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Chapter 01: An Overview of Marketing

1. A market-oriented organization believes that the social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting organizational objectives.

- a. True
- b. False

ANSWER: True

2. A market-oriented organization focuses on making products identical to its competitors' offerings.

- a. True
- b. False

ANSWER: False

3. Marketing career opportunities do not exist in nonbusiness organizations.

- a. True
- b. False

ANSWER: False

4. A local grocer groups his customers into specific groups based on what products they buy and when they buy them. The grocer then schedules shipments of specific items based on these customer segments and offers different kinds of promotions to different customer groups. This is an example of customer relationship management.

- a. True
- b. False

ANSWER: True

5. The sales orientation extends the marketing concept by acknowledging that some products that customers want may not really be in their best interests or the best interests of society as a whole.

- a. True
- b. False

ANSWER: False

6. In the context of marketing, an exchange refers to people giving up something in order to receive something else they would rather have.

- a. True
- b. False

ANSWER: True

7. Relationship marketing assumes that many consumers and business customers prefer to switch continually among different organizations rather than continue relationship with just one provider.

- a. True
- b. False

ANSWER: False

8. Teamwork entails collaborative efforts of people to accomplish common objectives.

- a. True
- b. False

ANSWER: True

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9. A production-oriented firm focuses on satisfying customer wants and needs.

- a. True
- b. False

ANSWER: False

10. A market-oriented organization targets its products at "everybody" or "the average customer."

- a. True
- b. False

ANSWER: False

11. Which of the following is a sales-oriented organization?

- a. Fournotts Corp., which produces what the company management thinks it can produce best
- b. Magnira Corp., which understands the needs and wants of the marketplace
- c. Fillets Inc., which believes that aggressive promotion techniques can result in high sales
- d. Laelle Inc., which believes that a sale is based on a customer's decision to purchase a product

ANSWER: c

12. In the context of marketing, which of the following statements is true of nonprofit organizations?

- a. They market tangible products.
- b. They aim to maximize market share and investment returns.
- c. They make use of extensive advertising and promotional activities.
- d. They exist to achieve goals other than business-related goals.

ANSWER: d

13. In the context of on-demand marketing, which of the following statements is true of a sales-oriented firm?

- a. It carefully identifies market segments.
- b. It extensively uses relationship marketing strategies.
- c. It extensively uses personal selling and advertising.
- d. It increases sales by creating customer value and satisfaction.

ANSWER: c

14. Which of the following statements is true of market-oriented firms?

- a. They focus on their internal capabilities rather than on the desires and needs of the customers.
- b. They believe that people will buy more goods and services if aggressive sales techniques are used and that high sales result in high profits.
- c. They assume that a sale does not depend on an aggressive sales force but rather on a customer's decision to purchase a product.
- d. They claim that people must give up something in order to receive something else they would rather have.

ANSWER: c

15. Which of the following statements is true of a production-oriented firm?

- a. It cannot survive when competition is weak.
- b. It believes that people will buy more goods and services if aggressive sales techniques are used.
- c. It can survive and even prosper when demand exceeds supply.

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d. It determines how to deliver superior customer value and implements actions to provide value to customers.

ANSWER: c

16. Which of the following is a similarity between a production orientation and a sales orientation?

- a. Both ignore the importance of assessing a firm's internal capabilities.
- b. Both lack an understanding of the needs and wants of the marketplace.
- c. Both place little emphasis on the assessment of manufacturing plants and facilities.
- d. Both fail in a market where demand exceeds supply.

ANSWER: b

17. Which of the following statements is true of the marketing concept?

- a. It states that an organization should satisfy customer wants and needs while meeting organizational objectives.
- b. It overlooks the importance of understanding the competitive arena and strengths and weaknesses of competition.
- c. It states that firms should give maximum importance to aggressive promotional and advertising activities.
- d. It states that marketing solely means selling things and collecting money.

ANSWER: a

18. Allied Inc., a beverage manufacturer, follows a societal marketing orientation. It wants to revamp its existing containers as they were found to be harmful to its users. In this case, Allied Inc. should:

- a. change the label of the old containers and use them.
- b. sell containers that will leave high amounts of chemical wastes when burned.
- c. produce containers that are less toxic than its previous containers.
- d. manufacture containers that cannot be reused.

ANSWER: c

19. Which of the following statements is true of marketing?

- a. It is more of a philosophy than an organizational function.
- b. It is focused solely on selling goods, services, and ideas.
- c. It rewards the seller and not the buyer of a transaction.
- d. It focuses on delivering value and benefits to customers.

ANSWER: d

20. Which of the following statements is true of customer relationship management?

- a. It involves linking all processes of a company from its customers through its suppliers.
- b. It tries to convince potential customers to buy, even if the seller knows that the customer and the product are mismatched.
- c. It is used more by sales-oriented firms than market-oriented firms.
- d. It is most extensively used by production-oriented firms.

ANSWER: a

21. Which of the following statements is true of customer-oriented personnel?

- a. They come from a culture that supports its people.
- b. They focus on building short-term relationships with customers.

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- c. They tend to be inward looking and internally focused.
- d. They sell what the firm makes and not what the market wants.

ANSWER: a

22. Which of the following is used in customer relationship management?

- a. A sales orientation
- b. A production orientation
- c. Communicator valence
- d. On-demand marketing

ANSWER: d

23. Which of the following statements is true of market-oriented firms?

- a. They offer their customers everything they want.
- b. They produce goods and services for everybody.
- c. They use minimal promotion for high-quality products.
- d. They create the benefits their customers seek.

ANSWER: d

24. Which of the following statements is true of a sales orientation?

- a. Consumers can be convinced to buy goods or services even though they do not need them.
- b. Sales-oriented firms understand the needs and wants of the marketplace.
- c. Sales-oriented firms lay maximum emphasis on society's long-term best interests.
- d. Intermediaries are encouraged to push manufacturers' products aggressively.

ANSWER: d

25. Which of the following statements is true of market-oriented personnel?

- a. They tend to be inward looking and are internally focused.
- b. They focus on selling what the organization makes.
- c. They build short-term relationships with customers.
- d. They derive their profits from an external focus.

ANSWER: d

26. Which of the following statements is true of customer relationship management?

- a. It involves targeting the average customer or everybody.
- b. It involves establishing and tracking customer interactions with the company.
- c. It considers all customers as one large group that should be targeted with a single promotional strategy.
- d. It is used by sales-oriented firms to convince customers to buy their products.

ANSWER: b

27. Which of the following statements is true of on-demand marketing?

- a. It requires firms to focus on the internal rather than the external business environment.
- b. It gives maximum emphasis to aggressive personal selling strategies.
- c. It is aimed at enhancing customer relationships.
- d. It is the most important strategy used by sales-oriented firms.

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ANSWER: c

28. Researchers at Fresnas Inc. invented a new form of glass that filters harmful rays of sunlight and blocks heat. Without researching the market conditions, Fresnas Inc. manufactured windshields with the new glass. It hopes that customers will like its new product. In this scenario, Fresnas Inc. has adopted a _____.

- a. sales orientation
- b. production orientation
- c. market orientation
- d. societal marketing orientation

ANSWER: b

29. Which of the following statements is true of production-oriented firms?

- a. They do not focus on their internal capabilities.
- b. They do not understand the needs and wants of the marketplace.
- c. They focus on their customers and have quick cycle times.
- d. They determine what products their customers want and then produce them.

ANSWER: b

30. Which of the following statements is true of firms that adopt relationship marketing strategies?

- a. They focus on the internal business environment.
- b. They rely on aggressive sales strategies.
- c. They focus on short-term goals of increasing sales.
- d. They encourage teamwork among employees.

ANSWER: d

31. A firm would benefit from a production orientation when _____.

- a. it produces exactly what the market wants
- b. the market demand is less than the products supplied by the firm
- c. it hopes that the product it produces is something customers want
- d. it focuses on what company management thinks should be produced

ANSWER: a

32. The management of Leyton Electronics Inc. always favors market orientation over the other marketing management philosophies. In this case, which of the following is most likely to be true of Leyton Electronics Inc.?

- a. It overlooks the importance of market research.
- b. It manufactures products that are similar to its competitors' offerings.
- c. It satisfies its customers' wants and needs legally and responsibly.
- d. It lacks an understanding of its competitors' strengths and weaknesses.

ANSWER: c

33. Which of the following is a drawback of a sales orientation?

- a. It gives excessive importance to the needs and wants of the marketplace.
- b. It cannot convince people to buy goods that are neither wanted nor needed.
- c. It places high emphasis on the assessment of manufacturing plants and facilities.

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d. It gives importance to the production function over other functions.

ANSWER: b

34. Which of the following statements is true of marketing?

- a. It makes products inaccessible to low-income customers.
- b. It offers great career opportunities in business and nonbusiness organizations.
- c. It is an unnecessary luxury in food business.
- d. It is limited to the people of the marketing department of a firm.

ANSWER: b

35. Nessca Corp. manufactures electronic gadgets. It instructs its marketing team to competitively advertise and promote its gadgets. The company, instead of believing in market research, believes that the market will absorb more products if customers are made aware of the products. The workforce of Nessca Corp. is most likely to:

- a. be inward looking, focusing on selling what the firm makes.
- b. take responsibility for the customers' well-being and interests.
- c. assume that sales depend on a customer's decision to purchase a product.
- d. focus on determining the needs of the customers rather than selling aggressively.

ANSWER: a

36. Livin' Styles, a home décor company, is well known for its varieties of designs. The management of Livin' Styles collaborates with its customers and co-creates designs. This is an example of ____.

- a. following a sales orientation
- b. focusing on environmental value
- c. delegating authority
- d. creating customer value

ANSWER: d

37. Define customer value, and discuss ways to provide customer value.

ANSWER: Answers will vary. Customer value is the relationship between benefits and the sacrifice necessary to obtain those benefits. Marketers who want to be perceived by their customers as offering value can (1) offer products that perform, (2) earn trust, (3) avoid unrealistic pricing of their products, (4) give the buyer facts, (5) offer organization-wide commitment in service and after-sales support, and (6) co-create with customers.

38. List and define four marketing management philosophies.

ANSWER: Answers will vary. Four competing philosophies strongly influence an organization's marketing processes. These philosophies are commonly referred to as production, sales, market, and societal marketing orientations.

- A production orientation is a philosophy that focuses on the internal capabilities of a firm rather than on the desires and needs of the marketplace.
- A sales orientation is based on the belief that people will buy more goods and services if aggressive sales techniques are used and that high sales result in high profits.
- The marketing concept is a simple and intuitively appealing philosophy that articulates a market orientation.
- The societal marketing orientation extends the marketing concept by acknowledging that some products that customers want may not really be in their best interests or the best interests of society

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as a whole.

39. Briefly discuss the concept of marketing.

ANSWER: Answers will vary. Marketing has two facets. First, it is a philosophy, an attitude, a perspective, or a management orientation that stresses customer satisfaction. Second, marketing is an organization function and a set of processes used to implement this philosophy. The American Marketing Association's (AMA) definition of marketing focuses on the second facet. According to the AMA, marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. Marketing involves more than just activities performed by a group of people in a defined area or department. Marketing entails processes that focus on delivering value and benefits to customers, not just selling goods, services, and/or ideas. It uses communication, distribution, and pricing strategies to provide customers and other stakeholders with the goods, services, ideas, values, and benefits they desire when and where they want them. It involves building long-term, mutually rewarding relationships when these benefit all parties concerned. Marketing also entails an understanding that organizations have many connected stakeholder "partners," including employees, suppliers, stockholders, distributors, and others.

40. Why should people study marketing?

ANSWER: Answers will vary. There are several important reasons to study marketing: Marketing plays an important role in society, marketing is important to businesses, marketing offers outstanding career opportunities, and marketing affects your life every day. A typical U.S. family, for example, consumes two and a half tons of food a year. Marketing makes food available when we want it, in desired quantities, at accessible locations, and in sanitary and convenient packages and forms (such as instant and frozen foods). The fundamental objectives of most businesses are survival, profits, and growth. Marketing contributes directly to achieving these objectives. Marketing includes the following activities, which are vital to business organizations: assessing the wants and satisfactions of present and potential customers, designing and managing product offerings, determining prices and pricing policies, developing distribution strategies, and communicating with present and potential customers. Between one-fourth and one-third of the entire civilian workforce in the United States performs marketing activities. Marketing offers great career opportunities in such areas as professional selling, marketing research, advertising, retail buying, distribution management, product management, product development, and wholesaling. Marketing career opportunities also exist in a variety of nonbusiness organizations, including hospitals, museums, universities, the armed forces, and various government and social service agencies.