suggests that
- 80 percent of profits come from 20 percent of business customers.
 - 20 percent of profits come from 80 percent of business customers.
 - 20 percent of profits come from 80 percent of customers.
 - 80 percent of profits come from 20 percent of customers.
 - 80 percent of profits come from 20 percent of sales.

ANS: D PTS: 1 DIF: Moderate

NAT: AACSB: Communication | CBE: Model Strategy | CBE: Model Customer

TYP: Knowledge

83. Customer relationship management is facilitated by gathering useful data from
- telephone interactions with customers.
 - personal interactions with customers.
 - online interactions with customers.
 - all customer-contact points.
 - all exchange transactions.

ANS: D PTS: 1 DIF: Easy

NAT: AACSB: Communication | CBE: Model Customer TYP: Knowledge

84. Customer relationship management systems cannot be effective unless they are developed as
- market-share building tools.
 - profit-boosting tools.
 - selling tools.
 - cost-reduction tools.
 - relationship-building tools.

ANS: E PTS: 1 DIF: Moderate

NAT: AACSB: Communication | CBE: Model Customer TYP: Comprehension

85. The most important component of customer relationship management is
- technology.
 - profits.
 - sales.
 - share of an individual customer's purchases.
 - relationships with customers.

ANS: E PTS: 1 DIF: Easy

NAT: AACSB: Analytic | CBE: Model Customer TYP: Knowledge

86. Meredith knows that whether she decides to interact with her customers in person, on the telephone, online, or by fax, that ____ should ultimately drive the marketing strategy.
- marketing research
 - polite responsiveness
 - her customers
 - product availability
 - company goals

ANS: C PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Strategy | CBE: Model Customer
TYP: Application

87. The employees of Zingerman's Deli are its ____ customers.
- external
 - extended
 - intended
 - internal
 - domestic

ANS: D PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Application

88. Which of the following statements *best* describes total quality management?
- A process aimed at improving product quality, increasing competition based on quality, and quality improvement among employees
 - The coordination of efforts directed at improving customer satisfaction, increasing employee participation, forming and strengthening supplier partnerships, and facilitating continuous quality improvements
 - A method of increasing overall financial benefits, emphasizing faster development of innovations, and improving customer satisfaction
 - A process directed at controlling marketing activities at a higher level of involvement among the firms' employees
 - An approach used to emphasize the need for quality among a firm's hierarchy of employees, beginning with top-level executives

ANS: B PTS: 1 DIF: Difficult
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

89. Stratford Manufacturing is interested in total quality management and wants to learn more about its principles. Which of the following elements will Stratford *not* address in its investigation of TQM?
- Improving customer satisfaction
 - Purchasing lowest-cost materials
 - Increasing employee participation
 - Strengthening supplier partnerships
 - Continuous product improvements

ANS: B PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

90. If Apple measured and evaluated the quality of its goods, services, and processes as compared with those of the best-performing companies in the computer industry, it would be employing
- uniform commitment to quality marketing.
 - internal marketing.
 - external marketing.
 - quality marketing.
 - benchmarking.

ANS: E PTS: 1 DIF: Easy
NAT: AACSB: Analytic | CBE: Model Strategy TYP: Application

91. The term "____" describes measuring and evaluating a firm's quality in products and processes against industry leaders.
- a. total quality management
 - b. benchmarking
 - c. internal marketing
 - d. empowerment
 - e. implementation

ANS: B PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

92. A server in a fine restaurant has the authority to give a complimentary dessert to a dissatisfied customer when the customer complains about the meal or service. This is an example of
- a. benchmarking.
 - b. individualism.
 - c. good training.
 - d. empowerment.
 - e. localized authority.

ANS: D PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Application

93. ____ involves giving customer-contact employees the authority and responsibility to make marketing decisions without seeking the approval of a supervisor.
- a. Benchmarking
 - b. Internal marketing
 - c. Total quality management
 - d. Marketing implementation
 - e. Empowerment

ANS: E PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

94. Kate is upset because the bank did not credit her account with a deposit, which resulted in a returned check to Kate's landlord. When she was told the branch manager was on vacation, Kate resigned herself to waiting two weeks to have the matter resolved. To her surprise, though, the receptionist apologized for the error and drafted a letter to Kate's landlord while Kate waited. The bank was engaging in which type of decision-making strategy?
- a. Employee empowerment
 - b. Centralized management
 - c. Structured
 - d. Immediate-focused
 - e. Product-focused

ANS: A PTS: 1 DIF: Moderate
NAT: AACSB: Analytic | CBE: Model Strategy TYP: Application

95. In a traditional organization, marketing decisions are likely to be
- a. very decentralized.
 - b. centralized at the top levels of the organization.
 - c. made by frontline employees.
 - d. made by frontline managers.
 - e. made only by the CEO.

ANS: B PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Comprehension

96. At Mrs. Fill's Cookie Co., top-level managers delegate very little authority to lower-level employees. Mrs. Fill's is a(n) ____ organization.
- centralized
 - decentralized
 - empowered
 - marketing-oriented
 - total quality management

ANS: A PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Application

97. The Acme Corporation is expanding operations into countries outside the United States. To improve local managers' responsiveness to local conditions, Acme's senior management has decided to delegate decision-making authority further down the chain of command. Acme is
- building a marketing-oriented organization.
 - empowering employees.
 - centralizing.
 - decentralizing.
 - making a serious error.

ANS: D PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

98. A marketing unit can be organized according to functions, products, regions, and
- sales.
 - target markets.
 - competitive units.
 - types of customers.
 - product features.

ANS: D PTS: 1 DIF: Easy -49
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

99. Key factors in determining the *best* organizational structure for a marketing unit are the
- preferences of top management.
 - fiscal resources of the firm.
 - number of employees.
 - diversity of the firm's products and the characteristics and needs of the people in the target market.
 - skill levels of employees.

ANS: D PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

100. According to the textbook, which of the following statements is *most* accurate?
- A small company always should organize by products, and a large organization should organize by regions.
 - There is no single approach to organizing a marketing unit that works well in all businesses.

- c. Some organizations, by nature, have no specific internal structure.
- d. Organizing by type of customer works best for companies with few groups of customers.
- e. Using several bases for organizing leads to uncoordinated marketing management.

ANS: B PTS: 1 DIF: Difficult
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Comprehension

101. If you were a marketing manager, under which type of organizational structure would you *most likely* be working if your firm were a large business with centralized marketing operations?
- a. Organization by type of customer
 - b. Organization by function
 - c. Organization by regions
 - d. Organization by products and regions
 - e. Organization by products

ANS: B PTS: 1 DIF: Difficult
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Comprehension

102. A disadvantage of organizing a firm's marketing unit by products is that
- a. product managers do not have adequate control over marketing activities.
 - b. large firms might experience coordination problems.
 - c. it can be rather expensive.
 - d. specialized marketing assistance is less readily available.
 - e. marketing flexibility is limited.

ANS: C PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

103. A firm that markets diverse products would *most likely* base the organization of its marketing department on
- a. products.
 - b. regions.
 - c. functions.
 - d. types of customers.
 - e. marketing objectives.

ANS: A PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Comprehension

104. Procter & Gamble, like many firms in the consumer packaged-goods industry, is organized by
- a. function.
 - b. product.
 - c. region.
 - d. types of customers.
 - e. subregion.

ANS: B PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Strategy TYP: Application

105. Ford has centralized marketing operations with personnel who direct marketing research, distribution, sales, advertising, and so forth reporting directly to the top-level marketing executive. Ford's marketing department is organized by
- a. product.

- b. region.
- c. types of customers.
- d. subregion.
- e. function.

ANS: E PTS: 1 DIF: Easy
 NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

106. Organizing a marketing unit by regions works well for a company that
- a. produces and markets diverse products.
 - b. is small and has a centralized marketing operation.
 - c. markets products throughout the nation.
 - d. has several groups of customers whose needs and problems are different.
 - e. offers specialized marketing mixes for different products.

ANS: C PTS: 1 DIF: Moderate
 NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

107. Suppose a customer calls Ann's office at Frito-Lay in Atlanta. The customer has a friend in Seattle who was just telling her about a new snack Frito-Lay has introduced that is selling rapidly. Ann's office does not market this product, and at the present knows very little about it. Based on this information, this firm is *most likely* organized according to which of the following?
- a. Function
 - b. Product
 - c. Region
 - d. Customer
 - e. Market

ANS: C PTS: 1 DIF: Easy
 NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

108. A firm that wants to put more senior management personnel into the field, to get closer to customers, and to enable the company to respond more quickly and efficiently to competitors would probably organize its marketing unit on the basis of
- a. functions.
 - b. regions.
 - c. customer types.
 - d. markets.
 - e. products.

ANS: B PTS: 1 DIF: Moderate
 NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

109. An appliance manufacturer that sells to large retail stores, wholesalers, and institutions would probably organize its marketing unit on the basis of
- a. subregions.
 - b. national divisions.
 - c. types of customers.
 - d. functions.
 - e. products.

ANS: C PTS: 1 DIF: Moderate
 NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Comprehension

110. The marketing control process consists of
- establishing goals, market scanning, and market share analysis.
 - establishing performance standards, evaluating performance, and reducing the differences between desired and actual performance.
 - establishing goals and measuring performance.
 - planning, implementing, and measuring marketing activities.
 - setting objectives, implementing strategies, and reducing the differences between desired and actual performance.

ANS: B PTS: 1 DIF: Difficult
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

111. Marketing managers at Consolidated Equipment Corporation are involved in establishing marketing performance standards, evaluating performance, and reducing the differences between actual and desired performance. These marketing managers are engaged in
- the systems design process.
 - the marketing control process.
 - marketing systems design.
 - the marketing audit.
 - marketing evaluation.

ANS: B PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

112. The first step in the marketing control process is to
- take corrective action.
 - reduce the difference between actual and desired standards.
 - evaluate actual performance.
 - compare actual performance and standards.
 - establish performance standards.

ANS: E PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

113. An expected level of performance against which actual performance can be compared is a
- standard performance.
 - standard of excellence.
 - step in sales analysis.
 - performance standard.
 - corrective standard.

ANS: D PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

114. Morris Business Products Co. has established a monthly sales quota of \$150,000. This is a(n)
- marketing control process.
 - evaluation of actual performance.
 - evaluation standard.
 - sales analysis.
 - performance standard.

ANS: E PTS: 1 DIF: Easy

NAT: AACSB: Communication | CBE: Model Strategy

TYP: Application

115. One way that Saturn evaluates its product and service level is by how well it ranks on the J. D. Power & Associates Sales Satisfaction Survey. In doing so, Saturn is
- controlling marketing activities.
 - taking corrective action.
 - empowering its employees.
 - evaluating actual performance.
 - setting performance standards.

ANS: D

PTS: 1

DIF: Moderate

NAT: AACSB: Reflective Thinking | CBE: Model Strategy

TYP: Application

116. Marketing managers can take each of the following corrective actions for reducing a discrepancy between established performance standards and actual performance *except*
- improving actual performance.
 - reducing the performance standard.
 - totally changing the performance standard.
 - changing the marketing strategy.
 - coordinating a new step in performance analysis.

ANS: E

PTS: 1

DIF: Difficult

NAT: AACSB: Analytic | CBE: Model Strategy

TYP: Knowledge

117. When an organization attempts to control its marketing activities, it may find it difficult to
- determine their effect on sales volume.
 - use the information it collects.
 - obtain the necessary information.
 - get the accounting department to cooperate.
 - develop a marketing plan.

ANS: C

PTS: 1

DIF: Difficult

NAT: AACSB: Communication | CBE: Model Strategy

TYP: Knowledge

118. The time lag between the performance of marketing activities and their results
- limits the marketing manager's ability to measure the effectiveness of marketing activities.
 - facilitates the ability to measure performance.
 - increases the chance of accurate measurement.
 - limits the amount of money to be spent on measurement.
 - increases the likelihood of having a successful marketing mix.

ANS: A

PTS: 1

DIF: Easy

NAT: AACSB: Analytic | CBE: Model Strategy

TYP: Comprehension

Scenario 2.1

Use the following to answer the questions.

Southwest Airlines has a history of being able to retain its employees due to the atmosphere and culture of the company. Employees have been known to dress up in costume on an airplane, engage in "games" with the passengers, and generally provide a fun atmosphere for traveling. While other airlines have low rates of customer satisfaction, Southwest tends to maintain a high rating with its customers. Recent gas price hikes have caused most airlines to charge for checked luggage and to fill every flight to its maximum, adding to the negative experience of airline travel. Southwest keeps its costs low through several methods, one being that they do not serve meals on flights, or provide pre-boarding passes. The typical flight is two hours or less and occurs between several selected cities rather than flying to practically anywhere in the country. Southwest is known for its low fares, its dependability, and its on-time flights.

119. Refer to Scenario 2.1. Maintaining the current culture of "fun" for Southwest Airlines' employees is most likely a(n)
- marketing strategy.
 - marketing objective.
 - organization resource.
 - environmental force.
 - overall organizational objective.

ANS: E PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

120. Refer to Scenario 2.1. The fact that Southwest Airlines has a history of being able to retain its employees is a(n) ____ in its SWOT analysis.
- weakness
 - strength
 - threat
 - opportunity
 - comparative advantage

ANS: B PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

121. Refer to Scenario 2.1. In Southwest Airlines' SWOT analysis, the rising gas prices are a(n) ____, while the fact that other airlines are charging for all checked baggage may create a(n) ____.
- threat; strength
 - weakness; strength
 - threat; opportunity
 - weakness; opportunity
 - opportunity; strength

ANS: C PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

122. Refer to Scenario 2.1. Southwest's low fares, dependability, and its on-time flights represent its
- competitive advantage
 - marketing opportunity
 - marketing plan

- d. marketing objectives
- e. total quality management

ANS: A PTS: 1 DIF: Easy
 NAT: AACSB: Reflective Thinking | CBE: Model Strategy | CBE: Model Marketing Plan
 TYP: Application

Scenario 2.2

Use the following to answer the questions.

EXperience Limited is a company which offers tours and vacations that include participation in an extreme sport, such as hang-gliding, bungee jumping, skydiving, and motocross. Adrian Moss, EXperience Limited's owner, has just finished developing the strategic plan, including marketing objective of growing his customer base by 15% during the coming year. He believes that the best way of reaching that objective is to promote to the college-aged student. In the past, the majority of his sales have been to males under the age of 29, participating in hang-gliding and bungee jumping at various tourist locations. He wants to expand his skydiving and motocross tours, but isn't sure whether or not the expansion will be profitable. He currently has a database containing all the customers who have gone on a hang-gliding or bungee jumping vacation with his company.

123. Refer to Scenario 2.2. According to the BCG matrix, the hang-gliding and bungee jumping tours have been a ____ for EXperience Limited, while the skydiving and motorcross tours represent a ____.
- a. star; dog
 - b. cash cow; question mark
 - c. cash cow; star
 - d. star; cash cow
 - e. star; question mark

ANS: B PTS: 1 DIF: Moderate
 NAT: AACSB: Reflective Thinking | CBE: Model Product TYP: Application

124. Refer to Scenario 2.2. The fact that college enrollments have been increasing at a fast rate the past few years is an example of ____ and creates a ____ for EXperience Limited.
- a. an environmental factor; marketing opportunity
 - b. an environmental factor; strategic door
 - c. a company strength; marketing opportunity
 - d. a company strength; competitive advantage
 - e. a marketing opportunity; competitive advantage

ANS: A PTS: 1 DIF: Moderate
 NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Application

125. Refer to Scenario 2.2. The information in EXperience Limited's database could be *best* used to develop
- a. a TQM program
 - b. SWOT analysis
 - c. a marketing plan
 - d. a CRM program
 - e. an internal marketing program

ANS: D PTS: 1 DIF: Moderate
 NAT: AACSB: Reflective Thinking | CBE: Model Customer TYP: Application

126. Refer to Scenario 2.2. The college-aged student represents EXperience Limited's ____, and the tours it operates represent the ____ element of the marketing mix.
- target market; distribution
 - customer relationships; distribution
 - cash cow; product
 - cash cow; distribution
 - target market; product

ANS: E PTS: 1 DIF: Easy
 NAT: AACSB: Reflective Thinking | CBE: Model Customer | CBE: Model Product
 TYP: Application

TRUE/FALSE

127. Through the process of strategic planning, a firm establishes an organizational mission and goals, corporate strategy, marketing objectives, marketing strategy, and a marketing plan.

ANS: T PTS: 1 DIF: Easy
 NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

128. The strategic planning process begins with a detailed analysis of the organization's strengths and weaknesses and the identification of opportunities and threats within the marketing environment.

ANS: T PTS: 1 DIF: Easy
 NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

129. A marketing strategy is a written document that specifies the activities to be performed to implement and control a firm's marketing activities.

ANS: F PTS: 1 DIF: Moderate
 NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

130. Marketing strategies should be established before marketing objectives are decided.

ANS: F PTS: 1 DIF: Easy
 NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

131. A strategic window results from the right combination of circumstances and timing, allowing a firm to take action to reach a particular target market.

ANS: F PTS: 1 DIF: Moderate
 NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

132. A core competency is something a firm does extremely well—sometimes so well that it gives the company an advantage over its competition.

ANS: T PTS: 1 DIF: Easy
 NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

133. A competitive advantage is created when a company matches its core competency to the opportunities it has discovered in the market.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy | CBE: Model Marketing Plan
TYP: Knowledge

134. The analysis of strengths and weaknesses focuses on internal factors that give the organization certain advantages and disadvantages in meeting the needs of its target markets.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Analytic | CBE: Model Strategy | CBE: Model Marketing Plan
TYP: Knowledge

135. A long-term view, or vision, of what the organization wants to become is called a mission proclamation.

ANS: F PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

136. A firm's organizational goals should be derived from its opportunities.

ANS: F PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

137. A firm's organizational mission should be derived from its goals.

ANS: F PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

138. An organization's goals focus on the ends or results that the firm seeks.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

139. Marketing objectives should be stated in such a way that the degree of accomplishment can be measured accurately.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

140. Marketing objectives state what is to be accomplished through marketing activities.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

141. A marketing objective need not be consistent with the firm's overall objectives.

ANS: F PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

142. Corporate strategy determines the means for utilizing resources in the functional areas of business to reach the organization's goals.
- ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge
143. Corporate strategic planners focus on dimensions such as competition, diversification, differentiation, environmental focus, and interrelationships among SBUs.
- ANS: T PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge
144. A strategic business unit is not self-supporting in terms of sales, markets, production, and other resources.
- ANS: F PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge
145. A market is a group of individuals and/or organizations that have needs for products in a product class and have the ability, willingness, and authority to purchase these products.
- ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Customer TYP: Knowledge
146. The Boston Consulting Group approach is based on a philosophy that a product's market growth rate and its market share relative to competition should be helpful in determining its marketing strategy.
- ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge
147. The Boston Consulting Group's model serves as a diagnostic tool to spotlight strategic business units that have an opportunity to grow rather than as a guide for making strategy prescriptions.
- ANS: T PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge
148. Marketing managers can classify a firm's products into four basic types: stars, cash cows, dogs, and question marks.
- ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Product TYP: Knowledge
149. Stars are profitable products that usually generate more cash than is required to maintain share.
- ANS: F PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Product TYP: Knowledge
150. Cash cows are market leaders that are growing fast, with substantial reported profits.
- ANS: F PTS: 1 DIF: Easy

NAT: AACSB: Communication | CBE: Model Product TYP: Knowledge

151. Question marks exist at a cost disadvantage and exhibit few opportunities for growth at a reasonable cost.

ANS: F PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Product TYP: Knowledge

152. The long-term health of the firm depends solely on having products that generate cash and provide acceptable reported profits.

ANS: F PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy | CBE: Model Product
TYP: Knowledge

153. When properly implemented, a good marketing strategy enables a company to achieve its business-unit and corporate objectives.

ANS: T PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

154. The decisions made in creating a marketing mix are only as good as the organization's understanding of the target market.

ANS: T PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Marketing Plan
TYP: Knowledge

155. Marketing mix decisions must have two characteristics: consistency and timeliness.

ANS: F PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

156. Each of the marketing mix elements must work together with the others.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

157. A sustainable competitive advantage is one that cannot be copied by a firm's competitors.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy | CBE: Model Marketing Plan
TYP: Knowledge

158. Marketing planning consists of two major components: marketing objectives and a control process.

ANS: F PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge

159. Marketing planning establishes an organizational mission and goals, corporate strategy, marketing objectives, marketing strategy, and a marketing plan.
- ANS: F PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge
160. Marketing planning and implementation are inextricably linked in successful businesses.
- ANS: T PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Marketing Plan
TYP: Knowledge
161. Marketing plans may be developed for strategic business units, product lines, individual products or brands, or specific markets.
- ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge
162. The realized strategy is the one management decided upon during the planning phase and wants to implement.
- ANS: F PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Marketing Plan
TYP: Knowledge
163. Internal marketing may involve market segmentation, product development, research, distribution, public relations, and sales promotion.
- ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Marketing Plan TYP: Knowledge
164. The concept of customer lifetime value includes only the customer's likelihood to engage in purchases.
- ANS: F PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Customer TYP: Knowledge
165. Customer Relationship Management strives to build satisfying exchange relationships between buyers and sellers by gathering useful data at all customer-contact points.
- ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Customer TYP: Knowledge
166. Internal management refers to the coordination of internal exchanges between the organization and its employees to achieve successful external exchanges between the organization and its customers.
- ANS: F PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Marketing Plan | CBE: Model Strategy
TYP: Knowledge

167. Empowerment refers to the measurement and evaluation of the quality of an organization's goods, services, or processes as compared with the best-performing companies in the industry.

ANS: F PTS: 1 DIF: Moderate
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

168. Firms that truly adopt the marketing concept develop a distinct organizational culture based on a shared set of beliefs that makes customers' needs the pivotal point of the firm's decisions about strategy and operations.

ANS: T PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

169. In a traditional organization, marketing decisions are generally centralized at the top levels of the organization.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

170. A marketing unit can be organized according to functions, products, regions, or customers.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

171. A functional organization works effectively for large, decentralized companies.

ANS: F PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

172. Product organization is appropriate for a firm that produces and markets a diverse set of products.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

173. A large company that markets products throughout the nation could use a regional type of organization.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

174. Organization by types of customers can work well for a firm that has several groups of customers with different needs and problems.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

175. Performance standards are established as part of the marketing control process.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

176. The marketing control process does not monitor the activities of external sources of marketing assistance.

ANS: F PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

177. The primary way to reduce the discrepancy between planned and actual performance is to rewrite the performance standard.

ANS: F PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

178. Sometimes the information required to control marketing activities is available but too costly.

ANS: T PTS: 1 DIF: Easy
NAT: AACSB: Communication | CBE: Model Strategy TYP: Knowledge

179. The time lag between the performance of marketing activities and the effects of such activities limits a marketing manager's ability to measure the effectiveness of marketing activities.

ANS: T PTS: 1 DIF: Moderate
NAT: AACSB: Reflective Thinking | CBE: Model Strategy TYP: Knowledge

CHAPTER 2

Developing and Implementing Marketing Strategies

TEACHING RESOURCES QUICK REFERENCE GUIDE

Resource	Location
Purpose and Perspective	IRM, p. 17
Lecture Outline	IRM, p. 18
Discussion Starters	IRM, p. 25
Class Exercise	IRM, p. 27
Semester Project	IRM, p. 28
Chapter Quiz	IRM, p. 30
Answers to Discussion and Review Questions	IRM, p. 31
Answers to Developing Your Marketing Plan	IRM, p. 33
Comments on the Cases	IRM, p. 33
Case 2.1	IRM, p. 33
Case 2.2	IRM, p. 34
Examination Questions: Essay	Instructor's website
Examination Questions: Multiple-Choice	Instructor's website
Examination Questions: True-False	Instructor's website
PowerPoint Slides	Instructor's website

Note: Note: Additional resources may be found on the accompanying student and instructor websites at www.cengagebrain.com.

PURPOSE AND PERSPECTIVE

This chapter focuses on strategic planning. To help students understand how marketing activities fit into the “big picture,” we begin this chapter with an overview of the strategic planning process. Next, we examine how organizational resources and opportunities affect strategic planning and the role played by the organization’s mission statement. After discussing the development of both corporate and business-unit strategy, we explore the nature of marketing strategy and the creation of the marketing plan. Finally, we examine the implementation of marketing strategies, the organization of the marketing unit, and the marketing control process.

LECTURE OUTLINE

I. Understanding the Strategic Planning Process

- A. With competition increasing, firms must spend more time planning—determining how to use resources and capabilities to achieve objectives and satisfy customers.
- B. The process of *strategic planning* helps a firm establish an organizational mission and goals, corporate strategy, marketing objectives, marketing strategy, and a marketing plan.
 - 1. The process begins with a detailed analysis of the organization's strengths and weaknesses and identification of opportunities and threats within the marketing environment.
 - 2. This analysis helps a firm establish or revise its mission and goals, and then develop corporate strategies to achieve these goals.
 - 3. Each functional area of the organization, including marketing, production, finance, and human resources establishes its own objectives and develops strategies to achieve them.
 - a) Each functional area must support overall organizational goals and mission
 - b) Marketing objectives should be designed to contribute to the corporate strategy and use the firm's resources efficiently.
 - 4. To achieve its marketing objectives, an organization must develop a *marketing strategy*, which includes identifying and analyzing a target market and developing a marketing mix to satisfy individuals in that market.
 - a) Includes a plan of action for developing, distributing, promoting, and pricing products that meet the needs of the target market.
 - b) Should reflect the overall direction of the organization.
- C. The strategic planning process ultimately yields a marketing strategy that is the framework for a *marketing plan*, which is a written document that specifies the activities to be performed to implement and control an organization's marketing activities.

II. Assessing Organizational Resources and Opportunities

- A. The strategic planning process begins with an analysis of the marketing environment. Economic, competitive, political, legal and regulatory, technological, and sociocultural forces can constrain an organization and influence its overall goals they can also create favorable opportunities.
- B. Strategic planning must assess an organization's available financial and human resources and capabilities and how the level of these resources is likely to change in the future. Resources can include:
 - a) Goodwill
 - b) Reputation
 - c) Brand names
 - d) *Core competencies*—Things a firm does extremely well and can sometimes give a company an advantage over its competition.
- C. Analysis of the marketing environment also involves identification of opportunities in the marketplace.
 - 1. A *market opportunity* exists when the right combination of circumstances and timing permits an organization to take action to reach a particular target market.

2. *Strategic windows* are temporary periods during which there is an optimum fit between the key requirements of a market and the particular capabilities of a firm competing in that market.
- D. A company is said to have a *competitive advantage* when it matches a core competency to opportunities in the marketplace.
- E. **SWOT Analysis** is one tool marketers use to assess an organization's strengths, weaknesses, opportunities, and threats in the marketing environment.
 1. Strengths and weaknesses are internal factors that can influence an organization's ability to satisfy its target markets.
 - a) *Strengths* refer to competitive advantages or core competencies that give the organization an advantage in meeting the needs of its target markets.
 - b) *Weaknesses* refer to any (internal) limitations that a company faces in developing or implementing a marketing strategy.
 - c) Both strengths and weaknesses should be examined from a customer perspective.
 2. Opportunities and threats exist independently of the organization and therefore represent issues to be considered by all organizations in an industry, even those that are not competitors.
 - a) *Opportunities* refer to favorable conditions in the environment that could produce rewards for the organization if acted upon properly.
 - b) *Threats* refer to conditions or barriers that may prevent the organization from reaching its objectives.
 3. When an organization matches internal strengths to external opportunities, it creates competitive advantages in meeting the needs of its customers.
 4. Companies should attempt to convert internal weaknesses into strengths and external threats into opportunities. Can hire outside consultants to achieve this goal if insufficient talent exists in-house.

III. Establishing an Organizational Mission and Goals

- A. The goals of any organization derive from its *mission statement*, which is a long-term view, or vision, of what the organization wants to become. An organization's mission really answers two questions:
 1. Who are our customers?
 2. What is our core competency?
- B. Mission goals and objectives must be properly implemented to achieve and communicate the desired "corporate identity"—a company's unique symbols, personalities, and philosophies.
- C. An organization's goals and objectives should guide its planning efforts.
 1. Goals focus on the end results sought by the organization.
 2. A *marketing objective* states what is to be accomplished through marketing activities.
 - a) Objectives can be stated in terms of product introduction, product improvement or innovation, sales volume, profitability, market share, pricing, distribution, advertising, or employee training activities
 - a) Should be based on a careful study of the SWOT analysis and should relate matching strengths to opportunities and/or convert weaknesses and threats.
 - c) Marketing objectives should:
 - (1) Be expressed in clear, simple terms
 - (2) Be written so that they can be measured
 - (3) Specify a time frame for accomplishment

20 Chapter 2: Developing and Implementing Marketing Strategies

- (4) Be consistent with both business-unit and corporate strategy

IV. Developing Corporate, Business-Unit, and Marketing Strategies

In most organizations, strategic planning begins at the corporate level and proceeds from there to the business-unit and marketing levels. It is increasingly common for firms to develop strategy from the top-down and from the bottom-up to seek expertise from all levels of an organization.

A. **Corporate Strategy** determines the means for utilizing resources in the functional areas of marketing, production, finance, research and development (R&D), and human resources to reach the organization's goals.

1. Corporate strategy determines not only the scope of the business, but also its resource deployment, competitive advantages, and overall coordination of functional areas.
2. Corporate strategy is used by all organizations, not just corporations.
3. Corporate strategy planners are concerned with broad issues (corporate culture, competition, differentiation, diversification, interrelationships between business units, and environmental and social issues).
 - a) Strategy planners attempt to match the resources of the organization with the opportunities and threats in the environment.
 - b) They are also concerned with defining the scope and role of the organization's business units so the units coordinate efforts to reach the desired ends.

B. **Business-Unit Strategy**

The next step in strategic planning is to determine future business directions and develop strategies for individual business units.

1. A *strategic business unit (SBU)* is a division, product line, or other profit center within the parent company. Strategic planners should recognize the strategic performance capabilities of each SBU and carefully allocate resources among the divisions.
2. A *market* is a group of individuals and/or organizations that have needs for products in a product class and have the ability, willingness, and authority to purchase these products. The percentage of a market which actually buys a specific product from a specific company is referred to as that product's (or business unit's) *market share*.
3. Several tools allow an organization's portfolio of strategic business units to be classified and displayed according to the attractiveness of various markets and the business's relative market share within those markets.
 - a) The *market-growth/market-share matrix*, the Boston Consulting Group (BCG) approach, is based on the philosophy that a product's market growth rate and its market share are important considerations in determining its marketing strategy.
 - (1) All the organization's SBUs and products should be integrated into a single, overall matrix and evaluated to determine appropriate strategies for individual products and overall portfolio strategies.
 - (2) Managers can use this model to determine and classify each product's expected future cash contributions and future cash requirements.
 - b) This model by the BCG classifies an organization's products into four basic types:
 - (1) "Stars" have a dominant share of the market and good prospects for growth; they use more cash than they generate to finance growth, add capacity, and increase market share. Example: Apple's iPod
 - (2) "Cash cows" have a dominant share of the market but low prospects for growth; typically they generate more cash than is required to maintain market share. Example: Procter & Gamble's Bounty paper towels

- (3) “Dogs” have a subordinate share of the market and low prospects for growth; these products are often found in established markets. Example: General Motors’ (now defunct) Oldsmobile brand
- (4) “Question marks,” sometimes called “problem children,” have a small share of a growing market and generally require a large amount of cash to build market share. Example: Mercedes mountain bikes
- c) The long-term health of an organization depends on having some products that generate cash (and provide acceptable profits) and others that use cash to support growth.

C. Marketing Strategy

1. The next phase in strategic planning is the development of strategies for each functional area of the organization.
 - a) Corporate strategy and marketing strategy must balance and synchronize the organization’s mission and goals with stakeholder relationships.
 - b) An effective marketing strategy must gain the support of key stakeholders.
2. Within the marketing area, a strategy is typically designed around two components:
 - a) The selection of a target market
 - b) The creation of a marketing mix that will satisfy the needs of the chosen target market.
3. **Target Market Selection**
 - a) Selecting a target market is the most important decision a company makes in the strategic planning process.
 - (1) Should a company select the wrong target market all other marketing decisions will be ineffective.
 - (2) Identification and analysis of a target market provide a foundation on which a marketing mix can be developed.
 - b) When exploring possible target markets, marketing managers try to evaluate how entering them would affect the company’s sales, costs, and profits.
 - c) Marketers should also assess whether the company has the resources to develop the right marketing mix to meet the needs of a particular target market.
 - (1) The size and number of competitors is a concern as well.
4. **Creating the Marketing Mix**
 - a) The decisions made in creating a marketing mix are only as good as the organization’s understandings of the target market.
 - (1) Understanding comes from careful, in-depth research into the characteristics of the target market.
 - (2) The organization should also analyze customer needs, preferences, and behavior with respect to product design, pricing, distribution, and promotion.
 - b) Marketing mix decisions should also have two other characteristics:
 - (1) All marketing mix decisions should be consistent with the business-unit and corporate strategies to allow the organization to achieve its objectives on all planning levels.
 - (2) All marketing mix decisions should be flexible to permit the organization to alter its marketing mix in response to changes in market conditions, competition, and customer needs.
 - c) It is at the marketing mix level that an organization details how it will achieve a competitive advantage.

22 Chapter 2: Developing and Implementing Marketing Strategies

- d) It is important that the organization attempt to make this advantage sustainable. A *sustainable competitive advantage* is one that cannot be copied by the competition.

V. Creating the Marketing Plan

- A. *Marketing planning*, the systematic process of assessing marketing opportunities and resources, determining marketing objectives, defining marketing strategies, and establishing guidelines for implementation and control of the marketing program is a major concern in the strategic planning process.
- B. The marketing plan, a written document that outlines and explains all the activities necessary to implement marketing strategies is an outcome of the process.
 - 1. Describes the firm's current position or situation, establishes marketing objectives for the product or product group, and specifies how the organization will attempt to achieve these objectives.
 - 2. Developing a clear, well-written plan is important but time-consuming.
 - a) Is the basis for internal communication among employees.
 - b) Covers the assignment of responsibilities and tasks, as well as schedules for implementation
 - c) Presents objectives and specifies how resources are to be allocated to achieve these objectives
 - d) Helps marketing managers monitor and evaluate the performance of a marketing strategy
 - e) Planning and implementation are inextricably linked in organizations
 - 3. There is no single format when devising marketing plans, which may be written for strategic business units, product lines, individual products or brands, or specific markets. Most plans share some common components.

VI. Implementing Marketing Strategies

- A. *Marketing implementation* is the process of putting marketing strategies into action.
 - 1. Implementation is often neglected in favor of strategic planning, but it can determine whether a marketing strategy succeeds.
 - 2. Marketing strategies almost always turn out differently than expected. In essence, organizations have two types of strategy.
 - a) *Intended strategy* is the strategy the organization decided on during the planning phase and wants to use.
 - b) *Realized strategy* is the strategy that actually takes place. It comes about during the process of implementing the intended strategy.
- B. **Approaches to Marketing Implementation**
 - 1. **Customer Relationship Management (CRM)**
 - a) Focuses on using information about customers to create marketing strategies that develop and sustain desirable long-term customer relationships.
 - b) Strives to build satisfying exchange relationships between buyers and sellers by catching useful data at all customer-contact points.
 - c) CRM technologies enable marketers to identify specific customers, establish interactive dialogues with them to learn about their needs and combine this information with purchase histories to customize products to meet those needs.
 - d) Identifying individual consumers shifts emphasis from share of market to *share of customer*. All customers have different needs and values.

- e) *Customer lifetime value (CLV)* means assessing the worth of individual customers and thus estimate their lifetime value to the organization.
 - (1) Forecasts a customer's lifetime economic contribution based on continued relationship-marketing efforts.
 - (2) Is calculated by taking the sum of the customer's present value contributions to profit margins over a specific timeframe.
 - (3) Knowing CLV can help marketers determine how best to allocate resources to marketing strategies in order to sustain customers.

2. **Internal Marketing**

- a) Organizations have two sets of customers:
 - (1) *External customers* are the individuals who patronize a business.
 - (2) *Internal customers* are the company's employees.
 - (3) The needs of both sets of customers must be satisfied through marketing activities if implementation is to be successful.
- b) *Internal marketing* is a management philosophy that coordinates internal exchanges between the organization and its employees to achieve successful external exchanges between the organization and its customers.
 - (1) Refers to the managerial actions necessary to make all members of the marketing organization understand and accept their roles in implementing the marketing strategy.
 - (2) May involve all elements of the marketing mix, market segmentation, product development, research, distribution, and public relations and sales promotion.

3. **Delivering on Quality**

- a) *Total quality management (TQM)* is a philosophy which emphasizes uniform commitment to quality in all areas of the organization to promote a culture that meets customers' perceptions of quality.
- b) Involves coordinating efforts to improve customer satisfaction, increasing employee participation and empowerment, forming and strengthening supplier partnerships, and facilitating an organizational culture of continuous quality improvement.
- c) Continuous quality improvement is based on the idea that quality is free while not having quality products can be very expensive.
- d) Important tools of TQM:
 - (1) *Benchmarking*, the measuring and evaluating of the quality of an organization's goods, services, or processes as compared with the best-performing companies in the industry.
 - (2) *Empowerment* gives customer-contact employees the authority and responsibility to make marketing decisions without seeking the approval of their supervisors.

C. **Organizing Marketing Activities**

- 1. Firms that adopt the marketing concept develop a distinct organizational culture based on a shared set of beliefs which make the customer's needs the pivotal point of the organization's strategic and operational decisions.
- 2. If the marketing concept serves as a guiding philosophy, the marketing unit will be closely coordinated with other functional areas (production, finance, and human resources).

24 Chapter 2: Developing and Implementing Marketing Strategies

3. Organizing marketing activities in ways that mesh with a company's strategic marketing approach enhances performance.
 - a) A *centralized organization* is one in which the top-level managers delegate very little authority to lower levels of the organization.
 - b) A *decentralized organization* delegates authority as far down the chain of command as possible.
 - c) Marketing oriented firms generally find central organization less effective because it slows response times.
4. There is no single best approach to organizing the marketing unit; the best approach(es) depends on:
 - a) The number and diversity of the firm's products
 - b) The characteristics and needs of the people in the target market
 - c) Other factors.
5. A marketing unit may be organized according to functions, products, regions, or types of customers; it may also be organized using a combination of these approaches.
 - a) **Organizing by Functions**
 - (1) Some marketing departments are organized by general marketing functions (such as marketing research, product development, distribution, sales, advertising, and customer relations).
 - (2) Is fairly common because it works well for some businesses with centralized marketing operations;
 - (3) It may cause coordination problems in more decentralized organizations.
 - b) **Organizing by Products**
 - (1) Organizing by products is appropriate for organizations that produce and market diverse products.
 - (2) Gives a firm the flexibility to develop special marketing mixes for different products.
 - (3) Although this approach is flexible, it is also expensive unless efficient categories of products are grouped together to reduce duplication and improve coordination of product management.
 - c) **Organizing by Regions**
 - (1) Organizing by regions is appropriate for large firms that nationally or internationally market products.
 - (2) Is effective for firms with highly variable customer characteristics between regions.
 - d) **Organizing by Types of Customers**

Organizing by types of customers is appropriate for a firm that has several groups of customers whose needs and problems differ significantly.

D. Controlling Marketing Activities

The formal *marketing control process* includes the establishment of performance standards, evaluation of actual performance by comparing it with established standards, and reduction of differences between desired and actual performance. Control has received little attention in marketing, but is a fundamental activity.

1. **Establishing Performance Standards**
 - a) Planning and controlling are closely linked because plans include statements about desired accomplishments.
 - b) A *performance standard* is an expected level of performance against which actual performance can be compared.
 - c) Performance standards are to be tied to organizational goals.
2. **Evaluating Actual Performance**
 - a) Marketing managers must know about employee activities and those of external organizations that provide marketing assistance.
 - b) Records of actual performance are compared with performance standards to determine the extent of performance-related discrepancies.
3. **Taking Corrective Action**
 - a) Marketing managers have several options for reducing a discrepancy between performance standards and actual performance:
 - (1) Improve actual performance
 - (2) Reduce or change the performance standard
 - (3) Both 1 and 2
 - b) Improving performance may require better methods of motivating marketing personnel or more effective techniques for coordinating marketing efforts.
4. **Problems in Controlling Marketing Activities**
 - a) The information required to control marketing activities may be unavailable or available only at a high cost.
 - b) The frequency, intensity, and unpredictability of environmental changes may hamper control.
 - c) The time lag between marketing activities and the activities' results limits the ability to measure the effectiveness of specific marketing activities.
 - d) Because marketing and other business activities overlap, marketing managers cannot determine the precise cost of marketing activities, which makes it difficult to know if the outcome of marketing activities is worth the expense.
 - e) It is very hard to develop exact performance standards for marketing personnel.

DISCUSSION STARTERS

Discussion Starter 1: Identifying Core Competencies

ASK: *What do you think are McDonald's core competencies?*

Many students will focus on food, but the key to McDonald's success is a focus on consistency.

ASK: *How many of you have eaten in McDonald's in other countries? What was similar to the local McDonald's?*

McDonald's goal is to have consistent product, service and environment throughout the world. This consistency gives the consumer confidence that the purchase will meet expectation. The other competency McDonald's possesses is the ability to identify local menu items which fit within McDonald's offerings.

Exercise Extender: Visit www.aboutmcdonalds.com/country/map.html and visit a number of McDonald's international sites. Discuss with the students the similarities and the differences between the sites. This will bring the discussion of McDonald's core competencies to life.

26 Chapter 2: Developing and Implementing Marketing Strategies**Discussion Starter 2: Marketing in Transition: Guitar Hero Makes You a Rock Star**

The following ad campaign was created by Guitar Hero. The company is using different types of spokespeople to reach its audience. It uses famous athletes, coaches, a well-known model/actress (Heidi Klum), and even the band (Metallica) in an advertising campaign for the game Guitar Hero. Show the four clips and have the students discuss them.

<http://www.youtube.com/watch?v=r0TPodgomLs> (Coaches and Metallica)

<http://www.youtube.com/watch?v=ojHOiNcp6us> (Phelps, A-Rod, Kobe)

<http://www.youtube.com/watch?v=-BddCq1zFI4> (Heidi Klum)

ASK: Do you believe having famous spokespeople in advertisements helps to sell products?

Discussion Starter 3: Mission Statement:

Show link of Ben and Jerry's Social, Product, and Economic mission statements. Also show link of New Belgium Brewery's history and mission.

<http://www.benjerry.com/activism/mission-statement/>

<http://www.newbelgium.com/our-story>

Discuss these two companies, known for their high ethical standards, and their mission statements. Using the discussion in the book about mission statements, have students analyze their strengths and weaknesses. Mission statements are important because they act as a compass to lead the company in the right direction.

ASK: Whether students can think of any companies that are unique or different.

Then, seek out these companies' websites in order to see how readily accessible their mission statements are.

Discussion Starter 4: Marketing Entrepreneurs: Zipcar

ASK: How can organizations take a product designed for a narrowly tailored market and give it greater mass market appeal?

Visit the website for Zipcar (<http://www.zipcar.com/>) and look at the evolution of the company. Talk about the unique product attributes which are helping this company to expand across the company. What about the current marketing environment has allowed a shared car company to be successful (You may refer to the Sustainable Marketing box on Zipcar in the text).

ASK: What do you think of Zipcar? Would you use the service?

Anytime you have a very unique product you are going to get a wide range of opinions. You may want to ask students whether any of them have ever used Zipcar and whether they enjoyed the experience.

ASK: How could Zipcar improve its marketing strategy and maybe reach more consumers?

Students' answers will vary. Have them focus their responses on the text of the book—using key words and concepts from chapter 2.

Discussion Starter 5: Internal Marketing

ASK: *How many of you work for firms which have internal marketing efforts?*

Many of the students will work for firms that offer programs and benefits designed to bond the employees to the brand. For example, banks such as Bank of America offer employees access to websites that provide discounts.

ASK: *Why is internal marketing so important?*

In order to reach the new generation of workers many firms are turning to their own media. An excellent example is Ernst and Young's use of Facebook. Originally targeted at recruits, this initiative now serves employees as well as alumni and bonds the individuals within the organization together. The following link connects to the Ernst and Young Facebook page:

<http://www.facebook.com/ernstandyoungcareers>

(Note: You can access this page even if you are not signed into Facebook. Nevertheless, be careful to screen what is viewed in class as there may be objectionable information on many sites.)

ASK: *Do you think these efforts will be successful? Should other firms use this same technique as part of their internal marketing efforts?*

Students should be able to support their answers to this question.

CLASS EXERCISES**Class Exercise 1: Campus Specific University Mission Statements**

(Note: If computer access is not available during class you will need to provide students the university mission statement)

Step One: Begin by analyzing the mission statement for your university.

Step Two: Identify campus activities consistent with the mission statement.

Step Three: Identify the core competencies of the university.

Step Four: List any marketing activities consistent with the mission statement.

Class Exercise 2: A Personal SWOT Analysis Related to Getting a Great Job Upon Graduation

Ask each student at the beginning of class to silently generate a SWOT Analysis of their strengths, weaknesses, opportunities, and threats for getting a great job when they graduate. In other words, have them write in bullet style, three strengths they have, three weaknesses they have, three opportunities they see, and three threats on the horizon they see that may impact their getting a great job after college. Please see *Figure 2.2* in the text for matching strengths to opportunities and converting weaknesses to strengths and threats to opportunities. Most importantly of all, ask each student to put an asterisk in the SWOT quadrant they believe is most important and why. This silent composition should take approximately 5 to 10 minutes and is a great aid to all instructors who could again benefit from having an extra 5 to 10 minutes to set up the classroom technology, double check the roster, or do final preparations for class. (*Special note:* This silent generation of

28 Chapter 2: Developing and Implementing Marketing Strategies

customer service experiences is great for early semester classroom control purposes as well as providing a vehicle for the students to ratchet up their involvement in the classroom material.)

Note: After the students have handed in their work or verbalized their asterisk placement, do a frequency count on each of the four quadrants related to the ones that students believe are most important. Then write the following test question:

According to the SWOT analysis data generated and discussed in class, the quadrant that was deemed to be the most important by our class was _____ and the quadrant deemed to be the least important was _____.

- A) opportunities; threats
- B) strengths; threats
- C) strengths; weaknesses
- D) weaknesses; threats
- E) threats; opportunities

(Hopefully students found that either strengths or opportunities are most important and weaknesses are least important.)

Class Exercise 3: Class Mission Statement

A mission statement provides a long-term view, or vision, about what the organization wants to become. It serves as the orienting point for the organization's goals and objectives.

In this exercise you will develop a mission statement for your class.

Step One: Begin by identifying customers' needs and wants.

Step Two: Identify key elements that must be in the class mission statement.

Step Three: Write a mission statement for the class.

Choose one member of the group to report the group's activities to the class.

Note: After this exercise the instructor should combine elements from the various mission statements and define a single mission statement for the class.

SEMESTER PROJECT

As outlined in chapter two, the strategic planning process begins with an assessment of the organization's current state. This task is generally accomplished through a SWOT analysis. In order to plan a successful career, you too must understand your strengths and weaknesses. This exercise is designed to help you conduct a personal SWOT analysis.

Step One: Internal Assessment

The first step is to begin with a self-assessment. There are many tools available to help you identify your own strengths and weaknesses. The following website contains a wide variety of tools to assist you in identifying your wants and capabilities.

http://www.muskingum.edu/~cal/database/aftercollege/career_planning.html

Write a brief statement about the results of your internal assessment. Remember the key is to be honest with yourself.

Step Two: External Assessment

Personality testing is used to help you identify careers which make best use of your personality type. Organizations also use personality testing to identify ideal job candidates, testing applicants to determine if personality profiles meet the job requirements. Access to personality testing is often available through campus career resource centers. If your campus does not provide this service, then try online versions such as <http://www.humanmetrics.com/cgi-win/JTypes1.htm>. After completing the online test, you will be given a series of four letters. These letters represent your personality type and can be used to search for careers, fitting your personality.

Another means of identifying your strengths and weaknesses is to ask those around you to discuss these attributes with you. The second part of this exercise is to seek three people who know you in different capacities. Ask these three people to discuss with you your key strengths and weaknesses. Key people to ask include your boss, a professor who know you well, and a long-time friend. Honest responses will help you better understand yourself so ask for direct responses.

Write a brief report on the key insights gained from these exercises.

CHAPTER QUIZ

1. A long-term view, or vision, of what an organization wants to become is called a
 - a. vision statement.
 - b. purpose statement.
 - c. mission statement.
 - d. marketing plan.
 - e. strategic vision.

2. _____ refers to the coordination of internal exchanges between the organization and its employees to better achieve successful external exchanges between the organization and its customers.
 - a. Internal management
 - b. Internal leadership
 - c. Empowerment
 - d. Internal marketing
 - e. Total quality management

3. The questions “Who are our customers?” and “What is our core competency?” are answered in the firm's
 - a. business plan.
 - b. strategic window.
 - c. mission statement.
 - d. market opportunity statement.
 - e. marketing plan.

4. Products that have a relatively low market share and low prospects for growth are considered by the Boston Consulting Group to be
 - a. dogs.
 - b. cash cows.
 - c. stars.
 - d. cash contributors.
 - e. question marks.

CHAPTER QUIZ

Answers to Chapter Quiz: 1. c; 2. d; 3. c; 4. a.

ANSWERS TO DISCUSSION AND REVIEW QUESTIONS

1. **Identify the major components of strategic planning, and explain how they are interrelated.**

The major components of strategic planning include analysis of the organization's strengths and weaknesses and identification of its threats and opportunities, establishment of an organizational mission and goals, and development of corporate and business-unit strategies. Within the marketing area, the process continues with the establishment of marketing objectives, development of a marketing strategy and, ultimately, the creation of a marketing plan.

2. **What are the two major parts of a marketing strategy?**

The two major parts of a marketing strategy are identifying and analyzing a target market and developing a marketing mix to satisfy individuals within that market.

3. **What are some issues to consider in analyzing a firm's resources and opportunities? How do these issues affect marketing objectives and marketing strategy?**

The strategic planning process begins with an analysis of the marketing environment, including economic, competitive, political, legal and regulatory, technological, and socio-cultural forces. The process must also include an assessment of an organization's available financial and human resources and capabilities, as well as how the level of these resources is likely to change. These analyses help the firm pinpoint its core competencies and identify market opportunities which the organization can exploit through carefully crafted marketing strategies.

4. **How important is the SWOT analysis to the marketing planning process?**

A SWOT analysis outlines the internal strengths and weaknesses of a firm and the external opportunities and threats. This information can be used to develop appropriate strategies for converting weaknesses into strengths, threats into opportunities, and to match strengths to opportunities.

5. **How should organizations set marketing objectives?**

Marketing objectives must be consistent with the organization's goals. They should be written so that they are clear and measurable, and should state what is to be accomplished in what time frame.

6. **Explain how an organization can create a competitive advantage at the corporate, business-unit, and marketing strategy levels.**

A competitive advantage exists when an organization matches its core competency to opportunities it has discovered in the marketplace. One way a firm can achieve a competitive advantage at the corporate level is through corporate mergers. The talents and abilities one corporation possesses can be combined with different competencies of another organization, to be matched to opportunities in the marketplace. At the business-unit level, a competitive advantage can be developed by intensifying growth in those products or services which a company has mastered and which also has great customer-market potential. A competitive advantage would also be created when a company has the foresight to diversify into other markets and/or products

32 Chapter 2: Developing and Implementing Marketing Strategies

which capitalize on existing skills and knowledge. At the marketing strategy level, a competitive advantage can be created by careful analysis of customers and their needs, then selecting the appropriate target market. The selection of the target market should meet an anticipated customer need and also be appropriate for the organization's core competencies.

7. Refer to question 6. How can an organization make its competitive advantages sustainable over time? How difficult is it to create sustainable competitive advantages?

A sustainable competitive advantage is one that cannot be copied by competitors. A sustainable advantage is developed by capitalizing on a firm's strengths and developing an expertise in an area that cannot be copied by the competition. Rather than attempting to be all things to all customers, a firm might choose a specific area of concentration and focus on becoming the best in that area. The degree of difficulty in maintaining a sustainable competitive advantage depends on the specific area of expertise and the ease of entry by the competitor. For example, store location is one sustainable competitive advantage which may present some degree of difficulty for a competitor to challenge. However, a sustainable competitive advantage of lowest price may be readily copied by the competition.

8. What benefits do marketing managers gain from planning? Is planning necessary for long-run survival? Why or why not?

Planning helps marketing managers define their strategy in light of resources and opportunities. Planning forces the marketing manager to determine the difference between objectives and current performance. Specifying expected results, identifying the resources needed, describing the activities, and monitoring the activities allow the organization to achieve its long-term goals and survive.

9. Why does an organization's intended strategy often differ from its realized strategy?

There are several possibilities for explaining why the intended strategy, developed in the planning phase, often is not implemented exactly as planned. Because the environment is constantly changing, the intended strategy must also change. Therefore, it becomes the realized strategy—the strategy which actually gets implemented. Another reason the intended strategy differs from the realized strategy is that managers often develop the intended strategy separately from the plans for its implementation; therefore, it may not work the way they envisioned, due to changes required for actual operation.

10. Why might an organization use multiple bases for organizing its marketing unit?

Product features may dictate that the marketing unit be structured by product, and customer characteristics may require that the unit be organized by region or customer type. The use of multiple bases allows the organization to acquire the benefits from several approaches. The primary benefit is flexibility.

11. What are the major steps of the marketing control process?

The major steps in the marketing control process are a) establishing performance standards, b) evaluating actual performance by comparing it with performance standards, and c) reducing the differences between desired and actual performance.

ANSWERS TO DEVELOPING YOUR MARKETING PLAN

1. In answering this question, students will have to identify the core competencies of the company the selected. As an example, Walmart's core competencies include world-class efficiency in supply chain management, an extensive distribution system, and a strong reputation for delivering low prices. Next, students will be required to state whether their identified core competencies contribute to a competitive advantage for their selected company. In the example of Walmart, the answer would be yes.
2. In order to answer this question, students are required to provide a SWOT analysis of their selected company. Embedded in this answer, students will be required to clearly identify their company's strengths and weaknesses as well as discussing any opportunities or threats their company may face.
3. In answering this question, students are required to discuss whether they have identified any opportunities that are a good match for their company's core competencies. Finally, students are required to discuss whether they discovered any weaknesses that could be converted to strengths through careful market planning.

COMMENTS ON CASES



CASE 2.1: WHITE ROCK USES MARKETING STRATEGIES TO REVITALIZE COMPANY

This case describes the marketing strategies that a company utilized in order to revitalize its brand. Although White Rock sparkling water was once highly valued, by the end of the 20th century, growth had stagnated. To bring its brand back from the brink, White Rock uses a hybrid distribution system and utilizes quality customer service to differentiate its brand from competitors. White Rock targets the niche health-food segment by marketing itself as a premium healthy brand. Recognizing that White Rock is a mature brand—meaning that future growth is limited—the company began an acquisition strategy of other brands with high growth prospects. With these new brands, White Rock plans to expand its market of distribution.

The first question has the student consider White Rock's core competency and how it can be used to reach a particular target market or market opportunity. The core competency of White Rock is its use of classic, authentic, and healthy brands. Its brand White Rock capitalizes on its history as one of the oldest sparkling beverage companies in America. Its brand Sioux City is one of the first brands of soft drinks to carry a Western theme. Olde Brooklyn's flavors are named after Brooklyn neighborhoods that imbue the brand with a sense of authenticity. These brands appeal to a bygone era. Also, with its lack of preservatives, White Rock brands appeal to a niche health food market looking for a premium beverage.

The second question asks students to come up with methods that White Rock can use to gain a competitive advantage. Students may come up with different solutions for this question. A few answers might involve expanding its target market to include groups outside of the niche health food industry, embarking on new marketing initiatives to make the White Rock brand more well-known in other regions of the country, form partnerships with restaurants or cafes to sell the product at their locations, and/or consider opening retail locations for its various products to promote its "premium" quality.

34 Chapter 2: Developing and Implementing Marketing Strategies

The third question asks students to consider what elements of the marketing mix that White Rock could change to improve its marketing strategy. Technically, White Rock could change all elements of the marketing mix. Some are harder to change than others, however. The hardest to change would be distribution methods, as they involve transportation and location considerations. Pricing would be the easiest to change. Increasing the price for its products could promote its “premium brand” image, while lowering the price could attract more customers. Increasing promotion would be the best way to spread awareness of the White Rock product, through advertising, by forming partnerships, or by engaging in greater customer relationship marketing. White Rock could also change its products, either by adapting its current products, adopting different types of product packaging, or acquiring new brands. Changing any of these elements will likely affect the marketing strategy significantly.

CASE 2.2: FORD DEVELOPS A STRATEGY FOR COMPETITIVE ADVANTAGE

This case discusses how Ford’s “The Way Forward” strategy is grabbing global market share and creating a competitive advantage. When Alan Mulally became CEO of Ford in 2006, he began implementing “The Way Forward” strategy. This strategy reduces costs while maintaining a focus on customers as the foundation for everything the company does.

Ford is embarking on many initiatives to make “The Way Forward” strategy a success. For example, in order to reach its target market of women with its new Fusion auto, Ford Motor created a “pop-up store” that traveled to ten malls and treated women to test drives, beauty services, and fitness training. The company is concentrating on offering smaller, fuel-efficient cars to the Chinese and Indian markets. With sales of certain brands increasing, “The Way Forward Strategy appears to be succeeding.

The first question asks students to consider how “The Way Forward” strategy helped to save the company after the most recent recession. “The Way Forward” strategy focused its business model on consumers while simultaneously reducing costs. Although overall sales for the company declined during the recession, the strategy actually increased sales for certain brands. For example, by targeting women through a unique campaign, sales of the Ford Fusion model increased. By concentrating heavily on its markets in India and China, Ford sales in India tripled. Its strategic emphasis on hybrid cars led to an increase in Ford hybrid car sales despite a general decrease in sales for the industry. With its emphasis on specific target markets, major world economies, and the future of sustainable cars, Ford’s “The Way Forward” strategy helped the company to weather the devastating recent recession.

The second question asks students how Ford linked its global strategy with its domestic strategy. Ford’s emphasis on the consumer is part of a strategy to ensure success in both domestic and global markets. Ford has launched several campaigns to target a specific target market. In the United States, the Fusion was targeted toward women. The Ford Figo was targeted toward Indian consumers. Both these models were launched with a specific market in mind, showing that Ford is taking its consumer focus to both a domestic and global scale. For Ford its global and domestic strategies are clearly intertwined.

The third question asks students to evaluate Ford’s strategy to focus on global markets with stronger brands and scale back or exit the luxury car market. In a recession, such a strategy is beneficial, since many consumers are focused on saving money, not on purchasing luxury vehicles. Luxury brands are not as likely to be successful in major markets like China and India either as car ownership is just



starting to take off in these countries. Additionally, the luxury auto industry in regions like Europe is not growing as rapidly, as the market becomes increasingly saturated. On the other hand, there is the risk that Ford could miss out on a lucrative opportunity by exiting the luxury car market. As consumers in India and China continue to accumulate wealth, and the world economy begins to pick up again post-recession, the demand for luxury vehicles will likely grow. If Ford is no longer in the market, its competitors might gain an advantage in the luxury car industry.