

Chapter 01

Strategic Planning and the Marketing Management Process

Multiple Choice Questions

1. Emergo International Company conducts market research to find out the interests and needs of its customers. Based on the research reports, the organization devises plans to meet the customers' needs and wants and manufactures products that are useful to them. Identify the marketing concept that Emergo International Company has adopted.
 - A. Production orientation
 - B. Market orientation
 - C. The BCG model
 - D. The GE model

2. Which of the following is the principle task of an organization with a market orientation?
 - A. To manipulate customers to do what suits its interests
 - B. To focus on making products and then trying to sell them to customers
 - C. To find effective and efficient means to satisfy the interests of customers
 - D. To ensure that employees come first in organizational decision making

3. The purpose of the marketing concept is to rivet the attention of organizations on serving ____.
- A. supplier needs and wants
 - B. employee needs and wants
 - C. management needs and wants
 - D. customer needs and wants
4. The crux of the marketing concept is focusing on building long-term ____ in which an initial sale is only an early step in the relationship, not an end goal.
- A. mass marketing strategies
 - B. product-oriented teams
 - C. research capabilities
 - D. customer relationships
5. According to the marketing concept, the customer will be more satisfied and the firm will be more profitable when the:
- A. organizations and customers have a long-term relationship.
 - B. organization's marketing process is solely product-oriented.
 - C. products are advertised frequently but have no clear target markets.
 - D. firm operates primarily through a selling orientation in the market.

6. Midas Corporation is a sporting goods manufacturer. Most of its energies and resources are devoted to manufacturing and selling a line of sports shoes that has been a reasonable hit in the past. The company rarely undertakes any marketing research studies to assess consumer wants and needs and seldom devises new advertising or promotional strategies. Midas Corporation is exhibiting ____.
- A. investor orientation
 - B. market orientation
 - C. customer orientation
 - D. production orientation
7. Which of the following is a difference between an organization with market orientation and an organization with production orientation in terms of interest in innovation?
- A. An organization with market orientation sells what it can make and does not focus on innovation, whereas an organization with production orientation makes what it can sell and focuses on innovation.
 - B. An organization with market orientation keeps costs as low as possible, whereas an organization with production orientation eliminates costs that do not give value to the customer.
 - C. The focus of an organization with market orientation is on locating new opportunities, whereas the focus of an organization with production orientation is on technology and cost cutting.
 - D. The focus of an organization with market orientation is on determining customer reaction, whereas the focus of an organization with production orientation is determining customer needs.

8. Zest Sports Inc. manufactures sports goods and recently introduced a new line of sportswear for children between the ages of seven and ten years. The marketing team envisions an entirely new marketing strategy to create exchange for its new line of sportswear. This best exemplifies ____.

- A. service marketing
- B. product marketing
- C. cause marketing
- D. place marketing

9. The Helen Mortimer Foundation is a nonprofit organization that develops marketing strategies to encourage people to stop smoking in an effort to reduce the incidence of lung cancer. This best exemplifies marketing for a(n) ____.

- A. organization
- B. person
- C. cause
- D. service

10. Run with Scissors Inc., a hair salon, advertises its trendy and affordable offerings primarily through the use of social media. The type of strategy the hair salon uses can best be classified as marketing for a(n) ____.

- A. product
- B. service
- C. cause
- D. organization

11. Run for the Cure is an annual marathon that raises money for conducting research on breast cancer. Marketers advertise through local media to attract participants and volunteers for the event. Which of the following types of marketing is depicted in this scenario?
- A. Place marketing
 - B. Product marketing
 - C. Organization marketing
 - D. Service marketing
12. _____ includes all the activities that lead to the development of a clear organizational mission, organizational objectives, and appropriate strategies to achieve the objectives for an entire organization.
- A. Marketing mix
 - B. Marketing planning
 - C. Strategic planning
 - D. Marketing concept
13. An organization's mission, objectives, strategies, and portfolio plan are the four major components of its _____.
- A. marketing mix
 - B. cooperative environment
 - C. strategic plan
 - D. code of ethics

14. Which of the following is the first component of a strategic plan?

- A. Organizational objectives
- B. Organizational strategies
- C. Organizational mission
- D. Organizational portfolio plan

15. Which of the following changes in an organization's environment will most likely result in the organization becoming a drifting organization?

- A. The organization hires new management executives who are expected to uphold and maintain its mission.
- B. The organization has started manufacturing low-cost products as opposed to the luxury products that were a part of its original plan.
- C. The organization has successful operations in ten different countries and has decided to open market in two additional countries.
- D. The organization has decided to promote efficient employees who adhere to its mission statement instead of hiring managers.

16. Mealtimes was started as a fine-dining restaurant serving the most exotic European dishes in the city. The meals ran into several courses, and the restaurant was frequented by people looking for a fancy and leisurely meal. However, with changing times and needs of consumers, the restaurant altered its offerings to incorporate fast food like pizzas, burgers, and hot dogs. The company had to venture into new and different markets to maintain profitability. These new conditions and a redundant mission statement would most likely make the restaurant a _____.

- A. matrix organization
- B. static organization
- C. drifting organization
- D. multidomestic organization

17. Which of the following defines the direction in which an organization is heading and is typically determined in the first stage of strategic planning?
- A. Mission statement
 - B. Employee manual
 - C. Annual plan
 - D. Code of ethics
18. The things that an organization does so well that they give it an advantage over similar organizations represent that organization's ____.
- A. competitive parity
 - B. distinctive competencies
 - C. external opportunities
 - D. vendor analysis variables
19. Formulating a strategy based on distinctive competencies provides an organization with a unique benefit that allows it to ____.
- A. gain advantage over its competitors
 - B. retain its product-oriented focus for growth
 - C. rely on the critical characteristics and events of the past
 - D. focus on selling rather than on customer satisfaction
20. When completed, an effective mission statement will be primarily focused on the:
- A. markets rather than the products.
 - B. internal problems of the organization.
 - C. product that the organization is offering.
 - D. narrow class of employee needs.

21. An organization's mission statement is described as not ruling out any opportunity management might wish to pursue. This mission statement is most likely to be ____.

- A. too distinctive
- B. incomplete
- C. too broad
- D. too specific

22. In determining its mission statement, an organization must:

- A. look at the business from the inside, from the point of view of the employee and the management.
- B. ensure that the name of the product or service it is producing is an essential part of its name.
- C. reflect a market-driven approach by targeting a broad class of needs that it is seeking to satisfy.
- D. state the mission in terms of serving a generic group of clients or customers and meeting generic, not specific, needs.

23. The mission statement of an organization should primarily have a(n) ____.

- A. product focus
- B. external focus
- C. internal focus
- D. selling focus

24. Which of the following statements about an organization's mission statement is true?
- A. Even though no one denies the importance of the mission statement, it is the least used of all the management tools.
 - B. An effective mission statement takes an internal organizational focus.
 - C. It should focus on the physical product or service that the organization is offering at present.
 - D. It should focus on the broad class of needs that the organization is seeking to satisfy.
25. Winter Head is a firm that manufactures woolen blankets. The manufacturer claims that its blankets are made from the softest wool and are so finely stitched that consumers want to include them in their inheritance. The company is proud of its product quality and formulates its mission statement based on it. What is potentially wrong with such a mission statement?
- A. The firm had an external focus.
 - B. The firm focused on the market for its high-quality products.
 - C. The firm focused on the product rather than on its market.
 - D. The firm defined the company in terms of its marketing capabilities.
26. It is important for a mission statement to be _____ because it provides a shared sense of purpose outside the various activities taking place within the organization.
- A. internally focused
 - B. product oriented
 - C. motivational
 - D. generic

27. Identify the accurate statement regarding an effective mission statement.

- A. It should focus on the physical product that the organization is offering at present, not on the external forces that the organization is seeking to satisfy.
- B. It should focus on public relations as its primary purpose.
- C. It should not consider the critical characteristics and events of the past.
- D. It should provide guidance to employees and managers in geographically dispersed units.

28. An organization's mission statement must be _____ to be able to provide direction and guidelines to management when they are choosing between alternative courses of action.

- A. challenging
- B. broad
- C. generic
- D. specific

29. In the context of strategic planning, _____ must be specific, measurable, action commitments by which the mission of the organization is to be achieved.

- A. the organizational portfolio plan
- B. organizational strategies
- C. organizational objectives
- D. the organizational mission

30. Which of the following statements is true of organizational objectives?

- A. Organizational objectives should reflect the organization's finances rather than its commitment to customers.
- B. Organizational objectives are not considered to be dominant necessities to carry out the organizational mission.
- C. Organizational objectives are specific, measurable, action commitments on the part of the organization.
- D. Organizational objectives are distilled to arrive at a specific and achievable organization mission.

31. A company has the following organizational objective: "To maintain levels of employee satisfaction consistent with our own and similar industries." Such an objective most likely focuses on which of the following areas of performance?

- A. Market standing
- B. Worker performance and attitude
- C. Manager performance and responsibility
- D. Productivity

32. Which of the following statements is true regarding market penetration strategies?

- A. They involve the creation of new products for a market.
- B. They involve encouraging present customers to purchase more of a product.
- C. They involve diversifying into an unrelated business.
- D. They involve marketing to new customers.

33. Chello Inc., a large smartphone manufacturing company, has been selling the world's cheapest smartphone, Zing. Recently, to increase its sales, Chello reduced the price of the phone even further. The marketing slogan for the Zing series is "The cheapest way to get smart." Chello Inc. is most likely using a _____ in this scenario.

- A. product diversification strategy
- B. market penetration strategy
- C. product development strategy
- D. market integration strategy

34. XtraTorque Inc. is a leading engine oil manufacturer in the United States. The company manufactures oil that can withstand a broader range of temperature than any other engine oil brands available in the market. The company plans to expand its business into the Russian market because its product can maintain fluidity even at low temperatures. Which of the following organizational strategies should XtraTorque Inc. adopt?

- A. Market penetration strategy
- B. Market differentiation strategy
- C. Diversification strategy
- D. Market development strategy

35. Market development strategies involve:

- A. increasing the sale of existing products to present customers.
- B. finding new customers for an organization's present products.
- C. directing new products to present customers.
- D. leading an organization into entirely new and unrelated businesses.

36. A product development strategy:

- A. involves creating new products for customers not currently being served.
- B. offers a new and improved version of an existing product to its present customers.
- C. involves merely introducing a product to a new market.
- D. deals with developing a production plan for a product.

37. Hilton Brews is a company producing instant mixes for all kinds of beverages. It notices that the market for tea has risen due to its potential health benefits. Therefore, Hilton Brews introduces a new line of organically grown and processed teas like green tea or tea with various herb extracts and additional antioxidants. Which of the following organizational growth strategies has been used by Hilton Brews?

- A. Product development
- B. Diversification
- C. Market penetration
- D. Market development

38. A diversification strategy involves:

- A. marketing new products to an existing customer base.
- B. seeking new customers for existing products.
- C. increasing the sale of present products to present customers.
- D. seeking new products for customers not currently being served.

39. Beryl Toys makes toys for children of ages three and above, while Lobster-Price makes toys for infants. In 1999, Beryl Toys acquired Lobster-Price for \$1.1 billion. This acquisition gave Beryl Toys a new product line aimed at the younger siblings of its current target market. In this scenario, Beryl Toys has most likely implemented a _____ strategy.
- A. diversification
 - B. product differentiation
 - C. market development
 - D. market penetration
40. Which of the following organizational growth strategies aims to find new customers for its present products?
- A. Customer retention strategy
 - B. Product differentiation strategy
 - C. Market development strategy
 - D. Market penetration strategy
41. Which of the following statements is true according to the model developed by Michael Porter for formulating organizational strategy?
- A. Firms should first analyze their industry and then develop a cost leadership strategy or a strategy based on differentiation.
 - B. Firms should first analyze their market and then develop a strategy based on association.
 - C. Firms should develop alternative portfolio models to incorporate information about market opportunities and competitive positions.
 - D. Firms must continually strive to be the cost follower in the industry or market segment they compete in.

42. Which of the following is an organizational strategy based on competitive advantage?
- A. Cost leadership strategy
 - B. Market differentiation strategy
 - C. Market diversification strategy
 - D. Product development strategy
43. Using a competitive advantage strategy based on _____, a firm seeks to be unique in its industry or market segment along particular dimensions that the customers value.
- A. market penetration
 - B. cost leadership
 - C. market development
 - D. product differentiation
44. PureFruit Inc. prices its products higher than most of its competing brands in the packaged fruit juice industry. However, it still enjoys higher returns than its competitors because it is the only brand that can rightfully claim the use of fresh fruits and no added sugar. What kind of organizational strategy based on competitive advantage does PureFruit most likely use?
- A. A strategy based on market development
 - B. A strategy based on differentiation
 - C. A strategy based on cost leadership
 - D. A strategy based on diversification

45. Healthline is a brand of incontinence products. Healthline products sell for \$5 less than its rival brand, Depends. According to Michael Porter's model, Healthline is most likely using a _____ strategy to market its products.

- A. differentiation
- B. product development
- C. market development
- D. cost leadership

46. When using a cost leadership strategy, a firm is most likely to offer:

- A. a standard, no-frills product.
- B. a highly differentiated product.
- C. a prestige product.
- D. an expensive product of superior design and quality.

47. If a firm chooses to succeed by building long-term relationships with its customers by offering either best price, best product, or best service, it implies that the firm's organizational strategy is:

- A. based on competitive parity.
- B. based on value.
- C. based on products and markets.
- D. based on selling.

48. While choosing an appropriate strategy to establish competitive advantage, management should choose an organizational strategy that:

- A. allows the organization to practice the strategy of differentiation rather than cost leadership.
- B. tries to succeed by following all strategies and trying to be all things to all people.
- C. bears consistency with the organization's mission and capitalizes on its distinctive competencies.
- D. empowers the organization to grow without creating new products or entering new markets.

49. A firm has chosen to create an organizational strategy based on differentiation. Which of the following is the firm's next step in the strategic planning process?

- A. Identifying the marketing mix
- B. Creating an organizational mission
- C. Setting organizational objectives
- D. Formulating an organizational portfolio plan

50. Essential Products Inc. manufactures a wide range of healthcare products for infants, toddlers, and adults. The company is not able to allocate large budgets for each of its product groups because of resource constraints, and it is making huge losses in most of its product groups. In the context of strategic planning, which of the following is the final phase that Essential Products Inc. should adopt to revive its business?

- A. Creating an organizational mission
- B. Formulating an organizational portfolio plan
- C. Setting organizational objectives
- D. Creating organizational strategies

51. Which of the following observations pertains to strategic business units (SBUs)?
- A. They are provided resources from outside the organization to which they belong.
 - B. They have centralized management, no competitors, and little autonomy.
 - C. They are organizations that have come together to achieve a common goal.
 - D. They can be planned independently of the other businesses of the total organization.
52. Bates Inc. is an enterprise comprising three parts. Its biotech section, which is working to develop crops that are pest and disease resistant, provides about half of its sales. Pharmaceuticals from its B.D. Feller subsidiary contribute a third of its revenues; and food products, dominated by the artificial sweetener NutroSweet, make up less than 15 percent of its total revenue. These three divisions represent Bates' _____.
- A. strategic business units
 - B. buying centers
 - C. venture teams
 - D. cross-functional units
53. _____ are methods used to determine how resources should be allocated among the various strategic business units (SBUs) in an organization.
- A. Portfolio models
 - B. Matrix models
 - C. Variable models
 - D. Vector models

54. Which of the following is a stage of the marketing planning process that involves the analysis of the past, present, and likely future in six major areas of concern?

- A. Situation analysis
- B. Target market selection
- C. Marketing objectives
- D. Marketing mix

55. The cooperative environment includes:

- A. all firms and individuals who have a vested interest in accomplishing the firm's objectives.
- B. primarily other firms in the industry that rival the organization for both resources and sales.
- C. the attitudes and reactions of the general public and social and business critics.
- D. the marketing department's past, present, and future situations.

56. Which of the following is most likely to comprise the cooperative environment of a firm?

- A. A rival firm
- B. A nonprofit organization that the firm donates funds to
- C. A government that is imposing restrictions on trade and commerce
- D. A supplier who has been chosen as the firm's single source

57. The _____ for a soft drink manufacturer would include other manufacturers of soft drinks, fruit juices, bottled water, sports drinks, caffeine-free colas, and dairy beverages.

- A. competitive environment
- B. technological environment
- C. cooperative environment
- D. economic environment

58. Elite Inc. is as a brand of luxury clothing and accessories, and it targets affluent working women. However, it alters its offerings to include a large proportion of standard clothes at cheaper prices when the country faces severe recessionary pressures. In this scenario, which of the following environments does Elite primarily respond to by changing its offerings?

- A. The legal environment
- B. The competitive environment
- C. The cooperative environment
- D. The economic environment

59. Since September 11, 2001, the number of people attending church and looking toward religion to provide solace has increased. As a result, Bible publishers have developed the Starting Point Study Bible, which explains what they are reading and includes a dictionary of biblical terms. In this scenario, the changes in the _____ have led to the publication of the Starting Point Study Bible.

- A. social environment
- B. competitive environment
- C. cooperative environment
- D. economic environment

60. In the context of situational analysis, the _____ includes the attitudes and reactions of the general public, social and business critics, and other organizations, such as the Better Business Bureau.

- A. competitive environment
- B. political environment
- C. social environment
- D. legal environment

61. The removal of tariffs on the import of Canadian lumber will adversely affect the U.S. lumber industry because Canada is able to produce lumber much more inexpensively than the U.S. This tariff removal is an example of how the _____ environment can affect businesses.

- A. cooperative
- B. functional
- C. social
- D. legal

62. Which of the following is the first step in marketing planning?

- A. Stating standards of performance or tasks to be achieved by given dates
- B. Selecting the groups or segments of potential customers the firm is going to serve
- C. Analyzing the different elements of the marketing mix
- D. Identifying the market with the greatest potential

63. Once the marketing objectives have been established during marketing planning, the next step is the _____.

- A. selection of the target market
- B. identification of investors' needs
- C. identification of competing firms in the market
- D. determination of the marketing mix

64. The final step of marketing planning is _____.

- A. selecting the target market
- B. developing the marketing mix
- C. establishing objectives based on the organizational mission
- D. determining performance objectives for individual members of the marketing team

65. The _____ involves a set of controllable variables that must be managed to satisfy the target market and achieve organizational objectives.

- A. demographic profile
- B. mission statement
- C. organizational history
- D. marketing mix

66. The first step in controlling an implemented marketing plan is:

- A. comparing the results of the marketing plan with the objectives.
- B. deciding whether the marketing plan is achieving the objectives.
- C. formulating a new marketing plan.
- D. measuring the results of the implemented marketing plan.

67. The final step in controlling an implemented marketing plan is:

- A. performing marketing tasks.
- B. comparing results of the marketing plan with objectives.
- C. measuring the results of the marketing plan.
- D. deciding whether the marketing plan is achieving objectives.

68. A cross-functional team responsible for the creation of its company's marketing plan had to make adjustments to the marketing plan since the plan failed to meet the determined objectives. This implies that the cross-functional team is:

- A. controlling the marketing plan.
- B. redefining the organizational mission.
- C. implementing the marketing plan.
- D. altering the organizational portfolio plan.

69. Which of the following statements is true of strategic planning in well-managed institutions?

- A. Strategic planning is clearly a top management responsibility and does not require the active participation of marketing managers.
- B. Planning done in the functional areas of the organization should be independent of the strategic plan.
- C. There is no direct relationship between strategic planning and the planning done by the marketing team.
- D. Marketing executives are involved in the strategic planning process as they influence the process by providing important inputs.

70. Which of the following statements best describes the role of marketing executives in the strategic planning process?

- A. Marketing executives must always be aware of what the process of strategic planning involves as well as the results.
- B. Marketing executives should make plans that are independent of the strategic plan.
- C. Marketing executives receive suggestions from the strategic planning team and implement the suggestions relating to customers, products, and middlemen.
- D. Marketing executives are not involved in the strategic planning process because this process is the sole responsibility of top management.

71. Employees from different departments such as marketing, production, finance, and human resources are brought together to form a team responsible for creating a strategic plan to serve customers. This is an example of a _____.

- A. cross-cultural team
- B. cross-functional team
- C. traditional team
- D. top-management team

72. Which of the following is the greatest advantage of strategic planning with a cross-functional team?

- A. It ensures that strategic planning remains exclusively a top-management responsibility.
- B. It helps the organization arrive at a strategic plan directly from the functional area plans.
- C. It allows the team members to consider a situation from a number of viewpoints.
- D. It improves the cross-cultural relations between employees.

73. The strategic plan at Steve Walden Inc. helps in the creation of functional area plans for its production, human resource, finance, and technology functions. This best demonstrates the process of:

- A. market diversification.
- B. product-related diversification.
- C. cross-functional strategic planning.
- D. marketing planning.

74. What is indicated by the cross-functional perspective in strategic planning?

- A. Management action in all functional areas of an organization provide a blueprint for strategic planning.
- B. All functional area plans should be derived from the strategic plan while at the same time contributing to the achievement of it.
- C. Objectives and strategies identified in the strategic plan are not related to other objectives and strategies at higher and lower levels of the organization.
- D. Objectives and strategies from the functional areas in an organization should be translated into objectives and strategies for the strategic plan.

Chapter 01 Strategic Planning and the Marketing Management Process

Answer Key

Multiple Choice Questions

1. Emergo International Company conducts market research to find out the interests and needs of its customers. Based on the research reports, the organization devises plans to meet the customers' needs and wants and manufactures products that are useful to them. Identify the marketing concept that Emergo International Company has adopted.

- A. Production orientation
- B. Market orientation**
- C. The BCG model
- D. The GE model

Emergo International Company has adopted the marketing concept of market orientation. The purpose of the marketing concept is to rivet the attention of organizations on serving customer needs and wants. Marketing orientation differs dramatically from a production orientation that focuses on making products and then trying to sell them to customers.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: The Marketing Concept

2. Which of the following is the principle task of an organization with a market orientation?

- A. To manipulate customers to do what suits its interests
- B. To focus on making products and then trying to sell them to customers
- C. To find effective and efficient means to satisfy the interests of customers
- D. To ensure that employees come first in organizational decision making

The principle task of an organization with a market orientation is not to manipulate customers to do what suits its interests but rather to find effective and efficient means to satisfy the interests of customers. Effective marketing requires that customers come first in organizational decision making.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: The Marketing Concept

3. The purpose of the marketing concept is to rivet the attention of organizations on serving _____.

- A. supplier needs and wants
- B. employee needs and wants
- C. management needs and wants
- D. customer needs and wants

The purpose of the marketing concept is to rivet the attention of organizations on serving customer needs and wants. Thus, effective marketing starts with the recognition of customer needs and wants and then works backward to create products and services to satisfy them.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: The Marketing Concept

4. The crux of the marketing concept is focusing on building long-term _____ in which an initial sale is only an early step in the relationship, not an end goal.

- A. mass marketing strategies
- B. product-oriented teams
- C. research capabilities
- D. customer relationships

The marketing concept means that an organization should seek to make a profit by serving the needs of customer groups. This means that organizations should focus on building long-term customer relationships in which an initial sale is only an early step in the relationship, not an end goal.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: The Marketing Concept

5. According to the marketing concept, the customer will be more satisfied and the firm will be more profitable when the:

- A. organizations and customers have a long-term relationship.
- B. organization's marketing process is solely product-oriented.
- C. products are advertised frequently but have no clear target markets.
- D. firm operates primarily through a selling orientation in the market.

Organizations should focus on building long-term customer relationships in which an initial sale is only an early step in the relationship, not an end goal. Long-term relationships between organizations and customers lead to higher levels of profits and higher levels of customer satisfaction.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: The Marketing Concept

6. Midas Corporation is a sporting goods manufacturer. Most of its energies and resources are devoted to manufacturing and selling a line of sports shoes that has been a reasonable hit in the past. The company rarely undertakes any marketing research studies to assess consumer wants and needs and seldom devises new advertising or promotional strategies. Midas Corporation is exhibiting ____.

- A. investor orientation
- B. market orientation
- C. customer orientation
- D. production orientation

Midas Corporation is exhibiting a production orientation because it focuses on an existing line of products. Production orientation focuses on making products and then trying to sell them to customers.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: The Marketing Concept

7. Which of the following is a difference between an organization with market orientation and an organization with production orientation in terms of interest in innovation?
- A. An organization with market orientation sells what it can make and does not focus on innovation, whereas an organization with production orientation makes what it can sell and focuses on innovation.
 - B. An organization with market orientation keeps costs as low as possible, whereas an organization with production orientation eliminates costs that do not give value to the customer.
 - C. The focus of an organization with market orientation is on locating new opportunities, whereas the focus of an organization with production orientation is on technology and cost cutting.
 - D. The focus of an organization with market orientation is on determining customer reaction, whereas the focus of an organization with production orientation is determining customer needs.

The focus of an organization with market orientation is on locating new opportunities. On the contrary, the focus of an organization with production orientation is on technology and cost cutting. The principle task of an organization with a market orientation is not to manipulate customers to do what suits its interests but rather to find effective and efficient means to satisfy the interests of customers.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: The Marketing Concept

8. Zest Sports Inc. manufactures sports goods and recently introduced a new line of sportswear for children between the ages of seven and ten years. The marketing team envisions an entirely new marketing strategy to create exchange for its new line of sportswear. This best exemplifies _____.

- A. service marketing
- B. product marketing
- C. cause marketing
- D. place marketing

Zest Sports Inc. manufactures sports goods, which are tangible products. Marketing designed to create exchange for tangible products is called product marketing.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Marketing?

9. The Helen Mortimer Foundation is a nonprofit organization that develops marketing strategies to encourage people to stop smoking in an effort to reduce the incidence of lung cancer. This best exemplifies marketing for a(n) _____.

- A. organization
- B. person
- C. cause
- D. service

The Helen Mortimer Foundation develops strategies to encourage people to stop smoking, which is an undesirable behavior. Marketing for a cause involves marketing designed to create support for ideas, causes, or issues to get people to change undesirable behavior.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Marketing?

10. Run with Scissors Inc., a hair salon, advertises its trendy and affordable offerings primarily through the use of social media. The type of strategy the hair salon uses can best be classified as marketing for a(n) _____.

- A. product
- B. service**
- C. cause
- D. organization

Run with Scissors Inc. offers services that are intangible. Marketing for a service involves marketing designed to create exchanges for intangible products.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Marketing?

11. Run for the Cure is an annual marathon that raises money for conducting research on breast cancer. Marketers advertise through local media to attract participants and volunteers for the event. Which of the following types of marketing is depicted in this scenario?

- A. Place marketing
- B. Product marketing
- C. Organization marketing**
- D. Service marketing

Run for the Cure is advertising in order to attract participants and volunteers. Marketing designed to attract donors, members, participants, or volunteers is called organization marketing.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Marketing?

12. _____ includes all the activities that lead to the development of a clear organizational mission, organizational objectives, and appropriate strategies to achieve the objectives for an entire organization.

- A. Marketing mix
- B. Marketing planning
- C. Strategic planning
- D. Marketing concept

Strategic planning includes all the activities that lead to the development of a clear organizational mission, organizational objectives, and appropriate strategies to achieve the objectives for an entire organization. In the strategic planning process, the organization gathers information about the changing elements of its environment.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

13. An organization's mission, objectives, strategies, and portfolio plan are the four major components of its _____.

- A. marketing mix
- B. cooperative environment
- C. strategic plan
- D. code of ethics

The organization's mission, objectives, strategies, and its portfolio plan are the four major components of its strategic plan.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

14. Which of the following is the first component of a strategic plan?

- A. Organizational objectives
- B. Organizational strategies
- C. Organizational mission
- D. Organizational portfolio plan

The output of the strategic planning process is the development of a strategic plan. The four components of a strategic plan are the mission, objectives, strategies, and portfolio plan.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

15. Which of the following changes in an organization's environment will most likely result in the organization becoming a drifting organization?

- A. The organization hires new management executives who are expected to uphold and maintain its mission.
- B. The organization has started manufacturing low-cost products as opposed to the luxury products that were a part of its original plan.
- C. The organization has successful operations in ten different countries and has decided to open market in two additional countries.
- D. The organization has decided to promote efficient employees who adhere to its mission statement instead of hiring managers.

The organization will become a drifting organization if it starts manufacturing low-cost products as opposed to the luxury products that were a part of its original plan. If an organization's original purpose becomes irrelevant as it expands into new products, new markets, and even new industries, the organization can become a drifting organization. Luxury products are marked by high cost and cater to a different market, which differs in the market of low-cost products.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Strategic Planning?

16. Mealtimes was started as a fine-dining restaurant serving the most exotic European dishes in the city. The meals ran into several courses, and the restaurant was frequented by people looking for a fancy and leisurely meal. However, with changing times and needs of consumers, the restaurant altered its offerings to incorporate fast food like pizzas, burgers, and hot dogs. The company had to venture into new and different markets to maintain profitability. These new conditions and a redundant mission statement would most likely make the restaurant a _____.

- A. matrix organization
- B. static organization
- C. drifting organization
- D. multidomestic organization

The new conditions and Mealtimes' redundant mission statement make it a drifting organization. A "drifting" organization is without a clear mission, vision, or purpose to guide critical decisions. If an organization's original purpose becomes irrelevant as it expands into new products, new markets, and even new industries, the organization can become a drifting organization.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Strategic Planning?

17. Which of the following defines the direction in which an organization is heading and is typically determined in the first stage of strategic planning?

- A. Mission statement
- B. Employee manual
- C. Annual plan
- D. Code of ethics

The mission statement defines the direction in which the organization is heading and how it will succeed in reaching its desired goal.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

18. The things that an organization does so well that they give it an advantage over similar organizations represent that organization's _____.

- A. competitive parity
- B. distinctive competencies
- C. external opportunities
- D. vendor analysis variables

Distinctive competencies are things that an organization does well—so well in fact that they give it an advantage over similar organizations.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

19. Formulating a strategy based on distinctive competencies provides an organization with a unique benefit that allows it to _____.

- A. gain advantage over its competitors
- B. retain its product-oriented focus for growth
- C. rely on the critical characteristics and events of the past
- D. focus on selling rather than on customer satisfaction

Distinctive competencies are things that an organization does so well that they give it an advantage over similar organizations. No matter how appealing an opportunity may be, to gain advantage over competitors, the organization must formulate strategy based on distinctive competencies.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

20. When completed, an effective mission statement will be primarily focused on the:

- A. markets rather than the products.
- B. internal problems of the organization.
- C. product that the organization is offering.
- D. narrow class of employee needs.

When completed, an effective mission statement will be focused on markets rather than products, achievable, motivating, and specific.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

21. An organization's mission statement is described as not ruling out any opportunity management might wish to pursue. This mission statement is most likely to be _____.

- A. too distinctive
- B. incomplete
- C. too broad
- D. too specific

An organization's mission statement that is characterized as not ruling out any opportunity management might wish to pursue is most likely too broad.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

22. In determining its mission statement, an organization must:

- A. look at the business from the inside, from the point of view of the employee and the management.
- B. ensure that the name of the product or service it is producing is an essential part of its name.
- C. reflect a market-driven approach by targeting a broad class of needs that it is seeking to satisfy.
- D. state the mission in terms of serving a generic group of clients or customers and meeting generic, not specific, needs.

The mission statement should focus on the broad class of needs that the organization is seeking to satisfy (external focus), not on the physical product or service that the organization is offering at present (internal focus). Such market-driven firms stand out in their ability to continuously anticipate market opportunities and respond before their competitors.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

23. The mission statement of an organization should primarily have a(n) _____.

- A. product focus
- B. external focus**
- C. internal focus
- D. selling focus

The mission statement of an organization should focus on the broad class of needs that the organization is seeking to satisfy (external focus), not on the physical product or service that the organization is offering at present (internal focus).

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

24. Which of the following statements about an organization's mission statement is true?

- A. Even though no one denies the importance of the mission statement, it is the least used of all the management tools.
- B. An effective mission statement takes an internal organizational focus.
- C. It should focus on the physical product or service that the organization is offering at present.
- D. It should focus on the broad class of needs that the organization is seeking to satisfy.**

The mission statement should focus on the broad class of needs that the organization is seeking to satisfy.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: What is Strategic Planning?

25. Winter Head is a firm that manufactures woolen blankets. The manufacturer claims that its blankets are made from the softest wool and are so finely stitched that consumers want to include them in their inheritance. The company is proud of its product quality and formulates its mission statement based on it. What is potentially wrong with such a mission statement?

- A. The firm had an external focus.
- B. The firm focused on the market for its high-quality products.
- C. The firm focused on the product rather than on its market.
- D. The firm defined the company in terms of its marketing capabilities.

Winter Head's mission statement has an internal focus since it focuses on its physical product, the woolen blankets. A mission statement should focus on the broad class of needs that the organization is seeking to satisfy (external focus), not on the physical product or service that the organization is offering at present (internal focus).

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Strategic Planning?

26. It is important for a mission statement to be _____ because it provides a shared sense of purpose outside the various activities taking place within the organization.

- A. internally focused
- B. product oriented
- C. motivational
- D. generic

A mission statement that is motivational provides guidance to employees and managers working in geographically dispersed units and on independent tasks. It provides a shared sense of purpose outside the various activities taking place within the organization.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

27. Identify the accurate statement regarding an effective mission statement.

- A. It should focus on the physical product that the organization is offering at present, not on the external forces that the organization is seeking to satisfy.
 - B. It should focus on public relations as its primary purpose.
 - C. It should not consider the critical characteristics and events of the past.
 - D. It should provide guidance to employees and managers in geographically dispersed units.
- One of the side (but very important) benefits of a well-defined mission is the guidance it provides employees and managers working in geographically dispersed units and on independent tasks. It provides a shared sense of purpose outside the various activities taking place within the organization.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: What is Strategic Planning?

28. An organization's mission statement must be _____ to be able to provide direction and guidelines to management when they are choosing between alternative courses of action.

- A. challenging
- B. broad
- C. generic
- D. specific

An organization's mission statement must be specific to provide direction and guidelines to management when they are choosing between alternative courses of action.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

29. In the context of strategic planning, _____ must be specific, measurable, action commitments by which the mission of the organization is to be achieved.

- A. the organizational portfolio plan
- B. organizational strategies
- C. organizational objectives
- D. the organizational mission

In the context of strategic planning, organizational objectives must be specific, measurable, action commitments by which the mission of the organization is to be achieved.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

30. Which of the following statements is true of organizational objectives?

- A. Organizational objectives should reflect the organization's finances rather than its commitment to customers.
- B. Organizational objectives are not considered to be dominant necessities to carry out the organizational mission.
- C. Organizational objectives are specific, measurable, action commitments on the part of the organization.
- D. Organizational objectives are distilled to arrive at a specific and achievable organization mission.

Organizational objectives must be specific, measurable, action commitments by which the mission of the organization is to be achieved.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: What is Strategic Planning?

31. A company has the following organizational objective: "To maintain levels of employee satisfaction consistent with our own and similar industries." Such an objective most likely focuses on which of the following areas of performance?

- A. Market standing
- B. Worker performance and attitude**
- C. Manager performance and responsibility
- D. Productivity

Organizational objectives are necessary in all areas that may influence the performance and long-run survival of the organization. "To maintain levels of employee satisfaction consistent with our own and similar industries" is an organization objective that focuses on worker performance and attitude.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: What is Strategic Planning?

32. Which of the following statements is true regarding market penetration strategies?

- A. They involve the creation of new products for a market.
- B. They involve encouraging present customers to purchase more of a product.**
- C. They involve diversifying into an unrelated business.
- D. They involve marketing to new customers.

Market penetration strategies focus primarily on increasing the sale of present products to present customers. This involves encouraging present customers to purchase more of a product.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: What is Strategic Planning?

33. Chello Inc., a large smartphone manufacturing company, has been selling the world's cheapest smartphone, Zing. Recently, to increase its sales, Chello reduced the price of the phone even further. The marketing slogan for the Zing series is "The cheapest way to get smart." Chello Inc. is most likely using a _____ in this scenario.

- A. product diversification strategy
- B. market penetration strategy**
- C. product development strategy
- D. market integration strategy

Market penetration strategies focus primarily on increasing the sale of present products to present customers. Tactics used to implement a market penetration strategy might include price reductions, advertising that stresses the many benefits of the product, packaging the product in different-sized packages, or making it available at more locations. In this case, Chello Inc. has lowered the price of its product in order to boost sales.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Strategic Planning?

34. XtraTorque Inc. is a leading engine oil manufacturer in the United States. The company manufactures oil that can withstand a broader range of temperature than any other engine oil brands available in the market. The company plans to expand its business into the Russian market because its product can maintain fluidity even at low temperatures. Which of the following organizational strategies should XtraTorque Inc. adopt?

- A. Market penetration strategy
- B. Market differentiation strategy
- C. Diversification strategy
- D. Market development strategy

XtraTorque Inc. should adopt market development strategy. Pursuing growth through market development, an organization would seek to find new customers for its present products.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Strategic Planning?

35. Market development strategies involve:

- A. increasing the sale of existing products to present customers.
- B. finding new customers for an organization's present products.
- C. directing new products to present customers.
- D. leading an organization into entirely new and unrelated businesses.

Market development strategies pursue growth through market development and finding new customers for an organization's present products. Before deciding on marketing techniques such as advertising and packaging, companies often find they must establish a clear position in the market, sometimes spending large sums of money simply to educate consumers as to why they should consider buying the product.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

36. A product development strategy:

- A. involves creating new products for customers not currently being served.
- B. offers a new and improved version of an existing product to its present customers.**
- C. involves merely introducing a product to a new market.
- D. deals with developing a production plan for a product.

With a product development strategy, the new products developed would be directed primarily to present customers.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

37. Hilton Brews is a company producing instant mixes for all kinds of beverages. It notices that the market for tea has risen due to its potential health benefits. Therefore, Hilton Brews introduces a new line of organically grown and processed teas like green tea or tea with various herb extracts and additional antioxidants. Which of the following organizational growth strategies has been used by Hilton Brews?

- A. Product development**
- B. Diversification
- C. Market penetration
- D. Market development

Product development is the growth strategy used by Hilton Brews. With a product development strategy, the new products developed would be directed primarily to present customers.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Strategic Planning?

38. A diversification strategy involves:

- A. marketing new products to an existing customer base.
- B. seeking new customers for existing products.
- C. increasing the sale of present products to present customers.
- D. seeking new products for customers not currently being served.

Diversification can lead the organization into entirely new and even unrelated businesses. It involves seeking new products (often through acquisitions) for customers not currently being served.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

39. Beryl Toys makes toys for children of ages three and above, while Lobster-Price makes toys for infants. In 1999, Beryl Toys acquired Lobster-Price for \$1.1 billion. This acquisition gave Beryl Toys a new product line aimed at the younger siblings of its current target market. In this scenario, Beryl Toys has most likely implemented a _____ strategy.

- A. diversification
- B. product differentiation
- C. market development
- D. market penetration

Diversification can lead the organization into entirely new and even unrelated businesses. It involves seeking new products (often through acquisitions) for customers not currently being served. Beryl Toys has acquired a company in a different market and is introducing a product line in the new market.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Strategic Planning?

40. Which of the following organizational growth strategies aims to find new customers for its present products?

- A. Customer retention strategy
- B. Product differentiation strategy
- C. Market development strategy
- D. Market penetration strategy

The two growth strategies aimed at finding new customers are the market development strategy and the diversification strategy. The market development strategy focuses on finding new customers for a company's existing products.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

41. Which of the following statements is true according to the model developed by Michael Porter for formulating organizational strategy?

- A. Firms should first analyze their industry and then develop a cost leadership strategy or a strategy based on differentiation.
- B. Firms should first analyze their market and then develop a strategy based on association.
- C. Firms should develop alternative portfolio models to incorporate information about market opportunities and competitive positions.
- D. Firms must continually strive to be the cost follower in the industry or market segment they compete in.

Michael Porter developed a model for formulating organizational strategy that is applicable across a wide variety of industries. Porter suggests that firms should first analyze their industry and then develop either a cost leadership strategy or a strategy based on differentiation.

AACSB: Analytical Thinking

Blooms: Understand

42. Which of the following is an organizational strategy based on competitive advantage?

- A. Cost leadership strategy
- B. Market differentiation strategy
- C. Market diversification strategy
- D. Product development strategy

Competitive advantage is an ability to outperform competitors in providing something that the market values. Porter suggests that firms should first analyze their industry and then develop either a cost leadership strategy or a strategy based on differentiation, which are the two organizational strategies based on competitive advantage.

43. Using a competitive advantage strategy based on _____, a firm seeks to be unique in its industry or market segment along particular dimensions that the customers value.

- A. market penetration
- B. cost leadership
- C. market development
- D. product differentiation

Using a strategy based on differentiation, a firm seeks to be unique in its industry or market segment along particular dimensions that the customers value. These dimensions might pertain to design, quality, service, variety of offerings, brand name, or some other factor.

44. PureFruit Inc. prices its products higher than most of its competing brands in the packaged fruit juice industry. However, it still enjoys higher returns than its competitors because it is the only brand that can rightfully claim the use of fresh fruits and no added sugar. What kind of organizational strategy based on competitive advantage does PureFruit most likely use?

A. A strategy based on market development

B. A strategy based on differentiation

C. A strategy based on cost leadership

D. A strategy based on diversification

In a strategy based on differentiation, a firm seeks to be unique in its industry or market segment along particular dimensions that the customers value. These dimensions might pertain to design, quality, service, variety of offerings, brand name, or some other factor. PureFruit differentiates itself from competing brands by being the only brand that sells packaged fruit juice made from real fruits and with no sugar.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Strategic Planning?

45. Healthline is a brand of incontinence products. Healthline products sell for \$5 less than its rival brand, Depends. According to Michael Porter's model, Healthline is most likely using a _____ strategy to market its products.

- A. differentiation
- B. product development
- C. market development
- D. cost leadership

Using a cost leadership strategy, a firm would focus on being the low-cost company in its industry. It would stress efficiency and offer a standard, no-frills product. Healthline offers its products at a lower price when compared to its rival brand, Depends.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Strategic Planning?

46. When using a cost leadership strategy, a firm is most likely to offer:

- A. a standard, no-frills product.
- B. a highly differentiated product.
- C. a prestige product.
- D. an expensive product of superior design and quality.

Using a cost leadership strategy, a firm would focus on being the low-cost company in its industry. They would stress efficiency and offer a standard, no-frills product.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

47. If a firm chooses to succeed by building long-term relationships with its customers by offering either best price, best product, or best service, it implies that the firm's organizational strategy is:

- A. based on competitive parity.
- B. based on value.**
- C. based on products and markets.
- D. based on selling.

To succeed, firms must seek to build long-term relationships with their customers by offering a unique value that only they can offer. It seems that many firms have succeeded by choosing to deliver superior customer value using one of three value strategies—best price, best product, or best service.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

48. While choosing an appropriate strategy to establish competitive advantage, management should choose an organizational strategy that:

- A. allows the organization to practice the strategy of differentiation rather than cost leadership.
- B. tries to succeed by following all strategies and trying to be all things to all people.
- C. bears consistency with the organization's mission and capitalizes on its distinctive competencies.**
- D. empowers the organization to grow without creating new products or entering new markets.

Management should select those organizational strategies that are consistent with its mission and capitalize on the organization's distinctive competencies. This will lead to a sustainable competitive advantage.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

49. A firm has chosen to create an organizational strategy based on differentiation. Which of the following is the firm's next step in the strategic planning process?

- A. Identifying the marketing mix
- B. Creating an organizational mission
- C. Setting organizational objectives
- D. Formulating an organizational portfolio plan

A strategic plan consists of four components: mission, objectives, strategies, and portfolio plan. If a firm has decided on the appropriate organizational strategy, the next step is the formulation of an organizational portfolio plan.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

50. Essential Products Inc. manufactures a wide range of healthcare products for infants, toddlers, and adults. The company is not able to allocate large budgets for each of its product groups because of resource constraints, and it is making huge losses in most of its product groups. In the context of strategic planning, which of the following is the final phase that Essential Products Inc. should adopt to revive its business?

- A. Creating an organizational mission
- B. Formulating an organizational portfolio plan**
- C. Setting organizational objectives
- D. Creating organizational strategies

The final phase of the strategic planning process is the formulation of the organizational portfolio plan. Essential Products Inc. should formulate an organizational portfolio plan and it must decide which businesses to build, maintain, or eliminate, or which new businesses to add.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: What is Strategic Planning?

51. Which of the following observations pertains to strategic business units (SBUs)?

- A. They are provided resources from outside the organization to which they belong.
- B. They have centralized management, no competitors, and little autonomy.
- C. They are organizations that have come together to achieve a common goal.
- D. They can be planned independently of the other businesses of the total organization.**

Strategic business units can be planned independently of the other businesses of the total organization.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: What is Strategic Planning?

52. Bates Inc. is an enterprise comprising three parts. Its biotech section, which is working to develop crops that are pest and disease resistant, provides about half of its sales. Pharmaceuticals from its B.D. Feller subsidiary contribute a third of its revenues; and food products, dominated by the artificial sweetener NutroSweet, make up less than 15 percent of its total revenue. These three divisions represent Bates' _____.

- A. strategic business units
- B. buying centers
- C. venture teams
- D. cross-functional units

Bates' biotech section, the B.D. Feller subsidiary, and the NutroSweet division are its strategic business units. Strategic business units (SBUs) are product lines and divisions that can be considered a "business" for the purpose of the organizational portfolio plan. In other words, SBUs are a single business or collection of related businesses.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: What is Strategic Planning?

53. _____ are methods used to determine how resources should be allocated among the various strategic business units (SBUs) in an organization.

- A. Portfolio models
- B. Matrix models
- C. Variable models
- D. Vector models

Once the organization has identified and classified all of its SBUs, some method must be established to determine how resources should be allocated among the various SBUs. These methods are known as portfolio models.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy
Topic: What is Strategic Planning?

54. Which of the following is a stage of the marketing planning process that involves the analysis of the past, present, and likely future in six major areas of concern?

- A. Situation analysis
- B. Target market selection
- C. Marketing objectives
- D. Marketing mix

Situation analysis is the stage of the marketing planning process that involves the analysis of the past, present, and likely future in six major areas of concern: (1) the cooperative environment, (2) the competitive environment, (3) the economic environment, (4) the social environment, (5) the political environment, and (6) the legal environment. Opportunities for and constraints on marketing activities arise from these environments.

AACSB: Analytical Thinking
Blooms: Remember
Difficulty: 1 Easy
Topic: The Marketing Management Process

55. The cooperative environment includes:

- A. all firms and individuals who have a vested interest in accomplishing the firm's objectives.
- B. primarily other firms in the industry that rival the organization for both resources and sales.
- C. the attitudes and reactions of the general public and social and business critics.
- D. the marketing department's past, present, and future situations.

The cooperative environment includes all firms and individuals who have a vested interest in the firm's accomplishing its objectives.

AACSB: Analytical Thinking
Blooms: Remember
Difficulty: 1 Easy
Topic: The Marketing Management Process

56. Which of the following is most likely to comprise the cooperative environment of a firm?

- A. A rival firm
- B. A nonprofit organization that the firm donates funds to
- C. A government that is imposing restrictions on trade and commerce
- D. A supplier who has been chosen as the firm's single source

The cooperative environment includes all firms and individuals who have a vested interest in the firm's accomplishing its objectives, in this case, the supplier chosen as the firm's single source. Opportunities in this environment are primarily related to methods of increasing efficiency.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: The Marketing Management Process

57. The _____ for a soft drink manufacturer would include other manufacturers of soft drinks, fruit juices, bottled water, sports drinks, caffeine-free colas, and dairy beverages.

- A. competitive environment
- B. technological environment
- C. cooperative environment
- D. economic environment

The competitive environment includes primarily other firms in the industry that rival the organization for both resources and sales. In the case of a soft drink manufacturer, the competitive environment would include other manufacturers of soft drinks, fruit juices, bottled water, sports drinks, caffeine-free colas, and dairy beverages.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: The Marketing Management Process

58. Elite Inc. is as a brand of luxury clothing and accessories, and it targets affluent working women. However, it alters its offerings to include a large proportion of standard clothes at cheaper prices when the country faces severe recessionary pressures. In this scenario, which of the following environments does Elite primarily respond to by changing its offerings?

- A. The legal environment
- B. The competitive environment
- C. The cooperative environment
- D. The economic environment

In this scenario, Elite Inc. responds to the economic environment by changing its offerings. Economic factors such as high inflation and unemployment levels can limit the size of the market that can afford to purchase a firm's top-of-the-line product. Recessionary pressures imply that there is a fall in the economy and are therefore a factor in the economic environment.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: The Marketing Management Process

59. Since September 11, 2001, the number of people attending church and looking toward religion to provide solace has increased. As a result, Bible publishers have developed the Starting Point Study Bible, which explains what they are reading and includes a dictionary of biblical terms. In this scenario, the changes in the _____ have led to the publication of the Starting Point Study Bible.

- A. social environment
- B. competitive environment
- C. cooperative environment
- D. economic environment

The social environment includes general cultural and social traditions, norms and attitudes. While these values change slowly, such changes often bring about the need for new products and services. The development and sale of the Starting Point Study Bible has therefore been a result of a change in the social environment.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: The Marketing Management Process

60. In the context of situational analysis, the _____ includes the attitudes and reactions of the general public, social and business critics, and other organizations, such as the Better Business Bureau.

- A. competitive environment
- B. political environment
- C. social environment
- D. legal environment

In the context of situational analysis, the political environment includes the attitudes and reactions of the general public, social and business critics, and other organizations, such as the Better Business Bureau.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: The Marketing Management Process

61. The removal of tariffs on the import of Canadian lumber will adversely affect the U.S. lumber industry because Canada is able to produce lumber much more inexpensively than the U.S. This tariff removal is an example of how the _____ environment can affect businesses.

- A. cooperative
- B. functional
- C. social
- D. legal

In this case, tariff removal, which is directed by a country or a state's legislation, is responsible for affecting the business of the U.S. lumber industry. The legal environment includes a host of federal, state, and local legislation directed at protecting both business competition and consumer rights. This usually acts as a constraint on business behavior, but again can be viewed as providing opportunities for marketing safer and more efficient products.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: The Marketing Management Process

62. Which of the following is the first step in marketing planning?

- A. Stating standards of performance or tasks to be achieved by given dates
- B. Selecting the groups or segments of potential customers the firm is going to serve
- C. Analyzing the different elements of the marketing mix
- D. Identifying the market with the greatest potential

The first step in marketing planning is establishing objectives. Marketing objectives are usually stated as standards of performance (e.g., a certain percentage of market share or sales volume) or as tasks to be achieved by given dates.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: The Marketing Management Process

63. Once the marketing objectives have been established during marketing planning, the next step is the _____.

- A. selection of the target market
- B. identification of investors' needs
- C. identification of competing firms in the market
- D. determination of the marketing mix

The marketing planning process can be viewed in terms of three interrelated tasks: (1) establishing marketing objectives, (2) selecting the target market, and (3) developing the marketing mix.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: The Marketing Management Process

64. The final step of marketing planning is _____.

- A. selecting the target market
- B. developing the marketing mix
- C. establishing objectives based on the organizational mission
- D. determining performance objectives for individual members of the marketing team

Market planning can be viewed in terms of three interrelated tasks: (1) establishing marketing objectives, (2) selecting the target market, and (3) developing the marketing mix.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: The Marketing Management Process

65. The _____ involves a set of controllable variables that must be managed to satisfy the target market and achieve organizational objectives.

- A. demographic profile
- B. mission statement
- C. organizational history
- D. marketing mix

The marketing mix is the set of controllable variables that must be managed to satisfy the target market and achieve organizational objectives.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: The Marketing Management Process

66. The first step in controlling an implemented marketing plan is:

- A. comparing the results of the marketing plan with the objectives.
- B. deciding whether the marketing plan is achieving the objectives.
- C. formulating a new marketing plan.
- D. measuring the results of the implemented marketing plan.

Controlling the marketing plan involves three basic steps. First, the results of the implemented marketing plan are measured. Second, these results are compared with objectives. Third, decisions are made on whether the plan is achieving objectives.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: The Marketing Management Process

67. The final step in controlling an implemented marketing plan is:

- A. performing marketing tasks.
- B. comparing results of the marketing plan with objectives.
- C. measuring the results of the marketing plan.
- D. deciding whether the marketing plan is achieving objectives.

Controlling the marketing plan involves three basic steps. First, the results of the implemented marketing plan are measured. Second, these results are compared with objectives. Third, decisions are made on whether the plan is achieving objectives.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: The Marketing Management Process

68. A cross-functional team responsible for the creation of its company's marketing plan had to make adjustments to the marketing plan since the plan failed to meet the determined objectives. This implies that the cross-functional team is:

- A. controlling the marketing plan.
- B. redefining the organizational mission.
- C. implementing the marketing plan.
- D. altering the organizational portfolio plan.

Controlling the marketing plan involves three basic steps. First, the results of the implemented marketing plan are measured. Second, these results are compared with objectives. Third, decisions are made on whether the plan is achieving objectives. If serious deviations exist between actual and planned results, adjustments may have to be made to redirect the plan toward achieving objectives.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: The Strategic Plan, the Marketing Plan, and Other Functional Area Plans

69. Which of the following statements is true of strategic planning in well-managed institutions?

- A. Strategic planning is clearly a top management responsibility and does not require the active participation of marketing managers.
- B. Planning done in the functional areas of the organization should be independent of the strategic plan.
- C. There is no direct relationship between strategic planning and the planning done by the marketing team.
- D. Marketing executives are involved in the strategic planning process as they influence the process by providing important inputs.

Marketing executives are involved in the strategic planning process as they influence the process by providing important inputs in the form of information and suggestions.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: The Strategic Plan, the Marketing Plan, and Other Functional Area Plans

70. Which of the following statements best describes the role of marketing executives in the strategic planning process?

- A. Marketing executives must always be aware of what the process of strategic planning involves as well as the results.
- B. Marketing executives should make plans that are independent of the strategic plan.
- C. Marketing executives receive suggestions from the strategic planning team and implement the suggestions relating to customers, products, and middlemen.
- D. Marketing executives are not involved in the strategic planning process because this process is the sole responsibility of top management.

Marketing executives are involved in the strategic planning process in at least two important ways: (1) They influence the process by providing important inputs in the form of information and suggestions relating to customers, products, and middlemen; and (2) they must always be aware of what the process of strategic planning involves as well as the results because everything they do—the marketing objectives and strategies they develop—must be derived from the strategic plan.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: The Strategic Plan, the Marketing Plan, and Other Functional Area Plans

71. Employees from different departments such as marketing, production, finance, and human resources are brought together to form a team responsible for creating a strategic plan to serve customers. This is an example of a _____.

- A. cross-cultural team
- B. cross-functional team**
- C. traditional team
- D. top-management team

In a cross-functional team, managers and employees are brought together to participate in creating a strategic plan to serve customers. The greatest advantage of strategic planning with a cross-functional team is the ability of team members to consider a situation from a number of viewpoints.

AACSB: Analytical Thinking

Blooms: Remember

Difficulty: 1 Easy

Topic: The Strategic Plan, the Marketing Plan, and Other Functional Area Plans

72. Which of the following is the greatest advantage of strategic planning with a cross-functional team?

- A. It ensures that strategic planning remains exclusively a top-management responsibility.
- B. It helps the organization arrive at a strategic plan directly from the functional area plans.
- C. It allows the team members to consider a situation from a number of viewpoints.**
- D. It improves the cross-cultural relations between employees.

The greatest advantage of strategic planning with a cross-functional team is the ability of team members to consider a situation from a number of viewpoints. The resulting insights can help the team avoid costly mistakes and poor solutions.

AACSB: Analytical Thinking

Blooms: Understand

Difficulty: 2 Medium

Topic: The Strategic Plan, the Marketing Plan, and Other Functional Area Plans

73. The strategic plan at Steve Walden Inc. helps in the creation of functional area plans for its production, human resource, finance, and technology functions. This best demonstrates the process of:

- A. market diversification.
- B. product-related diversification.
- C. cross-functional strategic planning.
- D. marketing planning.

This best demonstrates the process of cross-functional strategic planning. The cross-functional perspective of strategic planning indicates very clearly that all functional area plans should be derived from the strategic plan while at the same time contributing to the achievement of it.

AACSB: Reflective Thinking

Blooms: Apply

Difficulty: 3 Hard

Topic: The Strategic Plan, the Marketing Plan, and Other Functional Area Plans

74. What is indicated by the cross-functional perspective in strategic planning?

- A. Management action in all functional areas of an organization provide a blueprint for strategic planning.
- B. All functional area plans should be derived from the strategic plan while at the same time contributing to the achievement of it.
- C. Objectives and strategies identified in the strategic plan are not related to other objectives and strategies at higher and lower levels of the organization.
- D. Objectives and strategies from the functional areas in an organization should be translated into objectives and strategies for the strategic plan.

The cross-functional nature of strategic planning refers to how objectives and strategies from the strategic plan must be translated into objectives and strategies for all functional areas including marketing.

AACSB: Analytical Thinking

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Blooms: Understand

Difficulty: 2 Medium

Topic: The Strategic Plan, the Marketing Plan, and Other Functional Area Plans