

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 1) Which of the following is true of strategic planning in a firm?
- A) It deals with adapting the firm to take advantage of changing marketing opportunities.
 - B) It focuses on the firm's internal environment rather than the external environment.
 - C) It involves preparing short-term investment objectives at the product level.
 - D) It occurs at the business-unit, product, and market levels rather than at the corporate level.
 - E) It deals with maintaining the company's current business ventures.

Answer: A

- 2) Cosmetics firm SatinSilk is revamping its mission statement and advertising strategy. The CEO stresses that the new mission statement should be market-oriented rather than product-oriented. Which of the following mission statements will best suit the company?
- A) to sell hypoallergenic cosmetics products made only from the finest organic ingredients
 - B) to give customers the complexion they dream about by providing products suited to their needs
 - C) to create the best possible products and sell them at the best possible prices
 - D) to become a market leader in every cosmetics product category
 - E) to increase our market share in the cosmetics segment and increase profit margins

Answer: B

- 3) A _____ is purposeful, specifying what an organization wants to accomplish in the larger environment.
- A) mission statement
 - B) marketing strategy
 - C) market portfolio
 - D) marketing objective
 - E) strategic plan

Answer: A

- 4) As identified in the text, what is the Starbucks mission statement?
- A) Growing profits by opening new and different stores in more locations throughout the world.
 - B) To inspire and nurture the human spirit – one person, one cup and one neighbourhood at a time.
 - C) Starbucks does not believe in a mission statement as it restricts growth and limits opportunities
 - D) Increase sales at every store by offering new products and lower prices to aggressively gain market share
 - E) Offering the most delicious, ethically sourced coffee and serve it in with tasty food.

Answer: B

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 5) Strategic planning defined: The process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities.

Answer: True False

- 6) An organization's mission statement should emphasize its intentions toward customers and the customer experience the organization seeks to create.

Answer: True False

- 7) "At Dodson, we sell shoes" is a market-oriented business definition.

Answer: True False

- 8) "At CL Online, we create customer connectivity, anytime, anywhere" is a product-oriented mission statement.

Answer: True False

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 9) Business portfolio analysis is defined as the process in which management _____.
- A) studies the products and strategies of competitors to improve the company's own products
 - B) assesses the attractiveness of an SBU's market and the strength of its position in the market
 - C) segments the company's markets to reach target consumers effectively
 - D) analyzes consumer feedback in order to better position the company's brand image
 - E) conducts marketing research to evaluate the company's marketing strategy

Answer: B

- 10) After reviewing the case in the text, the carefully crafted mission statement for Airbnb was presented as _____.
- A) we are not a hotel.
 - B) belong anywhere.
 - C) travel adventure defined.
 - D) cheap rooms around the world making travel affordable.
 - E) connecting hosts with guests.

Answer: B

- 11) The two dimensions the BCG approach uses to evaluate and manage SBUs are _____.
- A) market growth rate and market penetration
 - B) market growth rate and relative market share
 - C) market growth rate and market development
 - D) relative market share and market penetration
 - E) relative market share and product development

Answer: B

- 12) According to the BCG matrix, products or businesses with a high market share in a high-growth market are classified as _____.
- A) question marks
 - B) stars
 - C) dogs
 - D) heroes
 - E) cash cows

Answer: B

- 13) In the BCG growth-share matrix, question marks refer to products or businesses with a _____.
- A) low market share in a market with high growth prospects
 - B) low market share in a niche market
 - C) low market share in a market that is set to shrink significantly
 - D) high market share in a market with a high growth rate
 - E) greater market share than all their competitors combined in a saturated market

Answer: A

- 14) In the BCG matrix, _____ refer to low-growth, high-share businesses or products.
- A) question marks
 - B) stars
 - C) heroes
 - D) dogs
 - E) cash cows

Answer: E

- 15) Omni Healthcare's analgesic drug Cetaprin has a 40 percent share in the analgesics market in the country of Terrania. Its closest competitor, Febex, has a 25 percent share in the market, while four other analgesic brands split the remainder. Which statement indicates that Cetaprin is a cash cow according to the BCG matrix?
- A) The Terrania market for healthcare products is expanding rapidly.
 - B) Omni Healthcare often takes money from other strategic business units to support Cetaprin.
 - C) Febex is rapidly gaining market share over Cetaprin due to aggressive marketing efforts.
 - D) The demand for analgesic drugs in the Terrania market is expected to maintain a low-growth, high-share status
 - E) A customer survey shows that Cetaprin users do not prefer it to other analgesics in the market.

Answer: D

- 16) Due to the limitations of the BCG and other formal portfolio planning models, many companies are placing responsibility for strategic planning in the hands of cross-functional teams of divisional managers who are close to their markets. In such organizations, strategic planning is _____.
- A) purposeful
 - B) centralized
 - C) informal
 - D) decentralized
 - E) limited

Answer: D

- 17) When Howard Schultz returned to assume leaderships at Starbucks in 2007, the company's average transactions per store fell and same-store growth slowed. This was happening despite continued strong growth in the industry. According to the BCG model, Starbucks was a _____.
- A) cash cow
 - B) hero
 - C) question mark
 - D) star
 - E) dog

Answer: C

- 18) Vertigo is an electronics company. According to the BCG matrix, which of the following products of Vertigo would most likely classify as a question mark?
- A) Electra—a home entertainment system that has a strong market share in a market that is likely to expand in the future
 - B) SoLo—a CD player that has a very low market share in a market that is shrinking rapidly
 - C) Blue—a cell phone that is designed for music lovers and has a very low market share in a market that is growing steadily
 - D) Kindle Fire—a children's iPad that has a high market share in a market that is not expected to grow significantly
 - E) SpinDrive—a car audio system that has a high market share in a market that has been growing constantly

Answer: C

- 19) According to the BCG matrix, products or businesses with a low share of market in a high-growth industry are considered _____.
- A) question marks
 - B) value chains
 - C) cash cows
 - D) dogs
 - E) stars

Answer: D

20) Which of the following statements is true in the context of the BCG growth-share matrix?

- A) Cash cows typically turn into stars.
- B) Stars often need heavy investment to finance their rapid growth in a market.
- C) The income from one SBU cannot be used to support other business units.
- D) Dogs promise to be large sources of cash.
- E) The positions of SBUs in the growth-share matrix rarely change over time.

Answer: B

21) Most people are aware that Mars Incorporated sells popular candy products under a number of brands including M&M's, Snickers, Starburst, Wrigley, the company generates higher sales in _____ than their candy products.

- A) dental care products
- B) pet care products and services
- C) coffee and tea products
- D) Sara Lee cakes and desserts
- E) Uncle Bens Rice

Answer: B

22) _____ refers to reducing the business portfolio by abandoning products that no longer fit the company's overall strategy.

- A) Downsizing
- B) Product line extension
- C) Vertical integration
- D) Market segmentation
- E) Diversification

Answer: A

23) Which of the following companies is using a divesting strategy?

- A) Harlow's market share remains steady over two years, and the firm decides to maintain its share at the current level.
- B) Getix Computers increases the price of its products in order to maximize short-term profits.
- C) Juggernaut Bikes acquires new businesses in order to increase its market share.
- D) To achieve a higher market share, LBD Inc. increases investments in advertising and promotion.
- E) When sales of its clothing division decline, Blackstone sells the division to a competitor.

Answer: E

24) A strategy for company growth that involves increasing sales to current market segments without changing the product is known as _____.

- A) market differentiation
- B) market penetration
- C) diversification
- D) product development
- E) market development

Answer: B

- 25) A firm's decision to identify and develop new markets for existing products is a _____ strategy.
- A) market penetration
 - B) market differentiation
 - C) diversification
 - D) market development
 - E) product development

Answer: D

- 26) Before being acquired by Restaurant Brands International in 2014, Tim Horton's focused on different approaches to company growth. In the Product/Market Expansion Grid Tim Horton's successfully applied three of the four approaches. The fourth approach, _____, was avoided.
- A) market penetration
 - B) product development
 - C) product adaptation
 - D) market development
 - E) diversification

Answer: E

- 27) Under Armour increasing its advertising spending and offering an ever-increasing range of styles and colours in its original apparel line is an example of a _____ strategy.
- A) product development
 - B) product diversification
 - C) market development
 - D) market penetration
 - E) business harvesting

Answer: D

- 28) McDonalds is globally recognized as a restaurant chain offering a consistent experience and similar foods. Which of the following most likely indicates that McDonalds is following a diversification strategy?
- A) McDonalds increases its spending on advertising and promotion.
 - B) McDonalds develops a new line of pizzas targeting its current market to be sold from its existing locations.
 - C) McDonalds acquires another chain of fast-food restaurants.
 - D) McDonalds opens a restaurant in the previously untapped Bora-Bora.
 - E) McDonalds enters the U.S. market with a line of children's clothing.

Answer: E

- 29) Spin Master is a successful Canadian toy manufacturer. Which of the following indicates that the company is following a market penetration strategy?
- A) It introduces a line of children's clothing in the United Kingdom.
 - B) It develops a new line of educational software targeted at the current market.
 - C) It acquires toy rights for a popular cartoon character to boost its sales.
 - D) It introduces toy products in the Indian and Southeast Asian markets.
 - E) It enters the U.S. market with a line of children's clothing.

Answer: C

30) Lululemon Athletic Wear is a Canadian retail success. While Lululemon has implemented several of these initiatives, which of the following initiatives indicates that the company is following a market development strategy?

- A) Lululemon adds a line of leather purses to its offerings in the Canadian market.
- B) Lululemon introduces a line of children's clothing to its current target market.
- C) Lululemon employs a Ryan Reynolds for a Canadian advertising campaign.
- D) Lululemon develops a line of athletic shoes for its current target market.
- E) Lululemon introduces its clothing and retail experience in the Indian and Southeast Asian markets.

Answer: E

31) Starbucks is experimenting with stand-alone boutique Princi bakery stores, taking the company beyond coffee and snack shops. This is an example of _____.

- A) product development
- B) market development
- C) downsizing
- D) diversification
- E) market penetration

Answer: D

32) Both market penetration and market development strategies primarily involve _____.

- A) modifying the company's product line
- B) selling the company's current products
- C) developing new products
- D) selling in new as well as existing markets
- E) leaving the current market

Answer: B

33) Greyzone, a company that creates customized household furniture, is based in Terrania and is looking to enter other countries as well. The company identifies the country of Nyevka as a good option because the entry barriers for new companies are low in Nyevka. Which statement indicates that Greyzone follows a diversification strategy?

- A) Greyzone leaves the Terranian market entirely in order to establish itself in the Nyevkan market with its current products.
- B) Noting that Nyevka lacks well-established suppliers of office equipment, Greyzone begins to manufacture and supply office equipment.
- C) Greyzone manufactures furniture in Terrania and ships it to Nyevka without setting up outlets in Nyevka.
- D) Noting that production costs are lower in Nyevka, Greyzone shifts its production operations entirely to Nyevka.
- E) Greyzone does not modify its products for the Nyevkan market.

Answer: B

34) Both product development strategies and diversification strategies involve _____.

- A) selling in a company's current market
- B) developing a new product
- C) selling in new as well as existing markets
- D) leaving the current market
- E) selling a company's current products

Answer: B

- 35) A strategy for company growth through starting up or acquiring businesses outside the company's current products and markets is called _____.
- A) diversification
 - B) product development
 - C) vertical integration
 - D) market penetration
 - E) market development

Answer: A

- 36) Under Armour's recent expansion into the digital personal health and fitness tracking market through acquisitions of three fitness app companies is a _____ strategy.
- A) diversification
 - B) downsizing
 - C) market development
 - D) product development
 - E) market penetration

Answer: A

- 37) An SBU can be _____.
- A) a single brand
 - B) a company division
 - C) a product line within a division
 - D) a single product
 - E) all of the above

Answer: E

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 38) When a company chooses to harvest a particular strategic business unit, it increases short-term cash flow despite the long-term effect.

Answer: True False

- 39) Ford's performance against Toyota depends on the quality of Ford's overall value delivery network versus Toyota's.

Answer: True False

- 40) Market penetration means making fewer sales to current customers without changing original products.

Answer: True False

- 41) Companies must develop not only strategies for growing their business portfolios but also strategies for downsizing them.

Answer: True False

- 42) Marketing needs to identify, evaluate, and select market opportunities and lay down strategies for capturing them.

Answer: True False

- 43) Many companies have dropped formal strategic planning models like the BCG because they can be difficult, time consuming, and costly to implement.

Answer: True False

44) The product/market expansion grid, like the BCG matrix, is used to identify growth opportunities.

Answer: True False

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

45) What is a business portfolio? How does a company typically conduct a portfolio analysis?

Answer: A business portfolio is the collection of businesses and products that make up a company. Business portfolio planning involves two steps. First, the company must analyze its current business portfolio and determine which businesses should receive more, less, or no investment. Second, it must shape the future portfolio by developing strategies for growth and downsizing. The major activity in strategic planning is business portfolio analysis, whereby management evaluates the products and businesses that make up the company. The company will want to put strong resources into its more profitable businesses and phase down or drop its weaker ones. Management's first step is to identify the key businesses that make up the company, called strategic business units (SBUs). An SBU can be a company division, a product line within a division, or sometimes a single product or brand. The company next assesses the attractiveness of its various SBUs and decides how much support each deserves. When designing a business portfolio, it's a good idea to add and support products and businesses that fit closely with the firm's core philosophy and competencies. The purpose of strategic planning is to find ways in which the company can best use its strengths to take advantage of attractive opportunities in the environment.

46) According to the Boston Consulting Group approach, how can a company classify its SBUs on a growth-share matrix?

Answer: The growth-share matrix defines four types of SBUs:

1. Stars: Stars are high-growth, high-share businesses or products. They often need heavy investments to finance their rapid growth. Eventually their growth will slow down, and they will turn into cash cows.
2. Cash cows: Cash cows are low-growth, high-share businesses or products. These established and successful SBUs need less investment to hold their market share. Thus, they produce a lot of the cash that the company uses to pay its bills and support other SBUs that need investment.
3. Question marks: Question marks are low-share business units in high-growth markets. They require a lot of cash to hold their share, let alone increase it. Management has to think hard about which question mark should try to build into stars, and which should be phased out.
4. Dogs: Dogs are low-growth, low-share businesses and products. They may generate enough cash to maintain themselves but do not promise to be large sources of cash.

47) Should a company use the BCG matrix to classify its products or brands? Give reasons for your answer.

Answer: (Students' answers may vary. The answer given below is indicative.)

The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in the market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU. However, the BCG and other portfolio planning approaches can be difficult to execute, time consuming, and also costly to implement. Defining SBUs and measuring relative market share and growth can be difficult tasks as well. A serious flaw with these approaches is that while they are helpful for classifying current businesses, they offer little or no advice for future planning.

48) Differentiate between the BCG matrix and the product/market expansion grid.

Answer: The Boston Consulting Group matrix evaluates SBUs on two important dimensions: the attractiveness of the SBU's market or industry growth rate and the strength of the SBU's position or relative market share in that market or industry. The growth-share matrix defines four types of SBUs: stars, cash cows, question marks, and dogs. Once each SBU has been defined, a company can determine what role each will play in the firm's future, using strategies of building, holding, harvesting, or divesting each SBU. A serious flaw in this approach is that while it is helpful for classifying current businesses, it offers little or no advice for future planning.

On the other hand, the product/market expansion grid is a useful device for identifying growth opportunities in the future. There are four strategies available to companies: market penetration, market development, product development, and diversification. Market penetration entails making more sales to current customers with changing original products. Market development involves identifying and developing new markets for a company's products. New markets include demographic groups and geographic regions, among others. Companies can also consider product development, offering modified or new products to current markets. Companies wishing to diversify might consider acquiring or starting new businesses unrelated to their core competencies. However, diversifying too broadly can be detrimental in the long run.

49) Explain how a company's value chain works. Provide an example to illustrate your response.

Answer: (Students' answers may vary. The answer given below is indicative.)

A value chain is the series of departments within a firm that carry out value-creating activities to design, produce, market, deliver, and support a firm's products. Each company department can be thought of as a link in a company's internal value chain. The company's success depends not only on how well each department performs its work but also on how well the various departments coordinate their activities. For example, Walmart's goal is to create customer value and satisfaction by providing shoppers with the products they want at the lowest possible prices. Marketers at Walmart play an important role. They learn what customers need and stock the stores' shelves with the desired products at unbeatable low prices. They prepare advertising and merchandising programs and assist shoppers with customer service. Through these and other activities, Walmart's marketers help deliver value to customers. However, the marketing department needs help from the company's other departments. Walmart's ability to help customers "Save Money. Live Better." depends on the purchasing department's skill in developing the needed suppliers and buying from them at low cost. Walmart's information technology department must provide fast and accurate information about which products are selling in each store. Its operations people must provide effective, low-cost merchandise handling. A company's value chain is only as strong as its weakest link. Success depends on how well each department performs its work of adding customer value and on how the company coordinates the activities of various departments. At Walmart, if purchasing can't obtain the lowest prices from suppliers, or if operations can't distribute merchandise at the lowest costs, then marketing can't deliver on its promise of unbeatable low prices.

50) Explain the term "value delivery network."

Answer: In its quest to create consumer value, a firm needs to look beyond its own value chain and into the value chains of its suppliers, distributors, and, ultimately, its customers. A value delivery network is the network made up of a company, its suppliers, its distributors, and customers who partner with each other to improve the performance of the entire system. More companies are partnering with other members of the supply chain to improve the performance of the customer value delivery network. In fact, in today's marketplace, competition no longer takes place between individual competitors. It takes place between entire value delivery networks created by these competitors.

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 51) Which of the following best describes the value chain of a company?
- A) touchpoints at which a company or brand interacts with its consumers
 - B) profits earned by the cash cows and stars in the company's business portfolio
 - C) the collection of businesses and products that make up the company
 - D) a network made up of the company, its suppliers, and its distributors working together to deliver customer value
 - E) the series of departments that design, produce, market, deliver, and support the company's products

Answer: A

- 52) True Value Hardware relies on its _____ to coordinate and carry out activities that provide shoppers with the hardware and home improvement products they need at affordable prices along with top-notch customer service.
- A) suppliers
 - B) internal value chain
 - C) distributors
 - D) internal supply chain
 - E) portfolio network

Answer: B

- 53) Marketing department actions can increase purchasing costs, disrupt production schedules, increase inventories, and create budget headaches. Thus, other departments may _____ the marketing department's efforts.
- A) resist B) encourage C) support D) develop E) favour

Answer: A

- 54) A _____ is made up of a company, its suppliers, its distributors, and its customers who partner with each other to improve the performance of the entire system.
- A) value chain
 - B) value delivery network
 - C) growth-share matrix
 - D) business portfolio
 - E) shareholder network

Answer: B

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 55) A firm's marketing department must partner with other company departments to produce superior value for customers.

Answer: True False

- 56) A company's customer value delivery network does not include members external to the organization.

Answer: True False

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

- 57) Traxx is a newly emerging shoe manufacturing company. After extensive market research, Traxx divides its market into professional athletes, "hobbyists" or amateur players, and people who wear shoes as part of their casual attire. Each category has its own needs, traits, and marketing goals. In this scenario, Traxx has engaged in market _____.
- A) segmentation
 - B) penetration
 - C) positioning
 - D) development
 - E) diversification

Answer: A

- 58) _____ refers to the process of evaluating each market segment's attractiveness and selecting one or more segments to enter.
- A) Market diversification
 - B) Market positioning
 - C) Market targeting
 - D) Market mixing
 - E) Market divesting

Answer: C

- 59) Which of the following best describes product positioning?
- A) evaluating each market segment's attractiveness and selecting one or more segments to enter
 - B) arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products
 - C) identifying consumer needs and creating a product to meet those needs
 - D) dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviours
 - E) differentiating a market offering to create superior customer value

Answer: B

- 60) Ferrari sells only 2,200 of its very high-performance cars in North America each year at very high prices. The company is appealing to a specific _____.
- A) business portfolio
 - B) market position
 - C) market segment
 - D) value delivery network
 - E) value chain

Answer: C

- 61) Which of the following best describes market segmentation?
- A) arranging for a product to occupy a clear, distinctive, and desirable place relative to competing products in the minds of target consumers
 - B) dividing a market into distinct groups of buyers who have different needs, characteristics, or behaviours
 - C) evaluating each market segment's attractiveness and selecting one or more segments to enter
 - D) differentiating a market offering to create superior customer value
 - E) identifying consumer needs and creating a product to meet those needs

Answer: B

- 62) Which component of the marketing mix refers to the goods-and-services combination a company offers to its target market?
 A) price B) place C) position D) promotion E) product
 Answer: E
- 63) Packaging is an element of the _____ component of a company's marketing mix.
 A) price B) people C) place D) product E) promotion
 Answer: D
- 64) Toyota manufacturers and sells cars globally, including manufacturing and assembly plants in Cambridge and Woodstock Ontario. Once assembled at these plants, the cars are transported to Toyota dealerships to be sold. The process of shipping the cars from factory to dealership falls under which of the four P's?
 A) Passage B) Product C) Price D) Place E) Promotion
 Answer: D
- 65) A popular promotion offered by the Ford Motor Company often advertises employee discounts for all purchasers of Ford vehicles. While the activity is related to promotion, the marketing mix being addressed is _____.
 A) product
 B) price
 C) packaging
 D) place
 E) public relations
 Answer: B
- 66) When viewing the market from a buyer's point of view, "communication" corresponds to the _____ component of the marketing mix.
 A) product B) promotion C) people D) price E) place
 Answer: B
- 67) The four Ps model has been challenged because it omits or underemphasizes important activities such as services. It's also been criticized for taking a seller's, rather than a buyer's, viewpoint. The more recent four As framework complements the traditional model and includes _____.
 A) acceptability, affordability, accessibility, and awareness
 B) adaptability, affordability, availability, and awareness
 C) acceptability, affordability, accessibility, and aptitude
 D) adaptability, affordability, accessibility, and awareness
 E) adaptability, affordability, availability, and aptitude
 Answer: A

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 68) In the new four As framework, *Accessibility* replaces *Price*.
 Answer: True False
- 69) A company can offer greater customer value by either charging lower prices than competitors or offering more benefits to justify higher prices.
 Answer: True False

70) After suffering from lower occupancy rates, shrinking market share, and a tired brand, Holiday Inn successfully grew by creating specific brands (Crown Plaza, Intercontinental, Express and more) to serve different customer segments.

Answer: True False

71) In the marketing mix, product refers to activities that communicate the merits of a product and persuade target customers to buy it.

Answer: True False

72) In the four Ps of the marketing mix, promotion refers solely to advertising.

Answer: True False

73) Services, such as banking, airline, and retailing services, are products too. We call them *service products*.

Answer: True False

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

74) Discuss the four Ps of the typical marketing mix. Some people consider that there should be more than four marketing mix elements. Suggest two additional aspects that the marketing mix could include.

Answer: The marketing mix is the set of tactical marketing tools that a firm blends to produce the response it wants in the target market. The marketing mix consists of everything a firm can do to influence the demand for its product. The many possibilities can be collected into four groups of variables—the four Ps. Product means the goods-and-services combination a company offers to the target market. Price is the amount of money customers must pay to obtain the product. Place includes company activities that make the product available to target consumers. Promotion refers to activities that communicate the merits of the product and persuade target customers to buy it. Additional aspects could include services and packaging. (Students' answers to this part of the question may vary. The answer given here is merely indicative.)

MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.

75) Managing the marketing function begins with a complete analysis of the company's situation. A thorough _____ guides decision making.

- A) situation analysis
- B) industry overview
- C) portfolio analysis
- D) SWOT analysis
- E) internal assessment

Answer: D

76) CVS Pharmacy changed its name to CVS Health, reshaping and broadening its lines of products and services to align more appropriately with its revamped "better health" mission. For example, it stopped selling tobacco products altogether. How would this be classified in a SWOT analysis?

- A) weakness
- B) strength
- C) barrier to entry
- D) resources
- E) threat

Answer: B

- 77) In a SWOT analysis, which of the following would most likely be considered a strength of a company?
- A) an improvement in the company's production technology
 - B) an increase in consumer interest in the company's products
 - C) a favourable economic climate that encourages consumption
 - D) the exit of a competitor from the market
 - E) higher prices of the company's products resulting from inflation

Answer: A

- 78) In a SWOT analysis, which of the following would be considered a weakness of a company?
- A) falling consumer interest in its products
 - B) inflation that leads to higher prices of the company's products
 - C) an unfavourable economic climate that discourages consumption
 - D) obsolete technologies used by the company
 - E) the exit of a competitor from the market

Answer: D

- 79) In a SWOT analysis, _____ refer to favourable factors or trends in the external environment that a company may be able to exploit to its advantage.
- A) strategies
 - B) controls
 - C) strengths
 - D) opportunities
 - E) threats

Answer: D

- 80) A potential trade dispute with the United States where the American government is considering restrictions that will affect your company's products represents which of the SWOT elements?
- A) Strategies
 - B) Opportunities
 - C) Threats
 - D) Strengths
 - E) Weaknesses

Answer: C

- 81) Nike's goal to increase sales of its running shoes by 25 percent during the first six months of the new fiscal year is an example of a _____.
- A) marketing objective
 - B) marketing strategy
 - C) differentiation objective
 - D) target market strategy
 - E) positioning objective

Answer: A

- 82) The process that turns marketing plans into marketing actions to accomplish strategic marketing objectives is called marketing _____.
- A) implementation
 - B) analysis
 - C) design
 - D) control
 - E) planning

Answer: A

- 83) At John Deere, thousands of people both inside and outside the organization make decisions about target segments, branding, product development, pricing, promotion, and distribution. They talk with engineering about product design, advertising agencies about ad campaigns, and large retailers like Lowe's about quality offerings. This is an example of _____.
- A) marketing implementation
 - B) marketing strategy
 - C) marketing control
 - D) marketing standards
 - E) marketing planning

Answer: A

- 84) Which of the following best describes a marketing department with a functional organization?
- A) Different marketing activities are headed by specialists such as sales managers, advertising managers, marketing research managers, and customer service managers.
 - B) Sales and marketing people are assigned to specific countries, regions, and districts.
 - C) Marketing managers are responsible for developing marketing strategies and plans for their specific markets or customers, and the company is organized around the needs of specific customer segments.
 - D) A product manager develops and implements a complete strategy and marketing program for a specific product or brand.
 - E) A company creates large teams, or even whole divisions, to serve domestic and international markets.

Answer: A

- 85) When considering managing marketing strategies and the marketing mix, the core of this approach is all about creating customer value and profitable customer relationships. Which series of factors are immediately next to the customer (from middle of circle to the outside)?
- A) Marketing: analysis, planning, implementation, control
 - B) Market Penetration, Diversification, Market Growth, Product Growth
 - C) Segmentation, Targeting, Differentiation, Positioning
 - D) Suppliers, Marketing intermediaries, Competitors, Publics
 - E) Place, Promotion, Price, Product

Answer: C

- 86) Which of the following is true of marketing ROI?
- A) Marketing ROI measures the profits generated by investments in marketing activities.
 - B) Marketing ROI uses only those marketing factors that can be measured in dollars.
 - C) Marketing ROI ignores customer-centred measures of marketing impact, such as customer acquisition and retention.
 - D) Marketing ROI cannot be assessed in terms of standard marketing performance measures, such as brand awareness, sales, or market share.
 - E) Marketing ROI is easier to calculate than financial ROI.

Answer: A

TRUE/FALSE. Write 'T' if the statement is true and 'F' if the statement is false.

- 87) Marketing planning involves choosing marketing strategies that will help the company attain its overall strategic objectives.

Answer: True False

- 88) The most common form of marketing organization is the product management organization.

Answer: True False

89) *Operating control* involves checking ongoing performance against the annual plan and taking corrective action when necessary.

Answer: True False

90) A company can assess marketing ROI in terms of standard marketing performance measures, such as brand awareness, sales, or market share.

Answer: True False

91) Marketing dashboards are used to monitor strategic marketing performance.

Answer: True False

92) Marketing ROI measures the internal capabilities generated by investments in marketing activities.

Answer: True False

ESSAY. Write your answer in the space provided or on a separate sheet of paper.

93) What is a SWOT analysis? Why is it useful?

Answer: Managing the marketing function begins with a complete analysis of a company's situation. The marketer should conduct a SWOT analysis, by which it evaluates a company's overall strengths (S), weaknesses (W), opportunities (O), and threats (T). Strengths include internal capabilities, resources, and positive situational factors that may help a company serve its customers and achieve its objectives. Weaknesses include internal limitations and negative situational factors that may interfere with a company's performance. Opportunities are favourable factors or trends in the external environment that a company may be able to exploit to its advantage. And threats are unfavourable external factors or trends that may present challenges to performance. Conducting a SWOT analysis is important because a company should analyze its markets and marketing environment to find attractive opportunities and identify environmental threats. It should analyze company strengths and weaknesses as well as current and possible marketing actions to determine which opportunities it can best pursue. The goal is to match the company's strengths to attractive opportunities in the environment, while simultaneously eliminating or overcoming the weaknesses and minimizing the threats. Marketing analysis provides inputs to each of the other marketing management functions.

94) Define *marketing planning*. Briefly outline what a company should cover in its marketing plan.

Answer: Marketing planning involves deciding on marketing strategies that will help a company achieve its overall strategic objectives. A detailed marketing plan is needed for each business, product, or brand. A typical product or brand marketing plan begins with an executive summary that quickly reviews major assessments, goals, and recommendations. The main section of the plan presents a detailed SWOT analysis of the current marketing situation as well as potential threats and opportunities. The plan then states major objectives for the brand and outlines the specifics of a marketing strategy for achieving them. In addition, action programs for implementing the marketing strategy along with the details of a supporting marketing budget are presented. The final section outlines the controls used to monitor progress and corrective action.

95) Kawaii Electronics sells air conditioning systems for office buildings. The company's marketing department is currently structured as a functional organization. However, Kawaii is considering changing the structure to either a product management or a customer management organization. In a brief essay, describe each type of organization: functional, product management, and customer management. What are the advantages and/or disadvantages of each structure for Kawaii? Which structure do you recommend for Kawaii? Why?

Answer: (Students' answers may vary. The answer given below is indicative.)

Under the functional organization, different marketing activities are headed by a functional specialist—a sales manager, an advertising manager, a marketing research manager, a customer service manager, or a new product manager.

Under a product management organization, a product manager develops and implements a complete strategy and marketing program for a specific product or brand. Unless the company has a few standout products, this system will not benefit it as much as other methods. Considering that the company sells one basic product type, this system may not be profitable for the company. Under a market or customer management organization, the company is organized around the needs of specific customer segments. In firms that use this organization, one product line is sold to many different types of markets and customers that have different needs and preferences. Though the firm sells a single type of product and product line, all its customers are offices and significant differences will most likely not exist. Though the company may segment its market based on office size, this may be an inefficient use of company resources.

96) ToyTrain is a toy company that sells its products in most regions of the United States. It produces a variety of toys for children of every age group, from toddlers to preteens. What are ToyTrain's options for organizing its marketing department? Briefly describe each structure as it would apply to ToyTrain. Which organization do you think would be best for ToyTrain? Why?

Answer: (Students' answers may vary. The answer given below is indicative.)

Modern marketing departments can be arranged in several ways. The most common form of marketing organization is the functional organization. Under a functional organization, different marketing activities are headed by a functional specialist—a sales manager, an advertising manager, a marketing research manager, a customer-service manager, or a new product manager. As ToyTrain is based only in the United States, a functional organization may be appropriate if marketing strategies and messages need to be consistent across the region. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. A company that sells across a country could benefit from a geographic organization. As ToyTrain sells products across the country, organizing its sales and marketing personnel by region may also be appropriate. Under a product management organization, a product manager develops and implements a complete strategy and marketing program for a specific product or brand. Unless the company has a few standout brands, this system will not benefit it as much as other methods. Under a market or customer management organization, the company is organized around the needs of specific customer segments. In firms that use this organization, one product line is sold to many different types of markets and customers that have different needs and preferences. ToyTrain could use this method and organize its departments according to the age groups of the children it caters to and the types of toys suitable for each group.

The company could also use some combination of these organizational forms.

97) RTF Developers is a construction company with a presence in several countries. The company currently organizes its marketing department using a functional system of organization, but this seems inefficient. Explain why a geographic organization would benefit the company more than a functional organization.

Answer: (Students' answers may vary. The answer given below is indicative.)

Under a functional organization, different marketing activities are headed by a functional specialist—a sales manager, an advertising manager, a marketing research manager, a customer service manager, or a new product manager. Under a geographic organization, sales and marketing people are assigned to specific countries, regions, and districts. As RTF has a presence in many countries, a geographic system might benefit it more than a functional system. Organizing its marketing department by country would allow its marketing plans and messages to be tailored to the culture and customers of that particular country and may produce a better result than centralized planning across countries. A geographic organization also allows salespeople to settle into a territory, get to know their customers, and work with a minimum of travel time and cost.

98) How do organizations carry out marketing control?

Answer: Marketing control is the process of evaluating the results of marketing strategies and plans and taking corrective action to ensure that the objectives are attained. As many surprises occur during the implementation of marketing plans, marketers must practice constant marketing control. Marketing control involves four steps. Management first sets specific marketing goals. It then measures its performance in the marketplace and evaluates the causes of any differences between expected and actual performance. Finally, management takes corrective action to close the gaps between goals and performance. This may require changing the action programs or even changing the goals. Operating control involves checking ongoing performance against the annual plan and taking corrective action when necessary. Its purpose is to ensure that the company achieves the sales, profits, and other goals set out in its annual plan. It also involves determining the profitability of different products, territories, markets, and channels. Strategic control involves looking at whether the company's basic strategies are well matched to its opportunities. Marketing strategies and programs can quickly become outdated, and each company should periodically reassess its overall approach to the marketplace.

99) What is a marketing dashboard? How does it benefit marketers?

Answer: A company can assess marketing ROI in terms of standard marketing performance measures, such as brand awareness, sales, or market share. Many companies are assembling such measures into marketing dashboards — meaningful sets of marketing performance measures in a single display used to monitor strategic marketing performance. Just as automobile dashboards present drivers with details on how their cars are performing, the marketing dashboard gives marketers the detailed measures they need to assess and adjust their marketing strategies.

100) Raintree Developers has been measuring its marketing return on investment (or marketing ROI) to assess its marketing performance for the past few years. Explain why this method may not accurately reflect the company's performance and what Raintree can use to better estimate its performance.

Answer: (Students' answers may vary. The answer given below is indicative.)

Marketing ROI is the net return from a marketing investment divided by the costs of the marketing investment. ROI is a measure of the profits generated by investments in marketing activities. Marketing ROI can be difficult to assess because the benefits of marketing are not always easily translated in dollar amounts. For instance, returns such as advertising and brand-building impact cannot be easily put into dollar returns. However, marketing ROI can be assessed in terms of more quantifiable standard marketing performance measures such as brand awareness, sales, or market share. Beyond standard performance measures, Raintree can also use customer-centered measures such as customer acquisition, customer engagement, customer retention, customer equity, and customer lifetime value.