

Chapter 02 - Relationship Marketing: Where Personal Selling Fits

## **Chapter 02 Relationship Marketing: Where Personal Selling Fits**

### **Learning Objectives:**

- 02-01 Define and explain the terms *marketing* and *marketing concept*.
- 02-02 Describe the evolution of customer orientation in the United States.
- 02-03 Answer the question, why is marketing important to an organization?
- 02-04 Illustrate how the firm's product, price, distribution, and promotion efforts are coordinated for maximum sales success.
- 02-05 Explain why an organization should listen to its customers.
- 02-06 Discuss the role of personal selling in the firm's marketing relationship efforts.
- 02-07 Understand a salesperson's roles when practicing consultative selling.

### **True / False Questions**

1. The purpose of business is to increase the general well-being of humankind through the sale of goods and services.

Answer: True

Learning Objective: 02-01

Topic: What Is the Purpose of Business?

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: The purpose of business is to increase the general well-being of mankind through the sale of goods and services. This requires making a profit in order to operate the business and provide beneficial products to the marketplace.

2. Before the Great Depression, few firms had either sales or marketing departments.

Answer: True

Learning Objective: 02-01

Topic: Customer Orientation's Evolution

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Prior to the Great Depression, few firms had marketing departments, and many did not even have a formal sales department. An engineer would develop a product, have the production department make it, and then simply put it in the catalog and wait for people to order.

3. A transaction is a trade of values between two parties.

Answer: True

Learning Objective: 02-01

Topic: What Is Marketing?

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: A transaction is a trade of values between two parties; it forms a relationship between buyer and seller. Once the transaction has occurred, an exchange is complete.

4. Soon after World War II, most firms focused on training salespeople in effective selling techniques and developing products to meet the needs of customers.

Answer: False

Learning Objective: 02-02

Topic: Customer Orientation's Evolution

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: A few years after the war, companies still produced goods with little regard for the consumers' needs. Few companies recognized the value of training their salespeople in selling techniques. However, as time passed, businesses found that they had to become market oriented rather than sales oriented.

5. One of the fundamental beliefs of the marketing concept is that all company planning and operations should be customer oriented.

Answer: True

Learning Objective: 02-02

Topic: Customer Orientation's Evolution

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: The marketing concept is a business philosophy that says the customers' want-satisfaction is the economic and social justification for a firm's existence. Consequently, all company planning and operations should be customer oriented.

6. The difference between the selling and marketing concepts is that in selling the emphasis is on customers' wants.

Answer: False

Learning Objective: 02-02

Topic: Customer Orientation's Evolution

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: The marketing concept focuses on customer wants. In contrast, the selling concept focuses on the product.

7. A company practicing the marketing concept bends consumer demand to fit the company's supply.

Answer: False

Learning Objective: 02-02

Topic: Customer Orientation's Evolution

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Firms following the marketing concept determine customer wants before making and delivering products. Therefore, company products are shaped to meet consumer demands.

8. Marketing helps generate sales by providing the quality of service customers expect.

Answer: True

Learning Objective: 02-03

Topic: Marketing's Importance in the Firm

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Quality service helps the organization to maximize sales. It is the performance of service that creates true customers: customers who buy more and who influence others to buy.

9. A firm's marketing mix consists of product, price, place, and performance.

Answer: False

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Product, price, place or distribution, and promotion are the four components of the marketing mix.

10. The typical salesperson sells either goods or services, but not both.

Answer: False

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Salespeople have gone from selling goods, to selling goods, services, and ideas, to now selling goods, ideas, services, and value-added services.

11. A "product" is a bundle of tangible attributes, while intangible attributes are called a "service."

Answer: False

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: A service is an intangible action or activity done for others for a fee. The term product can be goods, service, idea, or a combination of these.

12. There are two types of products: consumer and industrial.

Answer: True

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: There are two general types of products. Consumer products are produced for, and purchased by, households or end consumers for their personal use. Industrial products are sold primarily for use in producing other products.

13. The corporate marketing department determines each product's initial price.

Answer: True

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: The corporate marketing department also determines each product's initial price. This process involves establishing each product's normal price and possible special discount prices.

14. "Household" refers to a decision-making unit buying for personal use.

Answer: True

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: A household refers to a decision-making unit buying for personal use. Every individual in the economy belongs to a household.

15. "Government" is an organization that supplies goods and services to households and firms.

Answer: True

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: A government is an organization that has two functions: the provision of goods and services to households and firms and the redistribution of income and wealth.

16. Wholesalers are in the distribution channels exclusively for industrial products, whereas retailers deal with consumer products.

Answer: False

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Wholesalers deal with both consumer and industrial products. Wholesalers sell to both retailers and to industrial or business users. Retailers typically sell to final consumers.

17. The promotional element of the marketing mix is designed to increase company sales by communicating product information to potential customers.

Answer: True

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Promotion, as part of the marketing mix, increases company sales by communicating product information to potential customers. The company's sales force is one segment of the firm's promotional effort.

18. Firms typically spend more money on advertising and promotion than on the sales force.

Answer: False

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Firms typically spend more money on their sales force than on advertising and promotion. Organizations selling in industrial markets spend a higher percentage of the promotion budget on their sales force than manufacturers of consumer goods.

19. The trend in relationship marketing today is away from creating customers for tomorrow to selling well to customers today.

Answer: False

Learning Objective: 02-05

Topic: Relationship Marketing

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Organizations today have targeted new and present customers. The emphasis is shifting from selling customers today to creating customers for tomorrow. Thus, business is thinking more long term than short term.

20. Relationship marketing is based on an idea that important customers need continuous attention.

Answer: True

Learning Objective: 02-05

Topic: Relationship Marketing

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Relationship marketing is based on the idea that important customers need continuous attention. An organization using relationship marketing is not seeking a simple sale or transaction. It has targeted a major customer that it would like to sell to now and in the future.

21. The main function of personal selling is to build relationships with customers.

Answer: True

Learning Objective: 02-06

Topic: Relationship Marketing and the Sales Force

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: The main functions of personal selling are to generate revenue and provide service to help make customers satisfied with their purchases. This builds relationships and is the key to success in today's competitive marketplace.

22. Virtually every product you see in any retail store was sold to it by a salesperson.

Answer: True

Learning Objective: 02-06

Topic: Relationship Marketing and the Sales Force

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Virtually every product you see in any factory, office, school, or retail store was sold to that organization by a salesperson. Salespeople are responsible for making products available to the public.

23. Service quality is an objective assessment determined by customers who compare service levels with industry benchmarks.

Answer: False

Learning Objective: 02-06

Topic: Relationship Marketing and the Sales Force

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Service quality is a subjective satisfaction assessment that customers arrive at by comparing the service level they believe an organization ought to deliver to the service level that they perceive being delivered.

24. Relationship marketing and the marketing concept both emphasize sales volume and product features.

Answer: False

Learning Objective: 02-06

Topic: Relationship Marketing and the Sales Force

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Relationship marketing and the marketing concept are based on the philosophy of being customer oriented. Firms that follow a selling concept emphasize sales volume and product features. The marketing concept focuses on customer wants and long-term profits. .

25. In transaction selling, the seller contacts customers after the purchase to determine if they are satisfied and have future needs.

Answer: False

Learning Objective: 02-06

Topic: Levels of Relationship Marketing

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: In transaction selling, customers are sold to and not contacted again. With relationship selling, the seller contacts customers after the purchase to determine if they are satisfied and have future needs.

26. Transaction selling is practiced by firms producing low-profit, low-priced products.

Answer: True

Learning Objective: 02-06

Topic: Levels of Relationship Marketing

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: With transaction selling, customers are sold to and not contacted again. Transaction selling is common among firms selling low-profit, low-priced products.

27. The goal of partnering is that the profits are shared by the buyer and seller, but the risk is borne by the buyer alone.

Answer: False

Learning Objective: 02-06

Topic: Partnering with Customers

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Partnering encourages both buyer and seller to share information such as marketing research findings and production cost data. Their goal is to share risks and profits together.

28. Today, the typical sales call focuses on a specific product and is tightly controlled by the salesperson.

Answer: False

Learning Objective: 02-07

Topic: The New Consultative Selling

Blooms: Remember



AACSB: Analytic

Level of Difficulty: Easy

Explanation: In the past, the typical sales presentation was a pitch focused on a specific product and tightly controlled by the salesperson. Today, the best sales calls are highly interactive dialogues between a salesperson and a customer working toward a common goal.

29. Companies that put partnering into practice find they increase conflicts of interest between themselves and their clients.

Answer: False

Learning Objective: 02-05

Topic: Partnering with Customers

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Companies that put partnering into practice find they reduce or eliminate conflicts of interest between themselves and their clients. Those who work at partnering find that very quickly their sensitivity and responsiveness improve significantly.

30. In the role of team leader, the salesperson coordinates all of the information, resources, and activities needed to support customers before, during, and after the sale.

Answer: True

Learning Objective: 02-07

Topic: The New Consultative Selling

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: In the role of team leader, the salesperson coordinates all of the information, resources, and activities needed to support customers before, during, and after the sale. The team leader works to bring together all of the organization's resources for the customer.

31. As a business consultant, the salesperson gives advice and service to the customer.

Answer: True

Learning Objective: 02-07

Topic: The New Consultative Selling

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: As a business consultant, the salesperson gives advice and service. The salesperson uses internal and external resources to gain an understanding of the customer's business and marketplace.

32. Salespeople who fulfill the consultative role of long-term ally work to eliminate the relationship gap.

Answer: True

Learning Objective: 02-07

Topic: The New Consultative Selling

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Salespeople who fulfill the role of long-term ally work to eliminate the relationship gap by ensuring that the customer is receiving the level of support and service that meets expectations now and throughout the duration of the customer relationship process.

33. Technology has advanced so rapidly that it has become a burden to sales managers and sales representatives in certain industries.

Answer: False

Learning Objective: 02-07

Topic: E-Selling: Technology and Information Build Relationships

Blooms: Remember

AACSB: Technology

Level of Difficulty: Easy

Explanation: Salespeople have access to almost any conceivable piece of information or data, which is beneficial to managers and sales representatives. Technology is making it possible to improve a person's sales and service performance.

34. Customers tend to become less price-sensitive when they become accustomed to dealing with a salesperson.

Answer: True

Learning Objective: 02-07

Topic: What's a Salesperson Worth?

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Customers tend to become less price-sensitive when they become accustomed to dealing with a salesperson and receiving great service, which makes effective salespeople valuable to their employers.

35. Marketing's main customer contacts are buyers.

Answer: False

Learning Objective: 02-07

Topic: The Key to Success

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: A marketer is rarely in direct contact with a buyer. Marketing's main customer contacts are salespeople.

### Multiple Choice Questions

36. According to the text, what are the two major functions of a business firm?

- A. Strategies and tactics
- B. Production and marketing
- C. Production and selling
- D. Selling and marketing
- E. Buying and selling

Answer: B

Learning Objective: 02-01

Topic: What Is the Purpose of Business?

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Reduced to basics, businesses have two major functions: production of goods or creation of services and marketing those goods and services.

37. You are giving a tour of businesses to several classical musicians from China. One of the Chinese in the tour group has asked you to define the purpose of business. How should you answer this question?

- A. Produce goods and then wait for consumers to buy them
- B. Encourage consumers to buy products they may not want
- C. Speed up changes in the economic environment
- D. Create large profit-oriented organizations
- E. Increase the general well-being of people by selling goods and services

Answer: E

Learning Objective: 02-01

Topic: What Is the Purpose of Business?

Blooms: Apply

AACSB: Analytic

Level of Difficulty: Hard

Explanation: The primary goal of business should be to transform the marketplace and workplace into an environment where everyone is treated as they would like to be treated. Business should be fair to all parties involved in both the buying and selling of goods and services.

38. \_\_\_\_\_ 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.

- A. Consumerism
- B. Profit maximization
- C. Marketing
- D. Salesmanship
- E. Professional selling

Answer: C

Learning Objective: 02-01

Topic: What Is Marketing?

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Marketing involves a diverse set of activities directed at a wide range of goods, services, and ideas. These activities involve the development, pricing, promotion, and distribution of want-satisfying goods and services to consumers and industrial users.

39. Which of the following statements about transactions and exchanges is most likely true?

- A. Service-oriented businesses have exchanges but no transactions.
- B. Marketing-oriented businesses have transactions but no exchanges.
- C. The completion of an exchange is unrelated to the occurrence of a transaction.
- D. Once a transaction has occurred, the exchange is complete.
- E. The terms "transaction" and "exchange" can be used as synonyms.

Answer: D

Learning Objective: 02-01

Topic: What Is Marketing?

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: When an exchange occurs, a transaction takes place, as transactions are the basic unit of exchange. Once the transaction has occurred, the exchange is complete.

40. A bartering relationship, such as when Patricia agrees to take care of Timothy's horses and receives in return free riding lessons, is an example of:

- A. an exchange.
- B. top-to-top partnering.
- C. relational marketing.
- D. transactional partnering.
- E. consultative selling.

Answer: A

Learning Objective: 02-01

Topic: What Is Marketing?

Blooms: Apply

AACSB: Analytic

Level of Difficulty: Hard

Explanation: Exchange refers to the act of obtaining a desired product from someone by offering something in return. In this case, Patricia and Timothy both obtained desired services from each other.

41. Before the Great Depression of the 1930s, companies were primarily focused on:

- A. production.
- B. bartering.
- C. customer service.
- D. relationship marketing.
- E. social responsibility.

Answer: A

Learning Objective: 02-02

Topic: Customer Orientation's Evolution

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Prior to the Great Depression, most firms were production oriented. Few firms had marketing or sales departments.

42. The headline of an advertisement for a 1930s automobile manufacturer read, "We know what our customers want! They want our new luxury sedan!" You can infer from reading this headline that the manufacturer had a(n) \_\_\_\_\_ orientation.

- A. customer
- B. environmental
- C. marketing
- D. production
- E. promotion

Answer: D

Learning Objective: 02-02

Topic: Customer Orientation's Evolution

Blooms: Apply

AACSB: Analytic

Level of Difficulty: Hard

Explanation: The ad focuses on the product rather than the needs or wants of the customer. Most firms of that time were production oriented and lacked sales or marketing departments.

43. Roy loves cooking and recently quit his job as an engineer to open a restaurant in a small, rural town. Roy serves the most exquisite cuisine in an elegant atmosphere. Nevertheless, sales have been so slow that Roy may have to close the restaurant. Roy's only competitor is a very successful café that serves your choice of one meat, three vegetables, and dessert cooked "country style" with tea or coffee for under \$6.00 per person. Roy's business is most likely struggling because Roy has a \_\_\_\_\_ orientation.

- A. customer
- B. selling
- C. marketing
- D. production
- E. promotion

Answer: D

Learning Objective: 02-02

Topic: Customer Orientation's Evolution

Blooms: Apply

AACSB: Analytic

Level of Difficulty: Hard

Explanation: Roy is focused on what he likes to cook or produce rather than what customers want, which is why his business is struggling.

44. Businesses that have a selling orientation:

- A. emphasize the product over all other marketing mix elements.
- B. train salespeople to analyze customer wants and needs.
- C. emphasize long-term planning and globalization.
- D. identify customer wants before making products.
- E. pursue consumer satisfaction as a primary objective.

Answer: A

Learning Objective: 02-02

Topic: Customer Orientation's Evolution

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Firms that have a selling concept emphasize the product over other components of the marketing mix. Such firms encourage salespeople to have extensive product knowledge and are less likely to encourage salespeople to determine customer wants and needs.

45. A sales representative in the 1940s would most likely receive training from an employer on which of the following topics?

- A. Customer service
- B. Product features
- C. Market analysis
- D. Sales presentations
- E. Promotional techniques

Answer: B

Learning Objective: 02-02

Topic: Customer Orientation's Evolution

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Firms in the 1940s stressed selling products over marketing them. Salespeople received training that provided them with product knowledge and relied on their personal skills to give sales presentations.

46. Businesses that have a marketing orientation:

- A. are sales-volume oriented.
- B. emphasize the product over the other marketing mix elements.
- C. first make the product and then figure out how to sell it.
- D. emphasize long-term planning.
- E. stress the needs of sellers.

Answer: D

Learning Objective: 02-01

Topic: Customer Orientation's Evolution

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: The marketing concept is a business philosophy that says the customers' want-satisfaction is the economic and social justification for a firm's existence. Such firms emphasize long-term planning in terms of new products and future needs.

47. The major thrust of the marketing concept is to:

- A. sell the product at a low cost to customers.
- B. satisfy customers, no matter what the costs.
- C. satisfy customer wants, while still making a profit.
- D. distribute products more equitably.
- E. maximize stakeholder relationships.

Answer: C

Learning Objective: 02-01

Topic: Customer Orientation's Evolution

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: The marketing concept is a business philosophy that says the customers' want-satisfaction is the economic and social justification for a firm's existence. Consequently, all company activities should be devoted to determining customers' wants and then satisfying them, while still making a profit.

48. In order for a firm to realize the full benefits of the marketing concept, that philosophy must be translated into action. This means marketing activities must be fully coordinated, well managed, and:

- A. the mission statement must be time-sensitive.
- B. management must have a sales volume orientation.
- C. the company must rely on short-term strategic windows.
- D. the chief marketing executive must be given a key role in company planning.
- E. marketing goals must be customer-oriented, nonspecific, flexible, and quantitative.

Answer: D

Learning Objective: 02-02

Topic: Customer Orientation's Evolution

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: For a business enterprise to realize the full benefits of the marketing concept, this philosophy must be translated into action. This means (1) marketing activities must be fully coordinated and well managed and (2) the chief marketing executive must be accorded an important role in company planning.

49. Which of the following links customers and organizations?

- A. Marketing group
- B. Top management
- C. Production department
- D. Human resources department
- E. Staff-level employees

Answer: A

Learning Objective: 02-03

Topic: Marketing's Importance in the Firm

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: The marketing group is the link between customers and the organization. Salespeople are part of marketing, and they are in direct contact with customers.



50. The main role of marketing in an organization is to:
- A. use revenues to create new products.
  - B. manage financial resources to meet legal requirements.
  - C. generate sales so the company can stay in business.
  - D. serve as a conduit between the firm and its stakeholders.
  - E. identify and correct quality control issues.

Answer: C

Learning Objective: 02-03

Topic: Marketing's Importance in the Firm

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: The main role of marketing in an organization is basically to generate revenues. The money marketing generates are managed by the financial people and used by the production people in creating goods and services. Marketing activities are therefore very important to the organization because it must generate sales to stay in business.

51. The four main elements of the marketing mix are:
- A. product, packaging, people, and price.
  - B. price, process, prestige, and product.
  - C. promotion, product, prestige, and price.
  - D. product, price, place, and promotion.
  - E. place, production, packaging, and promotion.

Answer: D

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: A firm's marketing mix consists of four main elements—product, price, distribution or place, and promotion—that a marketing manager uses to market goods and services.

52. Which of the following statements is most likely true?
- A. Products are tangible but not intangible.
  - B. Products contain many value-added features.
  - C. Salespeople sell goods and services but not products.
  - D. Product is a term that refers to both goods and services.
  - E. Three general types of products exist: consumer, industrial, and global.

Answer: D

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: A product is a bundle of tangible and intangible attributes, including packaging, color, and brand, plus the services and even the reputation of the seller. Value-added refers to benefits received that are not included in the purchase price of the individual goods, service, or idea, and they may or may not be a component of a product.

53. Which of the following statements about products, goods, and services is true?

- A. Products are a bundle of purely intangible attributes.
- B. Services are tangible products.
- C. Goods are physical objects that can be purchased.
- D. Salespeople never or rarely sell services.
- E. Products only refer to physical objects.

Answer: C

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Goods are physical objects, such as cars and radios that can be purchased. A product is a bundle of tangible and intangible attributes, including packaging, color, and brand, plus the services and even the reputation of the seller.

54. When Larry purchased a Jet Ski personal watercraft for \$4,999, he was also given free financing and three hours of free lessons on how to safely enjoy jet skis. Neither the financing nor the lessons were included in the price of the Jet Ski; both are examples of:

- A. value-added benefits.
- B. bundling.
- C. profit maximization.
- D. privileges.
- E. add-on pricing.

Answer: A

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Apply

AACSB: Analytic

Level of Difficulty: Hard

Explanation: Value-added refers to benefits received that are not included in the purchase price of the individual goods, service, or idea. The jet-ski retailer offers customers free financing and lessons as value-added benefits.

55. The development of package design, trademarks, warranties, and service policies is associated with the \_\_\_\_\_ element of the marketing mix.

- A. product
- B. presentation
- C. price
- D. place
- E. promotion

Answer: A

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: A product is a bundle of tangible and intangible attributes, including packaging, color, trademark, and brand, plus service policies, warranties, and even the reputation of the seller.

56. Ford is offering customers \$1,000 cash back if they purchase a Ford Focus in the month of December. Which component of the marketing mix is most likely illustrated by Ford's tactic?

- A. Destination
- B. Presentation
- C. Product
- D. Distribution
- E. Price

Answer: E

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Price refers to the value or worth of a product that attracts the buyer to exchange money or something of value for the product. Companies develop varied pricing techniques and methods for their salespeople to use, such as cash rebates to increase automobile sales.

57. The marketing manager of NevaFlat Tire Company must make the firm's products available to customers in convenient locations. This activity is associated with the \_\_\_\_\_ element of the marketing mix.

- A. facility
- B. availability
- C. direction
- D. distribution
- E. promotion

Answer: D

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Distribution refers to the channel structure used to transfer products from an organization to its customers. It is important to have the product available to customers in a convenient and accessible location when they want it.

58. Customers fall into one of three groups. They are:

- A. individuals, households, and other businesses.
- B. stakeholders, governments, and nonprofit groups.
- C. households, firms, and governments.
- D. retailers, wholesalers, and consumers.
- E. governments, stakeholders, and manufacturers.

Answer: C

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Customers belong to households, firms, or governments. Customers can be either individuals or organizations.

59. As a customer, a government is best described as an organization that:

- A. provides goods and services to households and firms.
- B. produces goods for profit and global redistribution.
- C. sells products at wholesale prices to other nations.
- D. promotes local and national businesses.
- E. manages the exchange process.

Answer: A

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: A government is an organization that has two functions: the provision of goods and services to households and firms and the redistribution of income and wealth. Examples of the goods and services supplied by the government are national defense, law enforcement, public health, transportation, and education.

60. \_\_\_\_\_ purchase products and then sell the products to organizations and/or individuals.

A. Transactional intermediaries

B. Resellers

C. Value-added specialists

D. Manufacturers

E. End-users

Answer: B

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Resellers, such as wholesalers or retailers, purchase products and then sell them to organizations and/or individuals. The wholesaler buys goods in large quantities, reselling them, usually in smaller quantities, to retailers or to industrial or business users. The retailer buys goods from others and sells them to ultimate consumers for their personal use.

61. The appearance of actor Sarah Jessica Parker in commercials for The Gap, a retail store, is an example of the use of the \_\_\_\_\_ element of the marketing mix.

A. sales presentation

B. personal selling

C. product

D. profit

E. promotion

Answer: E

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Promotion, as part of the marketing mix, increases company sales by communicating product information to potential customers. An actor promoting a product in an advertisement is a form of promotion.

62. Which of the following statements about personal selling is true?
- A. It falls under the marketing mix category of promotion.
  - B. It is the primary tool of non-personal communication.
  - C. It involves giving free samples and coupons to potential buyers.
  - D. It is the communication of information that is not paid for by the firm.
  - E. It is divided into consumer and trade personal selling.

Answer: A

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB:

Level of Difficulty: Medium

Explanation: Personal selling is personal communication of information to unselfishly persuade a prospective customer to buy a good, service, idea, or something else that satisfies an individual's needs. Personal selling is an activity involved in the promotion aspect of the marketing mix.

63. In most cases, which of the following receives the highest percentage of a firm's promotional budget?
- A. Commercials
  - B. Sales force
  - C. Human resources
  - D. Public relations
  - E. Print advertising

Answer: B

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Firms typically spend more money on their sales force than on advertising and promotion. Organizations selling in industrial markets spend a higher percentage of the promotion budget on their sales force than manufacturers of consumer goods.

64. The text defines \_\_\_\_\_ as "personal communication of information to unselfishly persuade a prospective customer to buy something that satisfies an individual's needs."

- A. promotion
- B. personal selling
- C. publicity
- D. sales promotion
- E. advertising

Answer: B

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Personal selling is personal communication of information to unselfishly persuade a prospective customer to buy a good, service, idea, or something else that satisfies an individual's needs.

65. When Ford Motor Company pays to use nonpersonal communication to present information to potential buyers, it is using which promotional activity?

- A. Multilevel marketing
- B. Personal selling
- C. Publicity
- D. Direct selling
- E. Advertising

Answer: E

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Advertising is defined as nonpersonal communication of information paid for by an identified sponsor such as an individual or an organization like Ford. Modes of advertising include television, radio, direct mail, catalogs, newspapers, and outdoor advertising such as billboards.

66. \_\_\_\_\_ involves activities or materials used to create sales for goods and services, such as coupons and sales contests.

- A. Direct selling
- B. Public relations
- C. Customer service
- D. Sales promotion
- E. Advertising

Answer: D

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Sales promotion involves activities or materials used to create sales for goods or services. Coupons, contests, displays, and demonstrations are examples of sales promotions.

67. The goal of an organization when creating its \_\_\_\_\_ is to create the right product, at the right price, at the right time, with the right promotional effort.

- A. sales promotion
- B. mission statement
- C. operational plan
- D. vision statement
- E. marketing mix

Answer: E

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: An organization's marketing group strives to create a marketing mix containing the right product, at the right price, at the right time, with the right promotional effort.

68. Which marketing mix activity is being used when the salesperson participates in a trade show or uses telemarketing?

- A. Pricing
- B. Distribution
- C. Direct sales
- D. Product
- E. Promotion

Answer: E

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Remember



AACSB: Analytic

Level of Difficulty: Easy

Explanation: Promotion involves increasing company sales by communicating product information. Trade shows, telemarketing, direct sales, and public relations are all examples of promotion activities.

69. \_\_\_\_\_ marketing is the creation of customer loyalty.

- A. Transaction
- B. Relationship
- C. Value-added
- D. Continuous
- E. Covenant

Answer: B

Learning Objective: 02-06

Topic: Relationship Marketing

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Relationship marketing is the creation of customer loyalty. Relationship marketing is based on the idea that important customers need continuous attention.

70. Relationship marketing is based on the idea that:

- A. important customers need continuous attention.
- B. a salesperson can never really know too many people.
- C. the burden of quality rests with the seller of the product.
- D. a salesperson is only as successful as the product being sold.
- E. friends and referrals are the key to long-term sales performance.

Answer: A

Learning Objective: 02-06

Topic: Relationship Marketing

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Relationship marketing is the creation of customer loyalty. Organizations use combinations of products, prices, distributions, promotions, and services to achieve this goal. Relationship marketing is based on the idea that important customers need continuous attention.

71. Which of the following is a unique benefit of personal selling?

- A. Highlighting product features
- B. Achieving high sales at minimal costs
- C. Explaining credit terms to potential customers
- D. Customizing presentations to match customer needs
- E. Reaching mass audiences quickly and cost effectively

Answer: D

Learning Objective: 02-06

Topic: Relationship Marketing and the Sales Force

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Because they are involved in person-to-person discussions, salespeople can customize their sales presentations to the individual needs of specific people and organizations. Salespeople can see a customer's reaction to a sales approach and make necessary needed adjustments immediately.

72. Margaret is unhappy about her experience with All-Brand Appliance Store. When she purchased a new refrigerator on Monday, she explained that her old one had stopped functioning and that speedy delivery of the new one was vital because she was trying to keep her food fresh in an ice chest. It is late Thursday afternoon and her refrigerator has not yet arrived. Margaret is unhappy with All-Brand's:

- A. social responsibility.
- B. ethical ombudsmanship.
- C. marketing strategy.
- D. sales quotas.
- E. service quality.

Answer: E

Learning Objective: 02-06

Topic: Relationship Marketing and the Sales Force

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Service quality is a subjective satisfaction assessment that customers arrive at by comparing the service level they believe an organization ought to deliver to the service level that they perceive being delivered. Margaret is unhappy with All-Brand's service because the store has failed to deliver the refrigerator when she needed it.

73. The marketing manager for a large furniture store has received numerous complaints about the store's delivery personnel. While the manager believes his delivery personnel do a good job because the deliveries are made quickly and generally at their scheduled time, customers find the delivery personnel rude. The marketing manager must deal with problems associated with:

- A. social responsibility.
- B. promotional integrity.
- C. marketing strategy.
- D. value-added pricing.
- E. service quality.

Answer: E

Learning Objective: 02-06

Topic: Relationship Marketing  
and the Sales Force

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Service quality is a subjective satisfaction assessment that customers arrive at by comparing the service level they believe an organization ought to deliver to the service level that they perceive being delivered. Customers believe the deliver personnel should be friendlier, so service quality is an issue for the firm.

74. When Stuart sold a computer network to a Fortune 500 company, he often called on the company's purchasing department to see if employees were satisfied with the network and to see if the company had any need for an upgrade or additional software. This is an example of:

- A. transformational selling.
- B. aggressive selling.
- C. relationship selling.
- D. transaction selling.
- E. sales promotion.

Answer: C

Learning Objective: 02-06

Topic: Levels of Relationship Marketing

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: With relationship selling, the seller contacts customers after the purchase to determine if they are satisfied and have future needs. With transaction selling, customers are sold to and not contacted again.

75. When you visit a gift shop while on vacation, your purchase of a T-shirt would be an example of \_\_\_\_\_ selling.

- A. team
- B. relationship
- C. partnership
- D. consultative
- E. transaction

Answer: E

Learning Objective: 02-06

Topic: Levels of Relationship Marketing

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: With transaction selling, customers are sold to and not contacted again, as when purchasing a t-shirt while on vacation. Relationship selling involves the seller contacting customers after the purchase to determine if they are satisfied and have future needs.

76. Which type of selling would most likely be used when a firm sells low-priced products to customers who are geographically dispersed?

- A. Benefit selling
- B. Relationship selling
- C. Partnering
- D. Team-based
- E. Transaction selling

Answer: E

Learning Objective: 02-06

Topic: Levels of Relationship Marketing

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Transaction selling is common for firms that sell low-priced, low-profit products to geographically dispersed customers. It would be difficult and costly to conduct customer follow-up in such situations.

77. Through use of \_\_\_\_\_, marketers can determine the customers with whom they wish to build a partnering relationship.

- A. the principle of unbundling
- B. benefit maximization
- C. the 80/20 principle
- D. value-driven marketing
- E. the iceberg principle

Answer: C

Learning Objective: 02-06

Topic: Levels of Relationship Marketing

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: The 80/20 principle states that 80 percent of sales often come from 20 percent of a company's customers. Organizations realize the need to identify their most important customers and designate them for their partnering programs.

78. Which term refers to the process of helping the customer achieve strategic goals through use of the seller's good and/or service?

- A. Consultative selling
- B. Transactional selling
- C. Aggressive selling
- D. Telemarketing selling
- E. One-time selling

Answer: A

Learning Objective: 02-07

Topic: The New Consultative Selling

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Consultative selling is the process of helping the customer achieve strategic short- and long-term goals through the use of the seller's good and/or service.

79. In the role of team leader, the consultative salesperson:

- A. can be called a "lone ranger."
- B. encourages business that is not in the customer's long-term interest.
- C. brings together all the organization's resources for the customer.
- D. expects customers to provide all the confidential information before making purchase recommendations.
- E. considers his/her job complete once the sale is over.

Answer: C

Learning Objective: 02-07

Topic: The New Consultative Selling

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: In the role of team leader, the salesperson coordinates all of the information, resources, and activities needed to support customers before, during, and after the sale. The team leader works to bring together all of the organization's resources for the customer.

80. \_\_\_\_\_ are composed of multifunctional specialists who ensure that their organizations convey their needs to the seller and evaluate the accuracy of the supplier's recommendations.

- A. Buying teams
- B. Focus groups
- C. Executive juries
- D. Customer advisors
- E. Selling teams

Answer: A

Learning Objective: 02-07

Topic: The New Consultative Selling

Blooms: Remember

AACSB: Analytic

Level of Difficulty: Easy

Explanation: Buying teams are composed of multifunctional specialists who ensure that their organizations accurately convey their complex needs to the seller and thoroughly assess the accuracy of the supplier's recommendations.

81. In the role of business consultant, the consultative salesperson:

- A. works alone to prepare a financial strategy for global clients.
- B. is a persuasive peddler focused on convincing customers to buy products.
- C. serves as a primary contact between the CEOs of the selling and buying firms.
- D. expects the customer to provide technical support and advice for all e-sales calls.
- E. uses internal and external resources to understand a customer's business and marketplace.

Answer: E

Learning Objective: 02-07

Topic: The New Consultative Selling

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: As a business consultant, the salesperson gives advice and service. The salesperson uses internal and external resources to gain an understanding of the customer's business and marketplace.

82. As a long-term ally, the consultative salesperson:

- A. analyzes and develops diversification strategies for customers.
- B. coordinates information and resources for customer support activities.
- C. asks customers for confidential data before making purchase recommendations.
- D. recommends promotion techniques for the customer that will benefit both parties.
- E. helps customers carry out fact-finding missions within the customer's company.

Answer: E

Learning Objective: 02-07

Topic: The New Consultative Selling

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: In the role of long-term ally, the salesperson acts as a helper in meeting the customer's needs. The salesperson "goes to bat" for customers with the seller's employer whenever necessary and helps customers carry out fact-finding missions within the customer's company.

83. How are modern day salespeople different from those in the past?

- A. Modern day salespeople are required to be increasingly product-oriented.
- B. In the past, most salespeople focused time on building the relationship gap.
- C. Modern day salespeople can improve sales and service performance with technology.
- D. In the past, most salespeople strived to build long-term relationships with key customers.
- E. Global competition is pushing modern salespeople to be persuasive peddlers to maximize profit.

Answer: C

Learning Objective: 02-02

Topic: E-Selling: Technology and Information

Build Relationships

Blooms: Understand

AACSB: Technology

Level of Difficulty: Medium

Explanation: Technology has exploded the boundaries of today's knowledge frontiers, so modern salespeople have access to almost any conceivable piece of information or data. Technology is making it possible to improve a person's sales and service performance.

84. A supermarket chain was negotiating with a manufacturer of different types of meat grinders. Before the sale, the chain's management was impressed with the service they received from the salesperson. After the sale, however, when the blade on the frozen block grinder broke, it took them two weeks to locate the sales representative. Which of the following is illustrated in this example?

- A. Short-term ally
- B. Relationship gap
- C. Value-added benefit
- D. Customer partnership
- E. Consultative selling

Answer: B

Learning Objective: 02-07

Topic: The New Consultative Selling

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: It is common for a salesperson's interest in the customer to decline after the sale, as in this example. This difference between the salesperson's pre- and post-sale concern for the customer is referred to as the relationship gap.

85. According to the text, the key to profitable company performance is:
- A. knowing and satisfying target customers with competitively superior products and service.
  - B. relying on publicity to create product awareness and minimizing customer service.
  - C. exhibiting a commitment by corporate leaders to curb the instincts of capitalism.
  - D. realizing the good luck of having popular products in a non-recessional economy.
  - E. relying on traditional methods of gathering information rather than technology.

Answer: A

Learning Objective: 02-05

Topic: The Key to Success

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Consumer and business buyers face an abundance of suppliers seeking to satisfy their every need. The key to profitable company performance is knowing and satisfying target customers with competitively superior products and service. Marketing is the company function that defines not only customer targets but also the best way to satisfy their needs and wants competitively and profitably.

### Coca-Cola

For decades, people in Rome, Georgia, drank more Coca-Cola per capita than anywhere else in the world. That success has been attributed to the Barron family who were the local bottlers for Coke products. The Barrons believe that their success was due to customer loyalty. Through most of the twentieth century, the bottler cultivated small retailers and worked hard, selling Coke from stores to schools to doorsteps. The personal service is remembered by people who grew up in Rome. When someone passed away, the Coke salesperson would leave a couple of cases on the deceased's family's front porch.

86. Because the Rome Coke bottler stressed the wants of the buyers, it is obvious that it was a supporter of:

- A. team selling.
- B. social responsibility. .
- C. the marketing concept.
- D. the production concept.
- E. non-consumer marketing.

Answer: C

Learning Objective: 02-01

Topic: Customer Orientation's Evolution

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: The Rome Coke bottler most likely adhered to the marketing concept. The bottler's planning and operations were customer oriented and marketing activities were organizationally coordinated.



87. In Rome, the small retailers that sold Coke products were an important part of the \_\_\_\_\_ element of the marketing mix.

- A. price
- B. production
- C. product
- D. promotion
- E. distribution

Answer: E

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: The Rome Coke bottler sold its products to resellers, which in this case were small stores. The retailers acted as Coke distributors by buying and selling Coke products.

88. In Rome, the Coke salesperson was an important member of the \_\_\_\_\_ element of the marketing mix.

- A. price
- B. production
- C. product
- D. promotion
- E. distribution

Answer: D

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Salespeople are components of the promotion aspect of the marketing mix. The Coke salesperson used personal selling to persuade retailers and individuals to purchase Coke products.

89. The Coke bottlers in Rome most likely instructed the firm's sales force to use:

- A. transactional marketing.
- B. relationship marketing.
- C. loyalty exchanges.
- D. distribution licensing.
- E. transformational selling.

Answer: B

Learning Objective: 02-06

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Relationship marketing is the creation of customer loyalty, and it was key to the success of the Rome Coke bottler. Organizations use combinations of products, prices, distributions, promotions, and services to achieve this goal. Relationship marketing is based on the idea that important customers need continuous attention.

90. The gift of cases of Cokes to families is one indication of how the Rome bottler provided a high level of \_\_\_\_\_ that led the citizens of Rome to become loyal Coke drinkers.

- A. service quality
- B. empowerment
- C. sales collaboration
- D. post-sales service
- E. quality control

Answer: A

Learning Objective: 02-06

Topic: Relationship Marketing and the Sales Force

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Explanation: Service quality is a subjective satisfaction assessment that customers arrive at by comparing the service level they believe an organization ought to deliver to the service level that they perceive being delivered. Coke customers were highly satisfied and loyal due to the service provided by the bottler.

## Essay Questions

91. According to the text, what are the primary goals and the purpose of business?

Answer: The purpose of business is to increase the general well-being of humankind through the sale of goods and services. This requires making a profit in order to operate the business and provide beneficial products to the marketplace. Profit is a means to an end. Reduced to basics, businesses have two major functions: production of goods or creation of services and marketing those goods and services. The primary goal of business should be to transform the marketplace and workplace into an environment where everyone is treated as they would like to be treated. Business should be fair to all parties involved in both the buying and selling of goods and services.

Learning Objective: 02-01

Topic: What Is the Purpose of Business?

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

92. What is marketing? Describe the evolution of the consumer-oriented attitude.

Answer: 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. Before the Great Depression of the 1930s, few firms had marketing departments and many did not even have a formal sales department. Production and engineering shaped the company's objectives and planning. America bought what was produced. By the 1940s, it was clear that the attitude and needs of the consumer had changed. World War II created shortage of goods and services. A few years after the war, consumers had many products to choose from and firms found they had to go to the consumer instead of waiting for consumers to buy. Salespeople, armed with very unsophisticated selling techniques, were asked to contact potential customers and take their orders. Salespeople had to rely on natural ability to give sales presentations. However, as time passed, businesses found that they had to become market oriented rather than sales oriented. Beginning in the 1950s, marketing, rather than selling, became the focus of business sales activities.

Learning Objective: 02-02

Topic: Customer Orientation's Evolution

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

93. List the three fundamental beliefs that underlie the marketing concept as a business philosophy.

Answer: The marketing concept has three fundamental beliefs:

- (1) All company planning and operations should be customer oriented.
- (2) The goal of the firm should be profitable sales volume and not just volume for the sake of volume alone.
- (3) All marketing activities in a firm should be organizationally coordinated.

The marketing concept is a business philosophy that says the customers' want satisfaction is the economic and social justification for a firm's existence. Consequently, all company activities should be devoted to determining customers' wants and then satisfying them, while still making a profit.

Learning Objective: 02-01

Topic: What Is Marketing?

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

94. List the four basic objectives of marketers.

Answer: Marketing considerations should be the most critical factor guiding all short-range and long-range planning in any organization. Marketing people typically have these four basic objectives to accomplish:

- (1) Maximize the sales of existing products in existing markets,
- (2) Develop and sell new products,
- (3) Develop new markets for existing or new products, and
- (4) Provide the quality of service necessary for customers to continue doing business with the organization.

Learning Objective: 02-03

Topic: Marketing's Importance in the Firm

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

95. The text divides customers into three general categories. List and explain them.

Answer: Customers fall into one of three groups: (1) households, (2) firms, and (3) governments. Households: A household refers to a decision-making unit buying for personal use. Every individual in the economy belongs to a household. Firms: A firm is an organization that produces goods and services. All producers are called firms, no matter how big they are or what they produce. Firms can be for-profit or nonprofit. Government: A government is an organization that has two functions: the provision of goods and services to households and firms and the redistribution of income and wealth. Government buys billions of dollars each year of all types of products. Thus, a firm and government are both organizations.

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

96. List and briefly explain the four components of promotion.

Answer: Promotion, as part of the marketing mix, increases company sales by communicating product information to potential customers. The four basic parts of a firm's promotional effort are:

- (1) Personal selling: Personal communication of information to unselfishly persuade a customer to buy something that satisfies an individual's needs.
- (2) Advertising: Nonpersonal communication of information paid for by an identified sponsor such as an individual or an organization.
- (3) Public relations: Nonpersonal communication of information that is not paid for by an individual or organization.
- (4) Sales promotion: Involves activities or materials used to create sales for goods or services. The two types of sales promotion are consumer and trade sales promotion.

Learning Objective: 02-04

Topic: Essentials of a Firm's Marketing Effort

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

97. What is the goal of relationship marketing? Explain the three levels of relationship marketing.

Answer: Relationship marketing is the creation of customer loyalty. An organization using relationship marketing wants to demonstrate to the customer that it has the capabilities to serve the account's need in a superior way, particularly if a committed relationship can be formed. The type of selling needed to establish a long-term collaborative relationship is complex.

The three general levels of selling relationships with customers are:

- (1) Transaction selling: customers are sold to and not contacted again.
- (2) Relationship selling: the seller contacts customers after the purchase to determine if they are satisfied and have future needs.
- (3) Partnering: the seller works continually to improve its customers' operations, sales, and profits.

Learning Objective: 02-06

Topic: Relationship Marketing

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

98. Why is it important for firms to build partnerships with customers? How does each party benefit?

Answer: The ultimate outcome of relationship marketing is the building of a partnership between the seller and the buyer. The seller's company works continuously to help the customer. As the customer prospers, so does the seller. Partnering encourages both buyer and seller to share information such as marketing research findings and production cost data. Their goal is to share risks and profits together. Partnering gives a whole new meaning to customer focus. Companies that put partnering into practice find they reduce or eliminate conflicts of interest between themselves and their clients. Those who work at partnering find that very quickly their sensitivity and responsiveness improve significantly. They begin to anticipate trends in their customers' businesses. They begin to know their customers' requirements almost before the customers do.

Learning Objective: 02-05

Topic: Partnering with Customers

Blooms: Apply

AACSB: Analytic

Level of Difficulty: Hard

99. The roles of a salesperson centers around what customers want from him/her. Explain the roles of a consultative salesperson.

Answer: Consultative selling is the process of helping the customer achieve strategic short- and long-term goals through the use of the seller's good and/or service. The needs of the customer require the salesperson to take on the roles of team leader, business consultant, and long-term ally.

(1) Team leader: In the role of team leader, the salesperson coordinates all of the information, resources, and activities needed to support customers before, during, and after the sale. The team leader works to bring together all of the organization's resources for the customer. The salesperson serves as the primary contact between the buyer and seller's organizations and makes the customer aware of the network of resources that stand behind the salesperson.

(2) Business consultant: As a business consultant, the salesperson gives advice and service. The salesperson uses internal and external resources to gain an understanding of the customer's business and marketplace. They often must collect confidential information and data before being able to make purchase recommendations.

(3) Long-term ally: In the role of long-term ally, the salesperson acts as a helper in meeting the customer's needs. The salesperson's goal is to create a win-win situation. As the customer's sales and profits grow, so do the salesperson's. Thus, the salesperson presents goods and services honestly and turns down business that is not in the customer's long-term interest. The salesperson "goes to bat" for customers with the seller's employer whenever necessary and helps customers carry out fact-finding missions within the customer's company. The ability of a salesperson to fulfill the role of long-term ally is a pivotal factor in determining whether a sales interaction is just a transaction or the beginning of a relationship.

Learning Objective: 02-07

Topic: The New Consultative Selling

Blooms: Understand

AACSB: Analytic

Level of Difficulty: Medium

Chapter 02 - Relationship Marketing: Where Personal Selling Fits

100. What is the key to an organization's success?

Answer: Companies cannot survive today by simply doing a good job. They must do an excellent job if they are to succeed in the increasingly competitive global marketplace.

Consumer and business buyers face an abundance of suppliers seeking to satisfy their every need. The key to profitable company performance is knowing and satisfying target customers with competitively superior products and service. Marketing is the company function that defines not only customer targets but also the best way to satisfy their needs and wants competitively and profitably. Marketing's main customer contacts are salespeople. Because salespeople know how to produce sales, profits, and customer satisfaction, they are critical to being successful in today's fierce competitive battles in the marketplace.

Learning Objective: 02-02

Topic: The Key to Success

Blooms: Apply

AACSB: Analytic

Level of Difficulty: Hard