

CHAPTER 1: MASTER TEST BANK

CREATING CUSTOMER RELATIONSHIPS AND VALUE THROUGH MARKETING

Test Item Table by Major Section of the Chapter and Bloom's Level of Learning

Major Section of the Chapter	Bloom's Level of Learning (LL)		
	Level 1 Knowledge (Knows Basic Terms & Facts)	Level 2 Comprehension (Understands Concepts & Principles)	Level 3 Application (Applies Principles)
Chapter Opener: 3M (pp. 2-4)	2	1, 3	4 231
What Is Marketing? (pp. 4-7)	8, 9, 10, 11, 12, 13, 23, 24, 25 233	5, 6, 7, 14, 15, 16, 18, 19, 20, <u>29</u> , <u>30</u> , <u>31</u> , <u>32</u> , 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43 234, 235, 236, 237	17, 21, 22, 26, 27, 28, 44, 45, 46, 47, 48, 49, 50 232, 238
How Marketing Discovers and Satisfies Consumer Needs (pp. 8-11)	54, 57, 58, 61, 62, 64, 65, 70, 71, 72, 74, 75, 76, 83, 84, 85, 86, 87, 88, 89, 92, 94, 98, 101, 104, 105, 107, 108, 109, 110 241, 244, 246	51, 52, 53, 55, 59, 63, 66, <u>68</u> , <u>69</u> , 90, 106, 111 240, 247	56, 60, 67, 73, 77, 78, 79, 80, 81, 82, 91, 93, 95, 96, 97, 99, 100, 102, 103, 112, 113, 114, 115, 116, 117 239, 242, 243, 245, 248
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How Marketing Became So Important (pp. 15-20)	141, 143, 144, 149, 150, 151, 156, 157, 161, 162, 163, 164, 165, 166, 173, 174, 175, 177, 178, 182, 183, 185, 187, 188, 195, 196, 197, 200, 201, 202, 205, 206, 209, 210, 211, 212, 216, 218, 223 257, 258, 259, 262	145, 152, 153, 154, 155, 158, 159, 167, 176, 179, 180, 184, 186, 189, 191, 192, 193, 194, 207, 208 256, 261	142, 146, 147, 148, 160, 168, <u>169</u> , <u>170</u> , <u>171</u> , <u>172</u> , 181, 190, 198, 199, 203, 204, 213, 214, 215, 217, 219, 220, 221, 222, 224, 225 260, 263
Video Case 1: 3M (pp. 22-23)		226, 227, 228, 229, 230	264

NOTE: **Bold** numbers indicate short essay questions. Underlined numbers indicate visually-enhanced questions.

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Test Item Table by Learning Objective and Bloom's Level of Learning

Learning Objective (LO)	Bloom's Level of Learning (LL)		
	Level 1 Knowledge (Knows Basic Terms & Facts)	Level 2 Comprehension (Understands Concepts & Principles)	Level 3 Application (Applies Principles)
LO1 Define marketing and identify the diverse factors influencing marketing activities. (pp. 4-7)	8, 9, 10, 11, 12, 13, 23, 24, 25 233	5, 6, 7, 14, 15, 16, 18, 19, 20, <u>29</u> , <u>30</u> , <u>31</u> , <u>32</u> , 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 234, 235, 236, 237	17, 21, 22, 26, 27, 28, 44, 45, 46, 47, 48, 49, 50 231, 232, 238
LO2 Explain how marketing discovers and satisfies consumer needs. (pp. 8-10)	2, 54, 57, 58, 61, 62, 64, 65, 70, 71, 72, 74, 75, 76 241	1, 3, 51, 52, 53, 55, 59, 63, 66, <u>68</u> , <u>69</u> , 226, 227, 228, 229 240	4, 56, 60, 67, 73, 77, 78, 79, 80, 81, 82 239, 242, 243
LO3 Distinguish between marketing mix factors and environmental forces. (p. 11)	83, 84, 85, 86, 87, 88, 89, 92, 94, 98, 101, 104, 105, 107, 108, 109, 110 244, 246	90, 106, 111 247	91, 93, 95, 96, 97, 99, 100, 102, 103, 112, 113, 114, 115, 116, 117 245, 248, 264
LO4 Explain how organizations build strong customer relationships and customer value through marketing. (pp. 11-15)	118, 119, 126, 127, 132, 133	120, 128, 134, 135, 136, 230 254, 255	121, 122, 123, <u>124</u> , 125, 129, 130, 131, 137, 138, 139, 140 249, 250, 251, 252, 253
LO5 Describe how today's customer relationship era differs from prior eras. (pp. 15-20)	141, 143, 144, 149, 150, 151, 156, 157, 161, 162, 163, 164, 165, 166, 173, 174, 175, 177, 178, 182, 183, 185, 187, 188, 195, 196, 197, 200, 201, 202, 205, 206, 209, 210, 211, 212, 216, 218, 223 257, 258, 259, 262	145, 152, 153, 154, 155, 158, 159, 167, 176, 179, 180, 184, 186, 189, 191, 192, 193, 194, 207, 208 256, 261	142, 146, 147, 148, 160, 168, 168, <u>169</u> , <u>170</u> , <u>171</u> , <u>172</u> , 181, 190, 198, 199, 203, 204, 213, 214, 215, 217, 219, 220, 221, 222, 224, 225 260, 263

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MULTIPLE CHOICE QUESTIONS

1-1 CHAPTER OPENER: 3M

COMPREHENSION

While working at 3M, Windorski and his team observed and questioned students about how they read textbooks, took notes, and prepare for exams to

- discover a potentially new way to satisfy student needs by creating a new product.
- convince them of 3M's superiority over other competitors.
- determine how much the average college student traditionally spends on office supplies.
- find possible correlations between students' study styles and their final grades.
- develop advertising that relates more effectively with a younger student population.

Answer: a **Page(s):** 3 **LO:** 2 **AACSB:** Analytic **QD:** Medium

Rationale: As an inventor for 3M, David Windorski's principal task was to design new products. To do this, he first must discover unmet consumer needs and wants.

1-2 CHAPTER OPENER: 3M

KNOWLEDGE

How much time does 3M allow their inventors for the purpose of doing initially unfunded research?

- 5%
- 10%
- 15%
- 25%
- 35%

Answer: c **Page(s):** 3 **LO:** 2 **AACSB:** Analytic **QD:** Easy

Rationale: 3M's "15% Rule" allows inventors to use up to 15 percent of their time to do initially unfunded research that might lead to marketable 3M products.

1-3 CHAPTER OPENER: 3M

COMPREHENSION

An inventor for 3M, David Windorski questioned dozens of students about how they study. They told him

- to make new products that have higher quality.
- that the average backpack was already too heavy.
- that it would be reasonable to put Post-it® Flags together with a highlighter.
- to determine the ratio of 3M products to study aid products of other competitors.
- that highlighters and Post-it® Notes should not be combined.

Answer: c **Page(s):** 3 **LO:** 2 **AACSB:** Analytic **QD:** Medium

Rationale: Windorski had to first discover students' studying needs. He did this by interviewing dozens of students. They told him that "It's natural behavior to highlight a passage and then mark

the page with a Post-it® Note or Post-it® Flag.” This would require that 3M put Post-it® Flags together with a highlighter.

1-4 CHAPTER OPENER: 3M

APPLICATION

If other companies applied the same strategy David Windorski used at 3M, they would most likely

- a. avoid the use of mock-ups and working models to speed up the new-product development process and get the product out to the market faster.
- b. search continuously to discover customers’ needs.
- c. copy 3M’s “5% Rule” to do unfunded research.
- d. avoid excessive attention to customers’ demands because they cannot always differentiate between their needs and their wants.
- e. focus on the shareholders of the company and know the strategy will follow.

Answer: b **Page(s):** 3 **LO:** 2 **AACSB:** Analytic **QD:** Hard

Rationale: The first objective in marketing is discovering the needs of prospective consumers. David Windorski worked with college students and observed how they studied to discover their needs and wants. This information was essential in designing a new product.

1-5 MARKETING EXPERT

COMPREHENSION

Which of the following statements about marketing is most accurate?

- a. Unless you take a marketing class, you will never truly know anything about marketing.
- b. Marketing is nothing more than common sense.
- c. Marketing requires an innate sense of creativity; you either have it or you don’t.
- d. You can call yourself a marketing expert only if you have sold something.
- e. You are already a marketing expert because as a consumer, you have already been involved in marketing decisions.

Answer: e **Page(s):** 4 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: You are already a marketing expert because you perform many marketing activities and make marketing-related decisions every day—although most likely on the buying rather than the selling side.

1-6 MARKETING MATTERS

COMPREHENSION

Mark Zuckerberg is a co-founder of the social networking website called _____.

- a. MySpace
- b. Groupon
- c. LinkedIn
- d. Facebook
- e. Twitter

Answer: d **Page(s):** 5-6 **LO:** 1 **AACSB:** Technology **QD:** Easy

Rationale: Mark Zuckerberg is a co-founder of the social networking website called Facebook.

1-7 MARKETING MATTERS**COMPREHENSION**

Initially, Facebook targeted which market segment of consumers?

- a. grade school children ages 6 to 12 years old
- b. high school students
- c. college students
- d. adults with professional occupations
- e. senior adults 55 years and older

Answer: c **Page(s):** 5-6 **LO:** 1 **AACSB:** Technology **QD:** Easy

Rationale: Initially, Facebook targeted college students and then people of any age.

1-8 BUSINESS FAILURES**KNOWLEDGE**

_____ of all new businesses fail within five years of their launch.

- a. Only 5 percent
- b. Only 10 percent
- c. Only 25 percent
- d. About 40 percent
- e. Over 50 percent

Answer: e **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Easy

Rationale: More than half of all new businesses fail within five years of their launch.

1-9 BUSINESS FAILURES**KNOWLEDGE**

More than half of all new businesses fail within _____ years of their launch.

- a. two
- b. three
- c. four
- d. five
- e. ten

Answer: d **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Easy

Rationale: More than half of all new businesses fail within five years of their launch.

1-10 WHAT IS MARKETING?**KNOWLEDGE**

Marketing refers to

- a. the production of products or services that will generate the highest return on investment.
- b. the strategies used in the advertising and promotion of products and services.
- c. the process of identifying target market segments for a product or service.
- d. the activity involved in actually getting a product or service to ultimate consumers and organizational buyers.
- e. the activity for creating, communicating, delivering, and exchanging offerings that benefit its customers, the organization, its stakeholders, and society at large.

Answer: e **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—marketing.

1-11 WHAT IS MARKETING?

KNOWLEDGE

Marketing refers to

- a. the activity for creating, communicating, delivering, and exchanging offerings that benefit the organization, its shareholders, and employees.
- b. the activity for creating, communicating, delivering, and exchanging offerings that benefit its customers, the organization, its stakeholders, and society at large.
- c. the activity for creating, communicating, delivering, and exchanging offerings that benefit the organization, its shareholders, and customers.
- d. the activity for creating, communicating, delivering a product or service to a specific segment of the market, and providing the greatest customer value at the highest possible price.
- e. the activities of advertising, promoting, and selling products to the greatest number of potential customers while simultaneously meeting the needs of the customer and organization.

Answer: b Page(s): 5 LO: 1 AACSB: Analytic QD: Easy

Rationale: Key term definition—marketing.

1-12 WHAT IS MARKETING?

KNOWLEDGE

The activity for creating, communicating, delivering, and exchanging offerings that benefit its customers, the organization, its stakeholders, and society at large is referred to as _____.

- a. manufacturing
- b. advertising
- c. marketing
- d. selling
- e. promotion

Answer: c Page(s): 5 LO: 1 AACSB: Analytic QD: Easy

Rationale: Key term definition—marketing.

1-13 WHAT IS MARKETING?

KNOWLEDGE

The combined American Marketing Association's 2004/2007 definitions of marketing used in the textbook defines marketing as

- a. the activity for creating, communicating, delivering, and exchanging offerings solely for the benefit of the organization's stockholders.
- b. the activity for creating, communicating, delivering, and exchanging solely for the benefit of the organization's customers.
- c. the activity for creating, communicating, and delivering a product or service at the highest possible price.
- d. the activities of advertising, promoting, and selling products to the greatest number of profitable customers.
- e. the activity for creating, communicating, delivering, and exchanging offerings that benefit its customers, the organization, its stakeholders, and society at large.

Answer: e **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—marketing.

1-14 WHAT IS MARKETING? COMPREHENSION

All of the following are true about marketing **EXCEPT**:

- a. Marketing is a broader activity than advertising.
- b. Marketing stresses the importance of delivering genuine benefits in the offerings of products, services, and ideas.
- c. Marketing persuades people to buy the “wrong” things.
- d. When an organization engages in marketing, all stakeholders should benefit.
- e. Marketing is a broader activity than personal selling.

Answer: c **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: Marketing is the activity for creating, communicating, delivering, and exchanging offerings that benefit its customers, the organization, its stakeholders, and society at large. This definition shows marketing to be a far broader activity than simply advertising or personal selling. It stresses the importance of delivering genuine benefits in the offerings of products, services, and ideas marketed to customers. Also, note that the organization, the stakeholders, and society should all benefit.

1-15 STAKEHOLDERS COMPREHENSION

The common factor among an organization’s chairman of the board, stockholders, suppliers, laborers, customers, and society at large is that

- a. all are stakeholders and should benefit from the marketing of a product.
- b. everyone has a say in the ultimate design of a product.
- c. everyone is legally culpable if something goes wrong with a product.
- d. all have to make some type of direct financial investment in the organization.
- e. all use the product or service marketed by the organization.

Answer: a **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: The common factor is that all are stakeholders of an organization and should all benefit from its marketing activities.

1-16 STAKEHOLDERS COMPREHENSION

Which of the following statements about stakeholders is most accurate?

- a. Ultimately, the only relevant stakeholder is the ultimate consumer.
- b. The organization, suppliers, shareholders, employees, and consumers are all stakeholders of an organization and all should benefit from the organization’s marketing activities.
- c. Employees can be stakeholders only if they own shares in their company.
- d. Suppliers are the most important stakeholders because without them, products could never be produced.
- e. The only way to be a stakeholder is to have a financial investment in an organization’s product, service, or idea.

Answer: b **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: The organization doing the marketing and the stakeholders affected—such as customers, employees, suppliers, and shareholders—and society should all benefit.

1-17 STAKEHOLDERS

APPLICATION

Mizuno designs and sells high quality baseball gloves. Who benefits the **LEAST** from the firm's marketing activities for its gloves?

- a. a baseball or softball player who purchases a new Mizuno glove
- b. the Sports Authority salesperson who sells a player a Mizuno glove
- c. the supplier who provided the leather to Mizuno
- d. the shareholder of Mizuno that designs and manufactures the gloves
- e. No one should benefit the "least." All should benefit from Mizuno's marketing efforts, even society at large.

Answer: e **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: The organization doing the marketing and the stakeholders affected—such as customers, employees, suppliers, shareholders, and society—should all benefit.

1-18 DISCOVERING/SATISFYING NEEDS/WANTS

COMPREHENSION

To serve both buyers and sellers, marketing seeks to _____ and satisfy the needs and wants of prospective customers.

- a. change
- b. create
- c. manipulate
- d. discover
- e. weigh

Answer: d **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: To serve both buyers and sellers, marketing seeks (1) to discover the needs and wants of prospective customers and (2) to satisfy them.

1-19 DISCOVERING/SATISFYING NEEDS/WANTS

COMPREHENSION

To serve both buyers and sellers, marketing seeks to discover and _____ the needs and wants of prospective customers.

- a. change
- b. satisfy
- c. create
- d. manipulate
- e. weigh

Answer: b **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: To serve both buyers and sellers, marketing seeks (1) to discover the needs and wants of prospective customers and (2) to satisfy them.

1-20 PROSPECTIVE CUSTOMERS

COMPREHENSION

Whether an individual is buying for personal or household use, or an organization is buying for its own use or for resale, the individual or organization would be considered

- a. a prospective customer.
- b. the primary marketing decision maker.
- c. a potential distributor.
- d. an informed buyer.
- e. an unqualified prospect.

Answer: a **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: Prospective customers include both individuals, buying for themselves and their households, and organizations that buy for their own use (such as manufacturers) or for resale (such as wholesalers and retailers).

1-21 PROSPECTIVE CUSTOMERS

APPLICATION

A student wants to buy a smartphone so she can share pictures with her friends. An insurance claims adjuster wants to buy a smartphone to document accidents (take pictures, write a report, etc.). If they both purchase the same model smartphone, such as an iPhone 4S, which statement is most accurate?

- a. The adjuster is a prospective customer because the smartphone will be used for work; the student is only a secondary user since the purpose of the smartphone is just for entertainment.
- b. Both the adjuster and the student are potential customers because in their own way, they both benefit from the product.
- c. Neither the adjuster nor the student is a prospective customer since the company will pay for the adjuster's smartphone and the student's parents will pay for hers.
- d. The student is the prospective customer since there are more students buying smartphones for personal use than there are insurance adjusters buying smartphones for business use.
- e. Every person who uses a smartphone is prospective customer; they benefit whether they purchase the smartphone or not.

Answer: b **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: Prospective customers include both individuals, buying for themselves and their households, and organizations that buy for their own use (such as manufacturers) or for resale (such as wholesalers and retailers). A prospective customer includes anyone who could benefit from owning a product.

1-22 PROSPECTIVE CUSTOMERS

APPLICATION

The Terrafugia Transition is a 19-foot, two-seater road-drivable, light-sport aircraft with an anticipated price of \$250,000. The most likely prospective customers for this flying car would include

- a. students interested in science fiction.
- b. retired seniors receiving social security.
- c. executives for whom time is extremely important.
- d. teens who like to try new things.
- e. All of the people above are likely prospective customers of the Transition.

Answer: c **Page(s):** 5, 9 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: A prospective customer includes anyone who would benefit from owning a product. However, the most likely prospective customer in this case would be an executive for whom time is extremely important. Both the benefits of the Terrafugia Transition and the willingness and ability to pay for it are needed for prospective customers to become actual customers.

1-23 EXCHANGE

KNOWLEDGE

In marketing, the idea of exchange refers to

- a. the negotiation phase between the manufacturer and the seller.
- b. the financial remuneration (monetary payment) for a product or service.
- c. the trade of things of value between buyer and seller so that each is better off after the trade.
- d. the bartering of products and services for other products and services.
- e. the practice of swapping products and services for other products and services rather than for money.

Answer: c **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—exchange.

1-24 EXCHANGE

KNOWLEDGE

Marketing seeks to discover the needs and wants of prospective customers and satisfy them.

Essential to this process is the idea of exchange, which refers to

- a. the trade of things of value between buyer and seller so that each is better off after the trade.
- b. the negotiation phase between the manufacturer and the seller.
- c. the financial remuneration (monetary payment) for a product or service.
- d. the bartering of products and services for other products and services.
- e. the practice of swapping products and services for other products and services rather than for money.

Answer: a **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—exchange.

1-25 EXCHANGE

KNOWLEDGE

The trade of things of value between buyer and seller so that each is better off after the trade is referred to as _____.

- a. financial remuneration
- b. exchange
- c. countertrade
- d. barter
- e. marketing

Answer: b **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—exchange.

1-26 EXCHANGE

APPLICATION

The American Red Cross created a series of advertisements to encourage people to donate blood. After viewing an ad, Amanda went to the local Red Cross office and donated a pint of her blood. Amanda returned home feeling happy that she had performed a good deed. Was this an exchange in a marketing sense?

- a. Yes, because the blood was donated to the Red Cross based on an advertisement, a marketing activity.
- b. Yes, because the donated blood was exchanged for a feeling of satisfaction.
- c. No, because the Red Cross is nonprofit organization.
- d. No, because no money changed hands.
- e. No, because the Red Cross, a service organization, did not provide Amanda with a product.

Answer: b **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: Marketers seek to discover and satisfy the needs and wants of customers. The key to achieving these objectives is exchange—the trade of things of value between buyer and seller so that each benefits from the exchange. In this instance, Amanda is a donor, another name for a customer, and the Red Cross is the marketer. An exchange occurred when Amanda exchanged her donated blood (a “thing”) for a feeling of satisfaction (another “thing”)—which to her was as valuable as money. The Red Cross received the donated blood to serve the needs of society in times of disaster—this benefits society as a whole. Alternative “a” is incorrect because the ad only served as the motivation to donate; no transaction occurred at the time Amanda saw the ad.

1-27 EXCHANGE

APPLICATION

A church put advertisements in its weekly bulletins to encourage its members to participate in the services by telling a brief, positive story about how fellow members have helped them during times of need. Jack volunteered and shared his story during a service. Afterwards, he felt joyous. Was this an exchange in a marketing sense?

- a. Yes, because the church ran an advertisement, a marketing activity.
- b. No, because the church is nonprofit organization and these actions are expected without any expectation of “exchange.”
- c. No, because no money was exchanged.
- d. Yes, because sharing his story at a service was exchanged for a feeling of joy.
- e. No, because the church did not provide Jack with a tangible product or service.

Answer: d **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: Marketers seek to discover and satisfy the needs and wants of customers. The key to achieving these objectives is exchange—the trade of things of value between buyer and seller so that each benefits from the exchange. In this instance, Jack is a member or “customer” and the church is the “marketer.” An exchange occurred when Jack “exchanged” his story at the service for a feeling of joy. The rest of the church membership likely benefited from Jack’s story as well.

1-28 EXCHANGE

APPLICATION

A local college of business offers an outstanding graduate business school education program. Cali pays the tuition to attend and earns her MBA with a concentration in marketing management. Upon graduating, she is offered a high paying, fulfilling position. Was this a marketing exchange?

- a. No, because the university earned a profit from Cali’s tuition.

- b. No, because money was exchanged in the form of tuition and Cali’s income will come from her employer, not the graduate school.
- c. No, because the school did not provide Cali with a tangible product, only the potential of an education.
- d. Yes, because the university promised Cali she would graduate on time, and she did.
- e. Yes, because paying tuition was exchanged for knowledge that directly led to Cali’s high paying, fulfilling new job.

Answer: e **Page(s):** 5 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: Marketers seek to discover and satisfy the needs and wants of customers. The key to achieving these objectives is exchange—the trade of things of value between buyer and seller so that each benefits from the exchange. In this instance, Cali is the customer and the college is the marketer. An exchange occurred when Cali paid her tuition to the college and received the education required to earn a degree that resulted in the job offer.

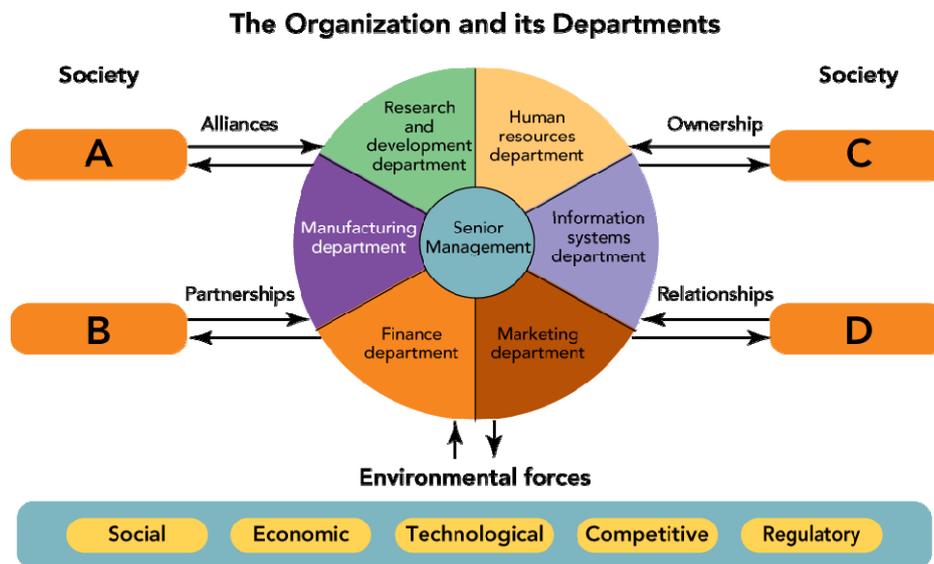


Figure 1-2

1-29 THE ORGANIZATION AND ITS DEPARTMENTS

COMPREHENSION

In Figure 1-2 above, “A” represents a firm’s relationships with

- a. suppliers.
- b. customers.
- c. shareholders.
- d. other departments.
- e. other organizations.

Answer: e **Page(s):** 6-7 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: Figure 1-2 in the textbook shows the key people, groups, and forces outside the organization that influence its marketing activities. The marketing department is responsible for facilitating relationships, partnerships, and alliances with the organization’s customers (“D”),

shareholders (or often representatives of groups served by a nonprofit organization—"C"), suppliers ("B"), and other organizations ("A").

1-30 THE ORGANIZATION AND ITS DEPARTMENTS **COMPREHENSION**

In Figure 1-2 above, "B" represents a firm's partnerships with

- a. other organizations.
- b. suppliers.
- c. shareholders.
- d. customers.
- e. other departments.

Answer: b **Page(s):** 6-7 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: Figure 1-2 in the textbook shows the key people, groups, and forces outside the organization that influence its marketing activities. The marketing department is responsible for facilitating relationships, partnerships, and alliances with the organization's customers ("D"), shareholders (or often representatives of groups served by a nonprofit organization—"C"), suppliers ("B"), and other organizations ("A").

1-31 THE ORGANIZATION AND ITS DEPARTMENTS **COMPREHENSION**

In Figure 1-2 above, "C" represents a firm's ownership with

- a. other organizations.
- b. suppliers.
- c. shareholders.
- d. customers.
- e. other departments.

Answer: c **Page(s):** 6-7 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: Figure 1-2 in the textbook shows the key people, groups, and forces outside the organization that influence its marketing activities. The marketing department is responsible for facilitating relationships, partnerships, and alliances with the organization's customers ("D"), shareholders (or often representatives of groups served by a nonprofit organization—"C"), suppliers ("B"), and other organizations ("A").

1-32 THE ORGANIZATION AND ITS DEPARTMENTS **COMPREHENSION**

In Figure 1-2 above, "D" represents a firm's relationship with

- a. other organizations.
- b. suppliers.
- c. shareholders.
- d. customers.
- e. other departments.

Answer: d **Page(s):** 6-7 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: Figure 1-2 in the textbook shows the key people, groups, and forces outside the organization that influence its marketing activities. The marketing department is responsible for facilitating relationships, partnerships, and alliances with the organization's customers ("D"),

shareholders (or often representatives of groups served by a nonprofit organization—"C"), suppliers ("B"), and other organizations ("A").

1-33 THE ORGANIZATION AND ITS DEPARTMENTS

COMPREHENSION

All of the following are departments in a typical organization **EXCEPT**:

- a. finance.
- b. manufacturing.
- c. information systems.
- d. human resources.
- e. suppliers.

Answer: e **Page(s): 6-7** **LO: 1** **AACSB: Analytic** **QD: Medium**

Rationale: Figure 1-2 in the textbook shows the key people, groups, and forces outside the organization that influence its marketing activities. The marketing department is one of several departments in a typical organization. Other departments include human resources, information systems, finance, manufacturing, and research and development (R&D). Suppliers exist outside the organization.

1-34 THE MARKETING DEPARTMENT

COMPREHENSION

The _____ department of an organization is responsible for facilitating relationships, partnerships, and alliances with the organization's customers, shareholders, suppliers, and other organizations.

- a. purchasing
- b. marketing
- c. human resources
- d. accounting
- e. information systems

Answer: b **Page(s): 6-7** **LO: 1** **AACSB: Analytic** **QD: Medium**

Rationale: The marketing department is responsible for facilitating relationships, partnerships, and alliances with the organization's customers, shareholders, suppliers, and other organizations. See Figure 1-2 in the textbook.

1-35 THE MARKETING DEPARTMENT

COMPREHENSION

The marketing department of an organization is responsible for facilitating _____.

- a. relationships, partnerships, and alliances with the organization's customers, shareholders, suppliers, and other organizations
- b. healthy competition with other product manufacturers
- c. financial contracts with banks and other lending institutions
- d. alliances with firms with non-competitive products that target similar markets
- e. relationships with governmental regulatory agencies

Answer: a **Page(s): 6-7** **LO: 1** **AACSB: Analytic** **QD: Medium**

Rationale: The marketing department is responsible for facilitating relationships, partnerships, and alliances with the organization's customers, shareholders, suppliers, and other organizations. See Figure 1-2 in the textbook.

1-36 THE MARKETING DEPARTMENT

COMPREHENSION

Which of the following statements about marketing departments is most accurate?

- a. The marketing department should work with people solely within its own department.
- b. The marketing department should suggest where a firm should invest its money based on its knowledge of the market and environmental forces.
- c. The marketing department is responsible for only the 4Ps.
- d. The marketing department is responsible for market research, supervision of product development, and product promotion.
- e. The marketing department must work closely with a network of other departments and employees to help provide the customer-satisfying products required for the organization to survive and prosper.

Answer: e **Page(s):** 6-7 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: The marketing department of an organization is responsible for facilitating relationships, partnerships, and alliances with the organization's customers, shareholders, suppliers, and other organizations.

1-37 ENVIRONMENTAL FORCES

COMPREHENSION

All of the following are environmental forces **EXCEPT**:

- a. economic.
- b. customers.
- c. social.
- d. regulatory.
- e. technological.

Answer: b **Page(s):** 11 **LO:** 1 **AACSB:** Analytic **QD:** Medium

Rationale: Environmental forces involving social, economic, technological, competitive, and regulatory considerations also shape an organization's marketing activities.

1-38 MARKETING ACTIVITIES

COMPREHENSION

Which of the following statements about marketing activities is most accurate?

- a. Marketing is affected by society but rarely, if ever, affects society as a whole.
- b. The marketing department works closely with other departments and employees to implement marketing activities.
- c. Marketing activities are the sole responsibility of the marketing department; other departments are involved only if there is an emergency (such as a product recall).
- d. Environmental forces do not affect marketing activities as long as a firm closely monitors its environment through rigorous market research.
- e. Marketing, after all is said and done, is essentially developing the right product and convincing potential customers that they "need" it, not just "want" it.

Answer: b **Page(s):** 6-7 **LO: 1** **AACSB: Analytic** **QD: Medium**

Rationale: Although an organization's marketing activity focuses on assessing and satisfying consumer needs, countless other people, groups, and forces interact to shape the nature of its activities. The marketing department works closely with a network of other departments and employees to help provide the customer-satisfying products required for the organization to survive and prosper. Environmental forces also shape an organization's marketing activities. Finally, an organization's marketing decisions are affected by and, in turn, often have an important impact on society as a whole. See Figure 1-2 in the textbook.

1-39 REQUIREMENTS FOR MARKETING TO OCCUR COMPREHENSION

Four factors are required for marketing to occur: (1) _____; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange.

- a. a healthy competitive environment
- b. government approval
- c. a sense of social responsibility
- d. an ability to see hidden potential within an environmental force
- e. two or more parties (individuals or organizations) with unsatisfied needs

Answer: e **Page(s):** 6-7 **LO: 1** **AACSB: Analytic** **QD: Medium**

Rationale: Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange.

1-40 REQUIREMENTS FOR MARKETING TO OCCUR COMPREHENSION

Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) _____; (3) a way for the parties to communicate; and (4) something to exchange.

- a. a healthy competitive environment
- b. government approval
- c. a sense of social responsibility
- d. a desire and ability on their part to be satisfied
- e. an ability to see hidden potential within an environmental force

Answer: d **Page(s):** 6-7 **LO: 1** **AACSB: Analytic** **QD: Medium**

Rationale: Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange.

1-41 REQUIREMENTS FOR MARKETING TO OCCUR COMPREHENSION

Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) _____; and (4) something to exchange.

- a. a way for the parties to communicate
- b. a healthy competitive environment
- c. government approval

- d. a sense of social responsibility
- e. an ability to see hidden potential within an environmental force

Answer: a **Page(s):** 6-7 **LO: 1** **AACSB: Analytic** **QD: Medium**

Rationale: Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange.

1-42 REQUIREMENTS FOR MARKETING TO OCCUR **COMPREHENSION**

Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) _____.

- a. a sense of social responsibility
- b. something to exchange
- c. a healthy competitive environment
- d. government approval
- e. an ability to see hidden potential within an environmental force

Answer: b **Page(s):** 6-7 **LO: 1** **AACSB: Analytic** **QD: Medium**

Rationale: Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange.

1-43 REQUIREMENTS FOR MARKETING TO OCCUR **COMPREHENSION**

Which of the following conditions is necessary for marketing to occur?

- a. two or more people, a method of assessing needs, a way to communicate, and an exchange
- b. two or more people, a product, a reasonable price, and a place to make an exchange
- c. a quality product, a fair price, a clever method of promotion, and a place where a customer can buy the product
- d. two or more parties with unsatisfied needs, a desire and an ability to satisfy them, a way to communicate, and something to exchange
- e. an ability to see a hidden trend within an environmental force

Answer: d **Page(s):** 6-7 **LO: 1** **AACSB: Analytic** **QD: Medium**

Rationale: Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange.

1-44 REQUIREMENTS FOR MARKETING TO OCCUR **APPLICATION**

A business student is preparing for the Graduate Management Admission Test (GMAT) so he can get into a good graduate business school. He knows that any money he spends on a tutor will be well worth it if he can improve his scores. He's heard that there is a great tutor in his local community but has no idea who she is. What is the next logical step in order for marketing to occur?

- a. He should buy a GMAT study guide at the bookstore.

- b. He should find out what the minimum score he needs to get into the school of his choice.
- c. He should check for ads for tutors in the college and local papers, ask his friends, look for flyers by her on a bulletin board in the business college student lounge, etc.
- d. He should consider alternatives to graduate school in case the scores he receives on his own are not sufficient admission.
- e. He should apply for delayed admission if he can't find this tutor.

Answer: c **Page(s):** 6-7 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange. The student has the desire and ability to satisfy those needs; however, in order for marketing to take place, the tutor and student must be able to communicate—he must locate her to use her services. Alternative “c” suggests several ways that might occur.

1-45 REQUIREMENTS FOR MARKETING TO OCCUR

APPLICATION

For marketing to occur, there must be two or more parties with unsatisfied needs. Cadbury Beverages, Inc. has begun distributing Country Time lemonade through supermarkets at a price comparable to that of soft drinks. The most likely “second” party needed for marketing to occur would be

- a. people who are nostalgic about childhood summers.
- b. people with a desire for a beverage other than soda or water.
- c. product demonstrators who offer samples of Country Time lemonade to shoppers at local supermarkets.
- d. a local distributor of alcoholic beverages.
- e. a nutritionist promoting the benefits of fresh fruit in people's diets.

Answer: b **Page(s):** 6-7 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange. In this example, consumers may want/need a new beverage alternative and Cadbury wishes to sell them one.

1-46 REQUIREMENTS FOR MARKETING TO OCCUR

APPLICATION

A student would like to buy a sports car from the local dealer, but she cannot afford one. Marketing does not occur in this situation because

- a. two or more parties have unsatisfied needs.
- b. there is no desire on the part of either party to satisfy its needs.
- c. one of the involved parties does not have the ability to satisfy its needs.
- d. there is no way for each party to communicate with one another.
- e. there has been no assessment of consumer wants and needs.

Answer: c **Page(s):** 6-7 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange. In this example, the student has the desire but not the ability—a lack of funds—to buy the sports car.

1-47 REQUIREMENTS FOR MARKETING TO OCCUR**APPLICATION**

A college student is taking a full course load, working 20 hours per week, and still has to take out a student loan to cover tuition. One day, the student sees a classmate driving a Lexus sports coupe and feels he just has to have one of his own. What factor is **MOST LIKELY** to prevent a successful marketing exchange between the student and a Lexus dealer?

- a. The local Lexus dealer does not have any sports coupes in stock.
- b. The student does not have the resources to qualify for a \$50,000 auto loan.
- c. Although the Lexus is a great car, there may be other cars with better gas mileage and resale value.
- d. He's afraid that if someone at school sees him with the car, he might lose his student loan.
- e. His girlfriend wants him to drive a Kia Soul.

Answer: b **Page(s):** 6-7 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange. In this example, the most likely factor preventing the student from engaging in a marketing transaction is that he does not have the resources to qualify for a loan to purchase the car.

1-48 REQUIREMENTS FOR MARKETING TO OCCUR**APPLICATION**

A local candidate running for office would very much like to have your vote. She promises that she will "make the country better." Because all candidates for public office say this, you decide not to vote for her. Marketing will not occur in this situation because _____.

- a. marketing doesn't apply to the voting process
- b. the desire and ability to satisfy needs is missing
- c. there is no direct way for the parties to communicate
- d. something to exchange is missing
- e. the candidate's message is compelling

Answer: d **Page(s):** 6-7 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange. In this example, your vote is the "something of value" that is exchanged. Here, the voter will not engage in the "exchange" process with this candidate to "make the country better" because her message is not compelling enough (there's no point of difference) for the person to vote for her.

1-49 REQUIREMENTS FOR MARKETING TO OCCUR**APPLICATION**

The Arizona Biltmore in Phoenix is next to the Biltmore Fashion Park, a large shopping mall located less than a mile away. The hotel wants to promote its proximity to the shopping center as well as its many other amenities to convention-goers from other states. Which of the following would **MOST LIKELY** help The Arizona Biltmore communicate with potential convention attendees?

- a. Place an ad in the in-flight magazines of all the major airlines targeting business/first class flyers.
- b. Send a mass mailing to all the local businesses.
- c. Set up information kiosks at several locations within the Biltmore Fashion Park.
- d. Offer free made-to-order breakfasts for guests staying at the hotel on business.
- e. Offer special discount rates to guests coming from the East Coast.

Answer: a **Page(s):** 6-7 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange. The Arizona Biltmore needs to concentrate on “communication.” Alternative “a” is most likely to reach potential customers who do not already know about the benefits that The Arizona Biltmore offers.

1-50 REQUIREMENTS FOR MARKETING TO OCCUR

APPLICATION

An economics student would like to buy a mini-scooter but she cannot afford one. Which of the following reasons explain why marketing fails to occur here?

- a. There are not two or more parties with unsatisfied needs.
- b. A desire to satisfy a need is missing.
- c. No assessments of consumer wants and needs have been made.
- d. There is no way for the parties involved to communicate.
- e. The ability to satisfy a need is missing.

Answer: e **Page(s):** 6-7 **LO:** 1 **AACSB:** Analytic **QD:** Hard

Rationale: Four factors are required for marketing to occur: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their part to be satisfied; (3) a way for the parties to communicate; and (4) something to exchange. The student has the desire but not the ability (she doesn’t have the money) to participate in the exchange, which is to buy the mini-scooter.

1-51 CONSUMER NEEDS

COMPREHENSION

The two central concerns of marketing are _____.

- a. increasing market share and making profits
- b. holding down costs while increasing profits
- c. developing products and finding suppliers
- d. discovering and satisfying consumer needs
- e. practicing ethics and sustainability

Answer: d **Page(s):** 8 **LO:** 2 **AACSB:** Analytic **QD:** Medium

Rationale: Marketing seeks to (1) discover the needs of prospective customers, and (2) satisfy those needs.

1-52 CONSUMER NEEDS

COMPREHENSION

The first objective in marketing is to discover consumer _____.

- a. diversity of opinion to create advertising messages

- b. income to determine the ability to pay
- c. lifetime value
- d. characteristics to segment markets
- e. needs to identify reasons for buying

Answer: e **Page(s):** 9 **LO:** 2 **AACSB:** Analytic **QD:** Medium

Rationale: Marketing seeks to (1) discover the needs of prospective customers and (2) satisfy those needs.

1-53 CUSTOMER NEEDS

COMPREHENSION

Marketing discovers consumer needs by

- a. implementing a marketing program.
- b. conducting extensive marketing research.
- c. balancing the marketing mix elements—the 4 Ps of the marketing program.
- d. advertising to diverse groups of prospective buyers.
- e. copying the products and services of its competitors.

Answer: b **Page(s):** 8-9 **LO:** 2 **AACSB:** Analytic **QD:** Medium

Rationale: Marketing seeks first to discover consumer needs through extensive marketing research.

1-54 MEETING CONSUMER NEEDS WITH NEW PRODUCTS

KNOWLEDGE

New-product experts generally estimate that up to _____ percent of the more than 40,000 new consumable products introduced in the United States annually “don’t succeed in the long run.”

- a. 33
- b. 50
- c. 67
- d. 75
- e. 94

Answer: e **Page(s):** 8-9 **LO:** 2 **AACSB:** Analytic **QD:** Easy

Rationale: New-product experts estimate that up to 94 percent of new consumable products fail in the long run.

1-55 MEETING CONSUMER NEEDS WITH NEW PRODUCTS

COMPREHENSION

To avoid new-product failure, new-product expert Robert M. McMath suggests

- a. implementing a regional rather than a nationwide rollout of the product.
- b. building a hierarchical organizational structure so that more people can spot product problems.
- c. a focus on customer benefits and to learn from the past.
- d. “doing what it takes” by spending as much as possible on new product marketing program development and execution because in the end, “success comes to those who can outspend its competition.”
- e. releasing several different prototypes at the same time to see which one is most successful.

Answer: c **Page(s):** 9 **LO:** 2 **AACSB:** Analytic **QD:** Medium

Rationale: Robert M. McMath, who has studied more than 110,000 new-product launches, has two key suggestions for marketers: (1) focus on what the customer benefit is and (2) learn from the past.

1-56 MEETING CONSUMER NEEDS WITH NEW PRODUCTS

APPLICATION

If you followed the suggestions of Robert M. McMath, which of the following provides the best advice for a marketer, such as Colgate, when launching a new consumer product, such as toothpaste?

- a. Anticipate the future five years out in terms of product form, ingredients, and packaging—to invent the “toothpaste of tomorrow!”
- b. Give the product a mysterious name that is unrelated the product’s benefits but provokes consumer curiosity.
- c. Initiate a Facebook campaign against beverages sweetened with high fructose corn syrup, which can contribute to tooth decay.
- d. Create unusual packaging that has special shelving requirements.
- e. Study past toothpaste product failures and learn from them.

Answer: e **Page(s):** 9 **LO:** 2 **AACSB:** Analytic **QD:** Hard

Rationale: Robert M. McMath, who has studied more than 110,000 new-product launches, has two key suggestions for marketers: (1) focus on what the customer benefit is and (2) learn from the past—specifically, new toothpaste product failures.

1-57 SHOWSTOPPERS

KNOWLEDGE

A factor that might doom a product in the marketplace is referred to as a(n) _____.

- a. albatross
- b. land mine
- c. pit fall
- d. showstopper
- e. wild card

Answer: d **Page(s):** 9 **LO:** 2 **AACSB:** Analytic **QD:** Easy

Rationale: Showstoppers are factors that might doom a product in the marketplace.

1-58 SHOWSTOPPERS

KNOWLEDGE

Showstoppers refer to

- a. creative or innovative members of a marketing team.
- b. unexpected alternative uses for a product that result in a sudden increase in sales.
- c. factors that might doom a product in the marketplace.
- d. a sudden loss of financial backing even though the item is in production.
- e. a situation when a competitor’s product suddenly beats a firm’s new product to the marketplace.

Answer: c **Page(s):** 9 **LO:** 2 **AACSB:** Analytic **QD:** Easy

Rationale: Showstoppers are factors that might doom a product in the marketplace.

1-59 SHOWSTOPPERS

COMPREHENSION

Which of the following products mentioned in Chapter 1 of the textbook failed in the marketplace?

- a. Terrafugia Transition
- b. Pepsi Max
- c. Hot Pockets Snackers
- d. 3M Post-it Flag+ Highlighter
- e. Dr. Care toothpaste

Answer: e **Page(s):** 9 **LO:** 2 **AACSB:** Analytic **QD:** Medium

Rationale: Dr. Care toothpaste used an aerosol can to apply the product to a user's toothbrush. While unique, it was a "showstopper." Many surprised parents weren't amused when they discovered that their children had "spray-painted" their bathroom walls with the product instead of applying the toothpaste to their toothbrushes—its intended use situation.

1-60 SHOWSTOPPERS

APPLICATION

The Terrafugia Transition is a flying car with an anticipated price of \$250,000. The **MOST LIKELY** prospective customers for this aircraft/vehicle would be

- a. college students who are interested in high technology products.
- b. retired seniors who live off their Social Security checks.
- c. corporate executives of *Fortune* 1000 companies whose time is valuable.
- d. 16-year old teenagers who just got their drivers' licenses.
- e. no one, since the Transition is too revolutionary and expensive for anyone to buy it.

Answer: c **Page(s):** 9 **LO:** 2 **AACSB:** Analytic **QD:** Hard

Rationale: A prospective customer includes anyone who could benefit from owning a product or service. However, the **MOST LIKELY** prospective customers for the Terrafugia Transition flying car would be corporate executives of *Fortune* 1000 companies whose time is valuable.

1-61 NEED

KNOWLEDGE

A _____ occurs when a person feels deprived of basic necessities such as food, clothing, and shelter.

- a. desire
- b. need
- c. utility
- d. want
- e. craving

Answer: b **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—need.

1-62 NEED

KNOWLEDGE

A need refers to

- a. a sense of personal inadequacy based upon observations by others around you.
- b. a sense of urgency, which causes a person to take action.
- c. a feeling that is shaped by a person's knowledge, culture, or personality.
- d. a feeling of being deprived of something, but not fully understanding what it may be.
- e. a situation when a person feels deprived of basic necessities such as food, clothing, and shelter.

Answer: e **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Easy
Rationale: Text term definition—need.

1-63 NEED

COMPREHENSION

All of the following are examples of products or services that satisfy a consumer need **EXCEPT**:

- a. a pair of jeans.
- b. an apple.
- c. a student dormitory.
- d. a sports car.
- e. a jacket.

Answer: d **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Medium
Rationale: Needs occur when a person feels deprived of basic necessities such as clothes, food, or shelter. A want is a need that is shaped by a person's knowledge, culture, or personality, such as a sports car. All of the other alternatives are examples of basic necessities.

1-64 WANT

KNOWLEDGE

A _____ is a need that is shaped by a person's knowledge, culture, and personality.

- a. desire
- b. demand
- c. utility
- d. want
- e. craving

Answer: d **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Easy
Rationale: Text term definition—want.

1-65 WANT

KNOWLEDGE

A want refers to

- a. a sense of personal inadequacy based upon observations by others around you.
- b. a sense of urgency that causes a person to take action.
- c. a need that is shaped by a person's knowledge, culture, or personality.
- d. a feeling of being deprived of something, but not fully understanding what it may be.
- e. a situation when a person feels deprived of basic necessities such as food, clothing, and shelter.

Answer: c **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Easy
Rationale: Text term definition—want.

1-66 CONSUMER NEEDS AND WANTS

COMPREHENSION

Which of the following statements best defines consumer needs and wants?

- a. Needs are far more influential than wants with respect to marketing decision making.
- b. Wants affect marketing decisions primarily for planned purchases while needs affect marketing decisions primarily for impulse purchases.
- c. Wants occur when a person feels deprived of basic necessities such as food, clothing, and shelter while needs are determined by a person's knowledge, culture, or personality.
- d. Needs occur when a person feels deprived of basic necessities such as food, clothing, and shelter while wants are determined by a person's knowledge, culture, or personality.
- e. Needs and wants are exactly the same.

Answer: d **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Medium
Rationale: Needs occur when a person feels deprived of basic necessities such as food, clothing, and shelter. A want is a felt need that is shaped by a person's knowledge, culture, or personality.

1-67 CONSUMER NEEDS AND WANTS

APPLICATION

A television advertisement shows several teenagers searching through the refrigerator for something to quench their thirst. The refrigerator offers the youngsters many alternatives—soft drinks, fruit drinks, sport drinks, and bottles of Sunny Delight drink. The ad, which shows the teens happily selecting Sunny Delight over all the other beverages, appeals to the consumers' _____ for liquid refreshment to quench their thirst and attempts to shape their _____ for the advertised product.

- a. needs; wants
- b. wants; needs
- c. wants; cravings
- d. cravings; needs
- e. needs; preferences

Answer: a **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Hard
Rationale: A need occurs when a person feels deprived of basic necessities (i.e., food, water, clothing, and shelter). A want is a need that is shaped by a person's knowledge, culture, or personality. A need is necessary; a want is a learned preference for a specific item that satisfies the consumer's need, such as consuming Sunny Delight to quench one's thirst.

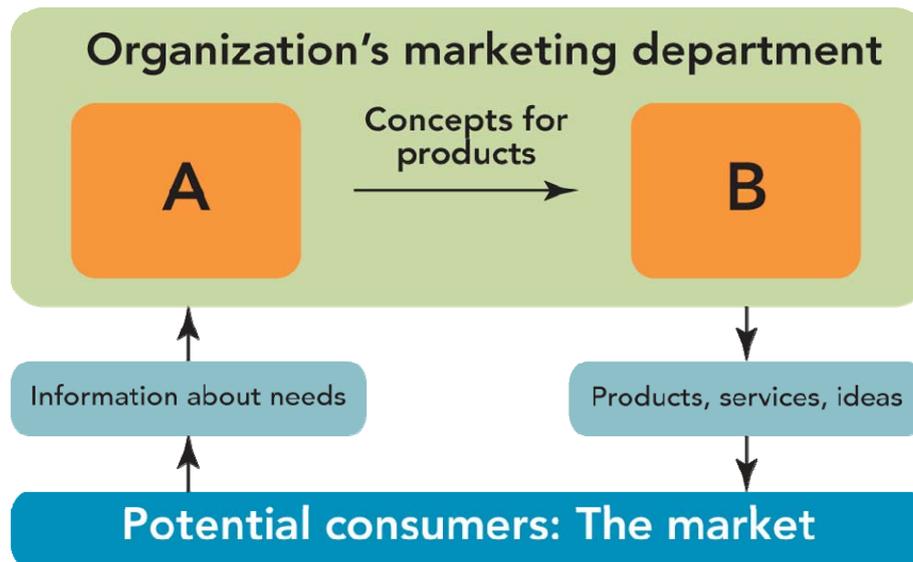


Figure 1-3

1-68 DISCOVERING/SATISFYING CONSUMER NEEDS

COMPREHENSION

In Figure 1-3 above, “A” represents _____ and “B” represents _____.

- a. management; shareholders
- b. employees; stakeholders
- c. sales; manufacturing
- d. R&D; customers
- e. discovering consumer needs; satisfying consumer needs

Answer: e **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Medium

Rationale: Marketing seeks first to discover consumer needs through extensive research. It then seeks to satisfy those needs by successfully implementing a marketing program possessing the right combination of the marketing mix—the 4 Ps. See Figure 1-3 in the textbook.

1-69 DISCOVERING/SATISFYING CONSUMER NEEDS

COMPREHENSION

In Figure 1-3 above, “B” is accomplished by _____.

- a. designing a marketing program
- b. developing the 5 Ps
- c. discovering consumer needs
- d. developing a marketing plan
- e. identifying target markets

Answer: a **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Medium

Rationale: Marketing seeks first to discover consumer needs through extensive research. It then seeks to satisfy those needs by successfully implementing a marketing program possessing the right combination of the marketing mix—the 4 Ps. See Figure 1-3 in the textbook.

1-70 MARKET

KNOWLEDGE

People with both the desire and ability to buy a specific offering are referred to as [a(n)]

_____.

- a. shoppers
- b. customer base
- c. market
- d. bazaar
- e. emporium

Answer: c **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—market.

1-71 MARKET

KNOWLEDGE

In a marketing context, a market refers to

- a. people with a similar want for a particular product or service.
- b. people with both the desire and ability to buy a specific offering.
- c. the central location for all buying and selling of products and services.
- d. an open space or covered building where vendors convene to sell their offerings.
- e. the free the operation of supply and demand.

Answer: b **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—market.

1-72 MARKET

KNOWLEDGE

All markets ultimately are composed of _____.

- a. people
- b. brands
- c. products
- d. organizations
- e. reference groups

Answer: a **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—market.

1-73 MARKET

APPLICATION

The most likely market for cosmetic dentistry, which can cost \$15,000 for straightening and whitening, is

- a. toddlers with crooked baby teeth, when crooked teeth run in the family.
- b. all former smokers who have been smoke free for at least one year.
- c. anyone who has the time, the money, and the desire to undergo the procedures.
- d. anyone who has dental insurance.
- e. adults who want to make a good first impression for a job interview.

Answer: c **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Hard

Rationale: Potential customers make up a market, which consists of people with both the desire and the ability to buy a specific product. In this case, it is anyone who has the time, the money, and the desire to undergo cosmetic dentistry procedures.

1-74 TARGET MARKET

KNOWLEDGE

A target market refers to

- a. people who could purchase a product regardless of who ultimately uses it.
- b. one or more specific groups of potential consumers toward which an organization directs its marketing program.
- c. former customers who now use competitors' products.
- d. the cluster of benefits that an organization focuses on to satisfy consumers' needs.
- e. people with both the desire and the ability to buy a specific offering.

Answer: b **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—target market.

1-75 TARGET MARKET

KNOWLEDGE

A target market refers to

- a. customers who have already purchased a firm's product at least once, have been satisfied, and are likely to be repeat purchasers.
- b. both existing and potential customers who have used a competitor's product, are dissatisfied, and who now seek a different product or service to satisfy their needs.
- c. a specific group of current consumers toward which an organization directs its advertising.
- d. one or more specific groups of potential consumers who are seeking a product for which there are no current substitutes.
- e. one or more specific groups of potential consumers toward which an organization directs its marketing program.

Answer: e **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—target market.

1-76 TARGET MARKET

KNOWLEDGE

One or more specific groups of potential consumers toward which an organization directs its marketing program is referred to as a

- a. mass market.
- b. tangential market.
- c. potential market.
- d. target market.
- e. promotional market.

Answer: d **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—target market.

1-77 TARGET MARKET

APPLICATION

Kraft produces Lunchables, a prepackaged meal usually consisting of several crackers, small slices of meat, and small slices of cheese. Some items in the product line contain Capri Sun drinks, water, or a small portion of Dole fruit. The box is bright yellow and the quantity of food contained within it is small. The target market for Kraft Lunchables is **MOST LIKELY**:

- a. moms with school-age children who pack a simple healthy lunch for them.
- b. business people looking for a fulfilling breakfast at the office.
- c. business travelers on the run.
- d. teenagers who are hungry for an after-school snack.
- e. baby boomers who are trying to lose weight.

Answer: a **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Hard

Rationale: Although anyone can enjoy Lunchables, a target market is a specific group of potential consumers toward which an organization directs its marketing program. In this case, Lunchables' smaller portions and bright packaging are targeted toward moms with school-age children.

1-78 TARGET MARKET

APPLICATION

Which of the following people would **MOST LIKELY** be the best target market for tickets to the home games of the Indianapolis Colts professional football team?

- a. all people with an interest in professional football
- b. all people in the Midwest who have an interest in sports
- c. all men who played on a varsity football team in high school
- d. all people in the Indianapolis and surrounding areas interested in football
- e. all people in Indiana who watch football on TV

Answer: d **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Hard

Rationale: Only alternative "d" describes the Indianapolis Colts' target market—people with both the desire and ability to easily attend home games in Indianapolis.

1-79 TARGET MARKET

APPLICATION

Which of the following groups would be the **LEAST LIKELY** target market for a company producing canned food in single serving sizes?

- a. single adults
- b. school kitchens
- c. campers
- d. senior citizens
- e. vending machine owners

Answer: b **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Hard

Rationale: Of the possible markets listed above, single serving cans meet a special need for singles, campers, senior citizens, and vending machines. School kitchens traditionally serve large quantities of food; the time it would take to open single serving cans for hundreds of children makes the product impractical and therefore would not satisfy a specific need.

1-80 TARGET MARKET

APPLICATION

TUMI brand briefcases are very expensive, high-end briefcases that are generally sold in specialty luggage shops. Which of the following groups would be the most likely target market for TUMI brand briefcases?

- a. police officers
- b. executives
- c. construction workers
- d. postal workers
- e. students

Answer: b **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Hard

Rationale: Any of the people in the alternatives could use a briefcase. However, as a group, executives would include the greatest number of people with the greatest need for and the ability to purchase one of these TUMI briefcases.

1-81 TARGET MARKET

APPLICATION

The United States Army recently has been both praised and criticized for its use of a popular video game—America’s Army, which is designed to reach potential recruits. The game’s creator, Colonel Casey Wardynski, wanted to provide a sense of the training and teamwork one could find in the military environment. The game is designed for “boys 14 years or older,” which represent the Army’s _____.

- a. mass market
- b. actual recruits
- c. restricted market
- d. target market
- e. untapped market

Answer: d **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Hard

Rationale: A target market is one or more specific groups of potential consumers toward which an organization directs its marketing program. In this case, although 14-year-old boys cannot serve in the military, a positive attitude or association with the game and its content now can lead to potential recruits in the future—the Army’s target market.

1-82 TARGET MARKET

APPLICATION

A local university offers business courses for a specific target market composed of people who currently work and want to take refresher courses to obtain a higher degree. Which of the following would be the most effective way to communicate with the target market, bearing in mind that communication must be both effective and economical?

- a. put announcements on campus bulletin boards
- b. distribute promotional materials during classes
- c. advertise on national television
- d. advertise on local hip-hop radio shows
- e. advertise in the local newspaper

Answer: e **Page(s):** 10 **LO:** 2 **AACSB:** Analytic **QD:** Hard

Rationale: Alternatives “a,” “b,” and “d” would miss the target market. Alternative “c” would reach many people not in the target market and thus is too costly per exposure. Alternative “e” is the most effective and economical of the alternatives to communicate with this target market.

1-83 MARKETING MIX (4 Ps)**KNOWLEDGE**

The marketing manager's controllable factors—product, price, promotion, and place—that can be used to solve a marketing problem are referred to as the _____.

- a. marketing concept
- b. marketing mix
- c. marketing program
- d. environmental forces
- e. marketing toolbox

Answer: b **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—marketing mix.

1-84 MARKETING MIX (4 Ps)**KNOWLEDGE**

The four Ps are commonly known as

- a. the environmental or uncontrollable forces.
- b. the environmental or controllable factors.
- c. the marketing mix or controllable factors.
- d. the marketing mix or uncontrollable forces.
- e. predict, produce, package, and persuade.

Answer: c **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—marketing mix.

1-85 MARKETING MIX (4 Ps)**KNOWLEDGE**

The marketing mix refers to

- a. the selection of product benefits and attributes that are to be added to or subtracted from a given product to create variations within a product line.
- b. the specific ratio within a budget that divides resources between advertising, sales promotion, and personal selling.
- c. the marketing manager's controllable factors—product, price, promotion, and place—that can be used to solve a marketing problem.
- d. the allocation of resources within a firm towards individual marketing programs.
- e. the environmental forces—social, economic, technological, competitive, and regulatory—that impact the marketing decisions for a particular product at any given time.

Answer: c **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—marketing mix.

1-86 MARKETING MIX (4 Ps)**KNOWLEDGE**

The marketing mix refers to

- a. the multiple strategies that can be used to promote a product.

- b. the controllable forces—social, economic, technological, competitive, and regulatory—to which a marketing manager must constantly adapt.
- c. the blending of different communication and delivery channels that are mutually reinforcing in attracting, retaining, and building relationships with consumers who shop and buy in traditional intermediaries and online.
- d. the marketing manager’s controllable factors that can be used to solve marketing problems.
- e. a set of complementary products that when sold together generate more sales than when sold separately.

Answer: d **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—marketing mix.

1-87 MARKETING MIX (4 Ps) KNOWLEDGE

Which of the following would a marketer use as a synonym for controllable marketing mix factors?

- a. the four Ps of marketing
- b. environmental forces
- c. macromarketing forces
- d. marketing management factors
- e. micromarketing factors

Answer: a **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—marketing mix.

1-88 MARKETING MIX (4 Ps) KNOWLEDGE

The four Ps of the marketing mix are

- a. priorities, personnel, placement, and profits.
- b. prediction, production, pricing, and promotion.
- c. product, price, production, and place.
- d. product, price, promotion, and place.
- e. predict, produce, package, and persuade.

Answer: d **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy
Rationale: The four Ps are the marketing manager’s controllable factors—product, price, promotion, and place—that can be used to solve a marketing problem.

1-89 MARKETING MIX (4 Ps) KNOWLEDGE

All of the following constitute the “4 Ps” of the marketing mix **EXCEPT**:

- a. promotion.
- b. profits.
- c. price.
- d. place
- e. product.

Answer: b **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy

Rationale: The four Ps are the marketing manager's controllable factors—product, price, promotion, and place—that can be used to solve a marketing problem.

1-90 MARKETING MIX (4 Ps)

COMPREHENSION

The marketing mix elements are called _____ because they are under the jurisdiction of the marketing department in an organization.

- a. uncontrollable forces
- b. profitability factors
- c. stakeholder value generators
- d. target market segments
- e. controllable factors

Answer: e **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Medium

Rationale: Text term definition—controllable factors.

1-91 MARKETING MIX (4 Ps)

APPLICATION

Jakubowski Farms Gourmet Bread Base is the brand name for a mix designed for use in bread machines. The mixes are sold in 2-pound canisters for \$14.99 plus postage. The products are only available through the mail. People learn about the product through word-of-mouth and bread machine demonstrations the company's founder gives to groups in Wisconsin where she lives. This is a description of the company's

- a. action plan.
- b. market segmentation strategy.
- c. mission statement.
- d. marketing mix.
- e. target market.

Answer: d **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard

Rationale: The bread mix is the product. The place is through the mail. The price is \$14.99 plus postage. The promotion is word-of-mouth and public demonstrations. These four factors are the marketing mix—product, price, promotion, and place.

1-92 MARKETING MIX: PRODUCT

KNOWLEDGE

The element of the marketing mix that describes a good, service, or idea to satisfy consumers' needs is known as

- a. a product.
- b. the price.
- c. promotion.
- d. the place or distribution.
- e. a market segment.

Answer: a **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—product.

1-93 MARKETING MIX: PRODUCT**APPLICATION**

The owners of Old School Brand Authentic Antique Foods researched Civil War records to come up with recipes used in the old-fashioned cookies the company produces and markets. This statement deals with which part of the marketing mix?

- a. product
- b. process
- c. price
- d. place
- e. people

Answer: a **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard

Rationale: A product is a good, service, or idea to satisfy consumers' needs, so a cookie is an example of a product.

1-94 MARKETING MIX: PRICE**KNOWLEDGE**

The element of the marketing mix that describes what is exchanged for a product is known as

- a. a product.
- b. the price.
- c. promotion.
- d. the place or distribution.
- e. money.

Answer: b **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—price.

1-95 MARKETING MIX: PRICE**APPLICATION**

Which element of the marketing mix is demonstrated when Mars, Inc. has a sale on M&Ms[®] brand candies?

- a. product
- b. price
- c. promotion
- d. place
- e. production

Answer: b **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard

Rationale: The price is what is exchanged for the product—in this case, the sale lowers the price of the product.

1-96 MARKETING MIX: PRICE**APPLICATION**

The element of the marketing mix demonstrated when an art gallery suggests a \$2.00 donation at the door is _____.

- a. philanthropy
- b. place
- c. product

- d. promotion
- e. price

Answer: e **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard
Rationale: Price is what is exchanged for the product—in this case, access to an art gallery.

1-97 MARKETING MIX: PRICE APPLICATION

To attend a winter concert presented by the community chorus, every person had to donate one unwrapped toy at the concert hall door. This statement is most closely related to the _____ element of the marketing mix.

- a. product
- b. philanthropy
- c. price
- d. place
- e. promotion

Answer: c **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard
Rationale: Price is what is exchanged for the product—in this case, access to the concert. The toy donation was exchanged for the privilege of listening to the music.

1-98 MARKETING MIX: PROMOTION KNOWLEDGE

The element of the marketing mix that describes a means of communication between the seller and buyer is known as

- a. a product.
- b. promotion.
- c. the price.
- d. the place or distribution.
- e. advertising.

Answer: b **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy
Rationale: Text term definition—promotion.

1-99 MARKETING MIX: PROMOTION APPLICATION

The owners of Old School Brand Authentic Antique Foods researched Civil War records to come up with recipes for the old-fashioned products they market. Concern about the _____ element of the marketing mix would make them eager to be featured in an upcoming edition of *Taste of Home* magazine.

- a. product
- b. price
- c. production
- d. promotion
- e. place

Answer: d **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard

Rationale: Promotion is a means of communication between the seller and buyer. *Taste of Home* magazine would likely appeal to the target market for old-fashioned food products.

1-100 MARKETING MIX: PROMOTION

APPLICATION

The _____ element of the marketing mix is demonstrated when a company places an ad in the Yellow Pages.

- a. product
- b. price
- c. promotion
- d. place
- e. process

Answer: c **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard

Rationale: Promotion is a means of communication between the seller and buyer, such as Yellow Pages advertising.

1-101 MARKETING MIX: PLACE

KNOWLEDGE

The element of the marketing mix that describes a means of getting the product to the consumer is known as

- a. a product.
- b. the price.
- c. promotion.
- d. the place or distribution.
- e. transportation.

Answer: d **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—place (or distribution).

1-102 MARKETING MIX: PLACE

APPLICATION

The _____ element of the marketing mix is demonstrated when a newspaper carrier throws a paper on the front porch.

- a. place
- b. product
- c. price
- d. promotion
- e. procurement

Answer: a **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard

Rationale: Place refers to the means of getting the product to the consumer. Here, carriers distribute the newspaper by “placing” it on the customer’s front porch.

1-103 MARKETING MIX: PLACE

APPLICATION

The ability to buy a soda from a vending machine demonstrates which element of the marketing mix?

- a. product
- b. price
- c. promotion
- d. place
- e. process

Answer: d **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard
Rationale: Place refers to the means of getting the product to the consumer.

1-104 CUSTOMER VALUE PROPOSITION **KNOWLEDGE**

The cluster of benefits that an organization promises customers to satisfy their needs is referred to as a(n) _____.

- a. core benefit proposal
- b. product protocol
- c. marketing program
- d. customer value
- e. customer value proposition

Answer: e **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—customer value proposition. Alternative “e,” which is the correct answer, is a broader term than alternative “d” or customer value, which is the unique combination of benefits received by targeted buyers that includes quality, convenience, on-time delivery, and both before-sale and after-sale service at a specific price.

1-105 CUSTOMER VALUE PROPOSITION **KNOWLEDGE**

A customer value proposition is

- a. the unique combination of benefits received by targeted buyers that includes quality, convenience, on-time delivery, and both before-sale and after-sale service at a specific price.
- b. a statement that, before product development begins, identifies (1) a well-defined target market; (2) specific customers’ needs, wants, and preferences; and (3) what the product will be and do to satisfy consumers.
- c. a unique strength relative to competitors that provides superior returns, often based on quality, time, cost, or innovation.
- d. the characteristics of a product that make it superior to competitive substitutes.
- e. the cluster of benefits that an organization promises customers to satisfy their needs.

Answer: e **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—customer value proposition. Alternative “a” is the definition of customer value. Alternative “b” is the definition of an offering’s protocol. Alternative “c” is the definition of competitive advantage. Alternative “d” is the definition of points of difference.

1-106 CUSTOMER VALUE PROPOSITION **COMPREHENSION**

Michelin's _____ can be summed up as "providing safety-conscious parents greater security in tires at a premium price."

- a. customer value proposition
- b. protocol
- c. mission statement
- d. core values
- e. marketing program

Answer: a **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Medium

Rationale: Michelin's customer value proposition can be summed up as "providing safety-conscious parents greater security in tires at a premium price."

1-107 ENVIRONMENTAL FORCES

KNOWLEDGE

The uncontrollable forces in a marketing decision involving social, economic, technological, competitive, and regulatory forces are referred to as _____.

- a. the 5 Fs of marketing
- b. environmental forces
- c. business conditions
- d. marketing ecosystem
- e. business sphere

Answer: b **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—environmental forces.

1-108 ENVIRONMENTAL FORCES

KNOWLEDGE

Which of the following is **NOT** an environmental force?

- a. technological
- b. ecological
- c. regulatory
- d. competitive
- e. economic

Answer: b **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—environmental forces.

1-109 ENVIRONMENTAL FORCES

KNOWLEDGE

Environmental forces refer to

- a. the internal strengths of a company that enable the firm to remain competitive.
- b. the marketing manager's uncontrollable factors—product, price, promotion, and place—that can be used to solve marketing problems.
- c. the unpredictable or uncontrollable availability of natural resources that can enhance or restrain a company's growth.
- d. the marketing manager's uncontrollable forces in a marketing decision involving social, economic, technological, competitive, and regulatory forces.

- e. the marketing manager's controllable forces in a marketing decision involving social, economic, technological, competitive, and regulatory forces.

Answer: d **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—environmental forces.

1-110 ENVIRONMENTAL FORCES **KNOWLEDGE**

The five major environmental forces in a marketing decision are

- a. climate change, natural resources, pollution, natural disasters, and global conflict (war).
- b. social, technological, economic, competitive, and regulatory.
- c. corporate ownership, internal management, supplier relations, manufacturing capabilities, and consumer demand.
- d. product, price, promotion, place, and people.
- e. ethics, sustainability, cultural awareness, diversity, and values.

Answer: b **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—environmental forces.

1-111 ENVIRONMENTAL FORCES **COMPREHENSION**

Which of the following statements about environmental forces is most accurate?

- a. Environmental forces are almost always controllable if the marketing department correctly scans them.
- b. An organization that incorporates the marketing concept can exert just as much influence on environmental forces as they can exert on that organization.
- c. Environmental forces consistently result in negative outcomes for an organization.
- d. Some environmental forces can actually enhance a firm's marketing opportunities.
- e. Environmental forces can almost always be predicted.

Answer: d **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Medium
Rationale: The five environmental forces may serve as accelerators or brakes on marketing, sometimes expanding an organization's marketing opportunities and at other times restrict them.

1-112 ENVIRONMENTAL FORCES **APPLICATION**

Which of the following statements describes an environmental force?

- a. Several states have legislation that requires people transporting children to use age- and height-appropriate car seats.
- b. Tupperware has more than 200,000 independent dealers who market its entire product line.
- c. A car battery comes with a lifetime guarantee.
- d. An automobile dealer offers a \$500 rebate during the month of July.
- e. A major bottler offers a 10-cent refund on returnable bottles.

Answer: a **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard
Rationale: Alternative "d" describes a regulatory environmental force. The other alternatives are marketing program decisions.

1-113 ENVIRONMENTAL FORCES**APPLICATION**

Newspaper readership has significantly declined in recent years. Not only are traditional newspapers losing subscribers, they are also losing advertisers. To combat these trends, many newspaper publishers now offer online versions of their printed newspapers. This is **MOST LIKELY** an example of

- a. a reaction to a growing economy.
- b. a trend that will soon reverse itself because most consumers want a printed newspaper to read during breakfast, on the bus to work, etc.
- c. a technological environmental force that restricts the marketing opportunities of newspaper publishers.
- d. a social environmental force as a result of changing consumer preferences for information delivered online.
- e. a response to an increase in government regulation.

Answer: d **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard

Rationale: The declining readership of newspapers (and books for that matter) is a trend within the social environment. Many newspaper publishers believe that if they provided online versions of their printed editions, they could reduce the decline in subscribers or actually increase them since most seek information in digital rather than in printed form.

1-114 ENVIRONMENTAL FORCES**APPLICATION**

A growing trend to “Buy American” has caused U.S. automakers to increase political pressure on Washington to pass legislation for more restrictive quotas on Japanese car imports. In addition, a decline in the value of the U.S. dollar would be instrumental in Toyota’s decision to build a manufacturing plant in the United States instead of continuing to export cars from Japan. If Toyota builds the plant, its decision would reflect

- a. a reactive strategy that would impact the competitive environmental force.
- b. a proactive maneuver to manipulate and impact the social environmental force.
- c. a positive result from regulatory and economic environmental forces.
- d. a positive response to a technological environmental force.
- e. a negative impact as a result of adverse competitive, regulatory, and technological environmental forces.

Answer: c **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard

Rationale: The identified examples represent regulatory and economic environmental forces that are not controllable by Toyota but could positively influence its decision to build a plant in the United States.

1-115 ENVIRONMENTAL FORCES: SOCIAL**APPLICATION**

Many large consulting firms are beginning to sponsor “women-only” networking events. The purpose of these events is to offer an opportunity for women in management to network with other businesswomen, either as clients, mentors, or protégés. This is an example of which environmental force?

- a. social
- b. economic

- c. technological
- d. competitive
- e. regulatory

Answer: a **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard

Rationale: There are increasing numbers of women in the workforce, a social environmental trend. These networking events help women who are advancing up the corporate ladder to become connected to other women in business.

1-116 ENVIRONMENTAL FORCES: TECHNOLOGY

APPLICATION

With today's smartphones, you can watch the news, shoot videos, browse the Internet, take pictures, and listen to music. And more and improved new features are added with each new smartphone introduced from Apple, Samsung, BlackBerry, etc. As a result, consumers may want to replace their existing smartphones with new models or brands. This increase in demand is due in part to changes in _____, an environmental force.

- a. competition
- b. social culture
- c. technology
- d. regulations
- e. the economy

Answer: c **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard

Rationale: The technological environmental force has resulted in the addition of new features and technologies for the latest generation of smartphones, which make them appealing to current and prospective smartphone consumers.

1-117 ENVIRONMENTAL FORCES: REGULATORY

APPLICATION

Pending federal legislation will require all online retailers to collect state sales taxes from customers. This would affect online sellers such as Virtual Vineyards, which now only collects state sales taxes from customers who reside in California—its home state. This pending legislation would be an example of which environmental force?

- a. social
- b. economic
- c. technological
- d. competitive
- e. regulatory

Answer: e **Page(s):** 11 **LO:** 3 **AACSB:** Analytic **QD:** Hard

Rationale: Government regulation is generally considered to be one of the uncontrollable or environmental forces. This legislation may be economically motivated but it nonetheless is an aspect of the regulatory environment.

1-118 CUSTOMER VALUE

KNOWLEDGE

The unique combination of benefits received by targeted buyers that includes quality, convenience, on-time delivery, and both before-sale and after-sale service at a specific price is called

- a. customer value.
- b. target marketing.
- c. benefit segmentation.
- d. value-based marketing.
- e. a customer value proposition.

Answer: a **Page(s):** 12 **LO:** 4 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—customer value.

1-119 CUSTOMER VALUE

KNOWLEDGE

Customer value refers to

- a. the need of a customer to receive the highest quality product at the lowest possible price.
- b. the degree to which a customer is willing to sacrifice quality for price.
- c. a statement that, before product development begins, identifies (1) a well-defined target market; (2) specific customers' needs, wants, and preferences; and (3) what the product will be and do to satisfy consumers..
- d. the unique combination of benefits received by targeted buyers that includes quality, convenience, on-time delivery, and both before-sale and after-sale service at a specific price.
- e. the cluster of benefits that an organization promises customers to satisfy their needs.

Answer: d **Page(s):** 12 **LO:** 4 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—customer value. Alternative “e” is the definition of customer value proposition.

1-120 CUSTOMER VALUE

COMPREHENSION

Which of the following statements about customer value is most accurate?

- a. Target customers receive customer value in terms of a combination of benefits (quality, convenience, etc.) at any price.
- b. Loyal customers are less profitable to firms in the long run since they expect lower prices over time in order to remain loyal.
- c. Research suggests that all firms can be successful by being all things to all consumers.
- d. It is impossible to place a dollar value on a loyal, satisfied customer.
- e. To create value for targeted buyers, firms must build long-term relationships with them.

Answer: e **Page(s):** 12 **LO:** 4 **AACSB:** Analytic **QD:** Medium
Rationale: Customer value is the unique combination of benefits received by targeted buyers that includes quality, price, convenience, on-time delivery, and both before-sale and after-sale service at a specified price. Firms gain loyal customers by providing unique value, the essence of successful marketing. To create value for targeted buyers, firms must build long-term relationships with them.

1-121 CUSTOMER VALUE

APPLICATION

- Walmart, Southwest Airlines, and Costco all have been successful by offering consumers the best
- experience.
 - products/services.
 - price.
 - customer service.
 - availability.

Answer: c **Page(s):** 12 **LO:** 4 **AACSB:** Analytic **QD:** Hard

Rationale: Outstanding customer value is delivered through the implementation of one of three value strategies—best price, best product, or best service. Walmart, Southwest Airlines, and Costco all have been successful by offering consumers the best price.

1-122 CUSTOMER VALUE

APPLICATION

Starbucks, Nike, and Johnson & Johnson provide customer value by providing its customers with the best

- assortment.
- products/services.
- price.
- customer service.
- availability.

Answer: b **Page(s):** 12 **LO:** 4 **AACSB:** Analytic **QD:** Hard

Rationale: Outstanding customer value is delivered through the implementation of one of three value strategies—best price, best product, or best service. Starbucks, Nike, and Johnson & Johnson provide customer value by providing its customers with the best products (or services).

1-123 CUSTOMER VALUE

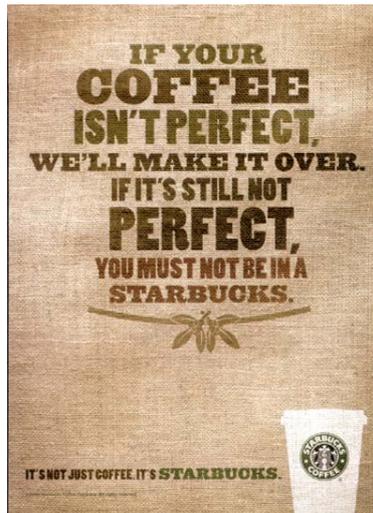
APPLICATION

Marriott, Lands' End, and Home Depot deliver customer value by providing its customers with the best

- assortment.
- products/services.
- price.
- customer service.
- availability.

Answer: d **Page(s):** 12 **LO:** 4 **AACSB:** Analytic **QD:** Hard

Rationale: Outstanding customer value is delivered through the implementation of one of three value strategies—best price, best product, or best service. Marriott, Lands' End, and Home Depot deliver customer value by providing its customers with the best customer service.



Starbucks Ad

1-124 CUSTOMER VALUE

APPLICATION

According to the Starbucks ad above, what customer value strategy does Starbucks Coffee Company provide to its customers?

- a. best product/service
- b. best customer service
- c. best value
- d. best assortment
- e. best price

Answer: a **Page(s):** 12 **LO:** 4 **AACSB:** Analytic **QD:** Hard

Rationale: Outstanding customer value is delivered through the implementation of one of three value strategies—best price, best product, or best service. Starbucks Coffee Company uses a best product/service strategy and has successfully built long-term customer relationships providing unique value to its target markets.

1-125 CUSTOMER VALUE

APPLICATION

If you ever talk to anyone who has flown on Singapore Air, you will no doubt hear about the great food that is served during the flight, the friendliness of the flight attendants, and the comfortable seating. From this description, you can surmise that Singapore Air creates customer value by providing its customers with

- a. the best airport experience.
- b. the most convenient flight schedules.
- c. the best price for the distance traveled.
- d. the best in-flight service.
- e. the greatest sense of personal safety.

Answer: d **Page(s):** 12 **LO:** 4 **AACSB:** Analytic **QD:** Hard

Rationale: Outstanding customer value is delivered through the implementation of one of three value strategies—best price, best product, or best service. Note that this question does not consider price or flight schedules.

1-126 RELATIONSHIP MARKETING

KNOWLEDGE

Relationship marketing refers to

- a. the selection and the assignment of a firm's personnel for a specific product or product line to a group of current or prospective customers.
- b. the belief that it is easier and less expensive to find new customers than to retain old ones.
- c. the linking of the organization to its individual customers, employees, suppliers, and other partners for their mutual long-term benefits.
- d. the process of identifying prospective buyers, understanding them intimately, and developing favorable long-term perceptions of the organization and its offerings so that buyers will choose them in the marketplace.
- e. exclusive legally binding contractual agreements between retailers and customers in order to create enhanced value for each party.

Answer: c **Page(s):** 12-13 **LO:** 4 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—relationship marketing. Alternative “d” is the definition of customer relationship management.

1-127 RELATIONSHIP MARKETING

KNOWLEDGE

The linking of the organization to its individual customers, employees, suppliers, and other partners for their mutual long-term benefit is referred to as

- a. relationship marketing.
- b. exclusive dealing.
- c. loyalty marketing.
- d. customer relationship management.
- e. symbiotic marketing.

Answer: a **Page(s):** 12-13 **LO:** 4 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—relationship marketing. Alternative “d,” or customer relationship management, is the process of identifying prospective buyers, understanding them intimately, and developing favorable long-term perceptions of the organization and its offerings so that buyers will choose them in the marketplace.

1-128 RELATIONSHIP MARKETING

COMPREHENSION

Which of the following statements about relationship marketing is most accurate?

- a. Relationship marketing has a short-term focus: increasing profits for the firm.
- b. Relationship marketing begins before and ends after the sale.
- c. Relationship marketing is more effective when there is a personal, ongoing relationship between an organization's employees and its customers in the selling and buying organizations.
- d. Very few companies today are engaged in relationship marketing.

- e. The Internet has allowed marketers to establish personal, “tender-loving care” relationships with customers.

Answer: c **Page(s):** 12-13 **LO:** 4 **AACSB:** Analytic **QD:** Medium

Rationale: Relationship marketing involves a personal, ongoing relationship between the organization and its individual customers that begins before and continues after the sale. While many companies use relationship marketing, it is difficult to implement, especially on the Internet because it lacks the personal touch.

1-129 RELATIONSHIP MARKETING

APPLICATION

In the nonprofit world of the performing arts, box office technology has essentially remained the same since the 1980s. A company called Tessitura is trying to change that. Tessitura is able to track every transaction with its patrons in one database. This information collected includes ticket purchases, fund-raising, volunteering, and gift shop purchases that will help symphonies, operas, and theaters develop customer profiles in order to tailor their sales messages to specific individuals. In other words, Tessitura is going to allow arts groups to engage in

- a. market aggregation.
- b. relationship marketing.
- c. societal marketing.
- d. market mining.
- e. mainstream marketing.

Answer: b **Page(s):** 12-13 **LO:** 4 **AACSB:** Analytic **QD:** Hard

Rationale: Relationship marketing links the organization to its individual customers, employees, suppliers, and other partners for their mutual long-term benefits.

1-130 RELATIONSHIP MARKETING

APPLICATION

Publix Supermarkets and The Little Clinic signed an exclusive agreement, placing small walk-in health clinics inside selected stores. Publix customers can have simple medical needs addressed in a convenient and familiar environment seven days a week and pick up their prescriptions from the pharmacy without leaving the store. This is an example of

- a. supplier management.
- b. customer valuation.
- c. societal marketing.
- d. market aggregation.
- e. relationship marketing.

Answer: e **Page(s):** 12-13 **LO:** 4 **AACSB:** Analytic **QD:** Hard

Rationale: Relationship marketing links the organization to its individual customers, employees, suppliers, and other partners for their mutual long-term benefit.

1-131 RELATIONSHIP MARKETING

APPLICATION

A business traveler joined the Starwood Preferred Guest Program in order to earn points each time he stayed overnight in a Westin or Sheraton hotel. Once he has accumulated enough points, he can trade his points in for a free night’s stay. As a member of this program, the traveler

receives periodic updates on new hotels and learns of ways to earn additional points. The marketing term that best describes this scenario is

- a. relationship marketing.
- b. customer satisfaction promotion.
- c. customer relationship management.
- d. customer valuation.
- e. supplier-consumer partnership.

Answer: a **Page(s):** 12-13 **LO:** 4 **AACSB:** Analytic **QD:** Hard
Rationale: Relationship marketing links the organization to its individual customers, employees, suppliers, and other partners for their mutual long-term benefit.

1-132 MARKETING PROGRAM KNOWLEDGE

A marketing program refers to

- a. a plan that integrates the marketing mix to provide a product, service, or idea to prospective buyers.
- b. the selection of product benefits and attributes that are added to or subtracted from a given product to create variations within a product line.
- c. the marketing manager's controllable factors—product, price, promotion, and place—that can be used to solve a marketing problem.
- d. the specific ratio within a marketing budget that divides resources between advertising, promotions, and personal selling.
- e. the allocation of resources within a firm towards individual marketing mix elements.

Answer: a **Page(s):** 13 **LO:** 4 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—marketing program.

1-133 MARKETING PROGRAM KNOWLEDGE

A _____ is a plan that integrates the marketing mix to provide a good, service, or idea to prospective buyers.

- a. marketing strategy
- b. marketing program
- c. macromarketing program
- d. micromarketing program
- e. customer relationship management

Answer: b **Page(s):** 13 **LO:** 4 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—marketing program.

1-134 MARKETING PROGRAM COMPREHENSION

After an assessment of needs, a marketing manager must translate ideas from consumers into concepts for products that a firm may develop. The concepts must then be converted into a tangible

- a. marketing strategy.
- b. macromarketing program.

- c. micromarketing program.
- d. marketing program.
- e. marketing concept.

Answer: d **Page(s):** 13-15 **LO:** 4 **AACSB:** Analytic **QD:** Medium

Rationale: Effective relationship marketing strategies help marketing managers discover what prospective customers need. They must translate this information into some concepts for products the firm might develop. These concepts must then be converted into a tangible marketing program.

1-135 3M'S MARKETING PROGRAM

COMPREHENSION

The purpose of the introduction of 3M Post-it® Flag Highlighters was to

- a. stay ahead of trends and focus its marketing program on only one segment.
- b. stay ahead of trends and focus its marketing program on two mutually inclusive segments.
- c. increase production economies of scale by reducing manufacturing and marketing costs for Post-it® Flags and Post-it® Notes.
- d. preempt a competitive move by Sanford's Sharpie to introduce a similar product.
- e. help college students with their studying.

Answer: e **Page(s):** 13-15 **LO:** 4 **AACSB:** Analytic **QD:** Medium

Rationale: The purpose of the introduction of the Post-it® Flag Highlighter was to help college students with their studying.

1-136 3M's MARKETING PROGRAM

COMPREHENSION

Which of the following statements about 3M's marketing program for Post-it® Flag Highlighters is most accurate?

- a. In his first attempt, Windorski, a 3M inventor, designed the Post-it® Flag Highlighter in exactly the right way to appeal to its target market.
- b. 3M designed the packaging for the Post-it® Flag Highlighter based on its designer's suggestions.
- c. Windorski, a 3M inventor, also developed the Post-it® Flag Pen for the smaller office worker segment.
- d. The Post-it® Flag Highlighter was not successful and was deleted from the Post-it® Flag product line.
- e. Windorski examined similar products of 3M's major competitors and simply made changes that would provide the "WOW" factor.

Answer: c **Page(s):** 13-15 **LO:** 4 **AACSB:** Analytic **QD:** Medium

Rationale: David Windorski also developed the Post-it® Flag Pen for the smaller office worker segment.

1-137 3M's MARKETING PROGRAM

APPLICATION

3M's pricing strategy for its Post-it® Flag Highlighters was as follows:

- a. match its principal competitors' highlighters' prices.

- b. charge \$3.99 to \$4.99 for a single Post-it Flag Highlighter or \$5.99 to \$7.99 for a three-pack, which would give a reasonable bookstore price to students and an acceptable profit to distributors and 3M.
- c. set an initially low price with the intent of bringing down the price even further later if sales were less than anticipated.
- d. make the product easier to purchase by placing the Post-it® Flag Highlighter in discount office supply retailers.
- e. use the same pricing strategy as its 3M's Post-it® Flag and Post-it® Note offerings.

Answer: b **Page(s):** 13-15 **LO:** 4 **AACSB:** Analytic **QD:** Hard

Rationale: 3M charged a price to distributors that it hoped would give a reasonable bookstore price to students and an acceptable profit to distributors and 3M. In this case, the price of \$3.99 to \$4.99 for a single Post-it Flag Highlighter or \$5.99 to \$7.99 for a three-pack are the specified prices at which targeted buyers and distributors receive their respective value and profits. See Figure 1-4 in the textbook.

1-138 3M's MARKETING PROGRAM

APPLICATION

3M's Post-it® Flag Highlighters marketing program was designed for

- a. the initial introduction of two new 3M products.
- b. specific promotions to be used for long-range strategies.
- c. segmenting the market into twelve specific target market segments.
- d. marketing 3M products to foreign markets.
- e. positioning the products relative to major competitors.

Answer: a **Page(s):** 13-15 **LO:** 4 **AACSB:** Analytic **QD:** Hard

Rationale: The marketing programs for the initial introduction of two new 3M Post-it® brand products (Post-it® Flag Highlighters and Post-it® Flag Pens) targeted two distinctly different customer segments: college students and office workers. See Figure 1-4 in the textbook.

1-139 3M's MARKETING PROGRAM

APPLICATION

3M's place strategy made it convenient for _____ to buy Post-it® Flag Highlighters.

- a. everyone
- b. college students only
- c. office workers only
- d. college students and office workers
- e. teachers

Answer: a **Page(s):** 13-15 **LO:** 4 **AACSB:** Analytic **QD:** Hard

Rationale: The Post-it® Flag Highlighter is targeted toward the college student segment. The rationale for the distribution or place strategy suggests that 3M was making it easy for prospective buyers to buy it at convenient retail outlets (both products) or to get at work (Post-it® Flag Pens only). These convenient retail outlets include mass merchandisers, such as Walmart and Target, that sell to everyone. See Figure 1-4 in the textbook.

1-140 3M's MARKETING PROGRAM

APPLICATION

Based on the marketing program 3M developed for its Post-it® Flag Highlighters and Post-it® Flag Pens, one can conclude that

- a. the market segments for Post-it® Flag Highlighters and Post-it® Flag Pens are quite distinct.
- b. the target market segments for Post-it® Flag Highlighters and Post-it® Flag Pens are not realistic.
- c. the Post-it® Flag Highlighters and Post-it® Flag Pens are priced unfairly for its target markets.
- d. the prices for 3M's Post-it® Flag Highlighters and Post-it® Flag Pens are set to maximize 3M's profits, not its distributors.
- e. the promotion strategy is designed to increase awareness among potential users.

Answer: e **Page(s):** 13-15 **LO:** 4 **AACSB:** Analytic **QD:** Hard

Rationale: 3M's promotional strategy is to increase awareness among potential users. Alternative "a" is incorrect because student or office workers can use either product. Alternative "b" is incorrect because the market segments for both products are realistic and are based on market research. Alternative "c" is incorrect because the prices of the two products seem fairly priced relative to competitive substitutes. Alternative "d" is incorrect because 3M priced these products so that students would be charged a fair price by college bookstores, which in turn would realize a fair margin for carrying the products. See Figure 1-4 in the textbook.

1-141 ERAS OF U.S. BUSINESS HISTORY: PRODUCTION

KNOWLEDGE

With respect to the history of American business, the _____ era covered the early years of the United States up until the 1920s.

- a. production
- b. sales
- c. marketing concept
- d. customer relationship
- e. market orientation

Answer: a **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—production era.

1-142 ERAS OF U.S. BUSINESS HISTORY: PRODUCTION

APPLICATION

If you wanted a new pair of shoes during the Civil War, you traced the outline of your foot on a piece of paper and gave it to a shoemaker. There was no distinction between the right and left foot because you wanted your shoes as quickly as possible, and the shoemaker knew that you would buy them even if they just "sort of" fit. This is an example of a transaction that would have occurred during the _____ era in U.S. business history.

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

Answer: c **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: The production era covers the early years of the United States from the 1860s until the 1920s. During this period in U.S. business history, goods were scarce and buyers were willing to

accept virtually any goods that were produced. The major concern of business firms was production, not marketing. See Figure 1-5 in the textbook.

1-143 ERAS OF U.S. BUSINESS HISTORY: SALES

KNOWLEDGE

With respect to the history of American business, the _____ era covered the years from the 1920s to the 1960s.

- a. production
- b. sales
- c. marketing concept
- d. customer relationship
- e. market orientation

Answer: b **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Easy
Rationale: Text term definition—sales era.

1-144 ERAS OF U.S. BUSINESS HISTORY: SALES

KNOWLEDGE

The period of American business history when firms could produce more goods than they could sell and the focus was on hiring more salespeople to seek out new markets and customers is referred to as the _____ era.

- a. sales
- b. marketing concept
- c. production
- d. goods
- e. market orientation

Answer: a **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Easy
Rationale: In the sales era from the 1920s to the 1960s, manufacturers found they could produce more goods than buyers could consume. Competition grew. The usual solution was to hire more salespeople to find new buyers. See Figure 1-5 in the textbook.

1-145 ERAS OF U.S. BUSINESS HISTORY: SALES

COMPREHENSION

In the 19th century, the belief was that production creates its own demand. By the early 20th century, American companies began to produce more goods than buyers could consume. At the same time, competition became more significant. The usual solution was to hire more salespeople to find new buyers. This describes the _____ era.

- a. goods
- b. production
- c. sales
- d. marketing concept
- e. market orientation

Answer: c **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** MEDIUM
Rationale: In the sales era from the 1920s to the 1960s, manufacturers found they could produce more goods than buyers could consume. Competition grew. The usual solution was to hire more salespeople to find new buyers. See Figure 1-5 in the textbook.

1-146 ERAS OF U.S. BUSINESS HISTORY: SALES**APPLICATION**

Shortly after World War II, Sam Jackson developed an idea for a biodegradable lubricant that was superior to anything currently on the market. He was excited about his new idea and persuaded a number of his friends to help produce samples. While demand kept up with production at first, he soon found that he had to hire a sales force to sell excess product to manufacturing companies in the area. He decided this was primarily because his company had several strong competitors that had recently come into the industry. This is an example of marketing behavior that would occur during the _____ era of U.S. business history.

- a. marketing concept
- b. production
- c. goods
- d. sales
- e. societal marketing concept

Answer: d **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: In the sales era from the 1920s to the 1960s, manufacturers found they could produce more goods than buyers could consume. Competition grew. The usual solution was to hire more salespeople to find new buyers. See Figure 1-5 in the textbook.

1-147 ERAS OF U.S. BUSINESS HISTORY: SALES**APPLICATION**

In the movie *Tin Men*, two rival salesmen engaged in a variety of dishonest and unethical practices in order to sell aluminum siding to homeowners in 1963. Their job was difficult, in part, because the supply of aluminum siding surpassed the demand for the product and competition was intense. This situation is indicative of the _____ era of U.S. business history.

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

Answer: b **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: In the sales era that occurred from the 1920s to the 1960s, manufacturers found they could produce more goods than buyers could consume. Competition grew. The usual solution was to hire more salespeople to find new buyers. See Figure 1-5 in the textbook.

1-148 ERAS OF U.S. BUSINESS HISTORY: SALES**APPLICATION**

Imagine a confectionary company has introduced a new nutty candy bar during the 1930s (the sales era in U.S. business history). Which of the following statements would you **MOST LIKELY** expect management to make if sales of this new candy bar were much lower than expected?

- a. "We'd better do some market testing to determine why people are dissatisfied."
- b. "Perhaps we should make candy bars with raisins."
- c. "Let's put more aggressive salespeople in the field."
- d. "Let's lower the price and change the name."

- e. “Don’t worry about it; we’re the largest candy manufacturer in the area. Sooner or later they’ll get hungry enough that they’ll come to us.”

Answer: c **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: In the sales era from the 1920s to the 1960s, manufacturers found they could produce more goods than buyers could consume. Competition grew. The usual solution was to hire more salespeople to find new buyers. See Figure 1-5 in the textbook.

1-149 ERAS OF U.S. BUSINESS HISTORY: MARKETING CONCEPT KNOWLEDGE

The marketing concept era occurred from _____.

- a. the early years of the U.S. to the 1920s
- b. the 1920s to the 1960s
- c. the late 1950s to the late 1990s
- d. the mid-1960s to the present
- e. the mid-1980s to the present

Answer: c **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—marketing concept era. See Figure 1-5 in the textbook.

1-150 ERAS OF U.S. BUSINESS HISTORY: MARKETING CONCEPT KNOWLEDGE

The American business period that strives to satisfy consumer needs while achieving an organization’s goals is called the _____ era.

- a. marketing concept
- b. sales
- c. production
- d. societal marketing concept
- e. customer relationship

Answer: a **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Starting in the late 1950s, marketing became the motivating force among many American firms and the marketing concept era dawned. The marketing concept is the idea that an organization should strive to satisfy the needs of consumers while also trying to achieve the organization’s goals. See Figure 1-5 in the textbook.

1-151 ERAS OF U.S. BUSINESS HISTORY: MARKETING CONCEPT KNOWLEDGE

With respect to the history of American business, the _____ era began in the late 1950s when marketing became the motivating force among many firms.

- a. production
- b. sales
- c. customer relationship
- d. market orientation
- e. marketing concept

Answer: e **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—marketing concept era.

1-152 ERAS OF U.S. BUSINESS HISTORY: MARKETING CONCEPT COMPREHENSION

Which era of U.S. business history does the following statement best describe? “We are in the business of satisfying the needs and wants of consumers while achieving our own goals.”

- a. the production era
- b. the sales era
- c. the marketing concept era
- d. the marketing orientation era
- e. the societal marketing era

Answer: c **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: Starting in the late 1950s, marketing became the motivating force among many American firms and the marketing concept era dawned. The marketing concept is the idea that an organization should strive to satisfy the needs of consumers while also trying to achieve the organization’s goals. See Figure 1-5 in the textbook.

1-153 ERAS OF U.S. BUSINESS HISTORY: MARKETING CONCEPT COMPREHENSION

Which era of U.S. business history does the following statement best describe? “We are in the business of satisfying the needs and wants of consumers.”

- a. the production era
- b. the sales era
- c. the market orientation era
- d. the marketing concept era
- e. the societal marketing era

Answer: d **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: Starting in the late 1950s, marketing became the motivating force among many American firms. The policy of those seeking to satisfy the needs and wants of consumers while achieving organizational goals is known as the marketing concept.

1-154 ERAS OF U.S. BUSINESS HISTORY: MARKETING CONCEPT COMPREHENSION

Which of the following statements about the marketing concept era is most accurate?

- a. The marketing concept era can trace its roots to early Greek culture.
- b. During the marketing concept era, companies tried to satisfy the needs of consumers while also achieving their goals.
- c. During the marketing concept era, companies began to implement the idea of a marketing program.
- d. During the marketing concept era, companies believed you could produce as much as you wanted because the product would sell itself.
- e. All U.S. firms are now operating with a marketing concept philosophy.

Answer: b **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: Starting in the late 1950s, marketing became the motivating force among many American firms and the marketing concept era dawned. The marketing concept is the idea that an organization should strive to satisfy the needs of consumers while also trying to achieve the

organization's goals. Alternative "c" is incorrect because many firms prior to the marketing concept era implemented marketing programs for their offerings. See Figure 1-5 in the textbook.

1-155 ERAS OF U.S. BUSINESS HISTORY: MARKETING CONCEPT COMPREHENSION

Which of the following terms best describes the marketing concept era?

- a. consumer-oriented
- b. production-oriented
- c. sales-oriented
- d. society-oriented
- e. competition-oriented

Answer: a **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: The marketing concept is the idea that an organization should strive to satisfy the needs of consumers while also trying to achieve the organization's goals. See Figure 1-5 in the textbook.

1-156 MARKETING CONCEPT KNOWLEDGE

The idea that an organization should (1) strive to satisfy the needs of consumers (2) while also trying to achieve the organization's goals reflects the

- a. concept of synergy.
- b. marketing concept.
- c. principle of customer relationship management.
- d. societal marketing concept.
- e. consumerism concept.

Answer: b **Page(s):** 15 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—marketing concept.

1-157 MARKETING CONCEPT KNOWLEDGE

The marketing concept refers to

- a. the activity for creating, communicating, delivering, and exchanging offerings that benefit its customers, the organization, its stakeholders, and society at large.
- b. the belief that an organization should focus its efforts on (1) continuously collecting information about customers' needs, (2) sharing this information across departments, and (3) using it to create customer value.
- c. the view that organizations should satisfy the needs of consumers in a way that provides for society's well-being.
- d. the process of identifying prospective buyers, understanding them intimately, and developing favorable long-term perceptions of the organization and its offerings so that buyers will choose them in the marketplace.
- e. the idea that an organization should (1) strive to satisfy the needs of consumers (2) while also trying to achieve the organization's goals.

Answer: e **Page(s):** 15 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—marketing concept. Alternative “a” is the abridged AMA definition of marketing. Alternative “b” is the definition of market orientation. Alternative “c” is the definition of the societal marketing concept. Alternative “d” is the definition of customer relationship management (CRM).

1-158 MARKETING CONCEPT

COMPREHENSION

In 1952, General Electric’s annual report stated, “The concept introduces...marketing...at the beginning rather than the end of the production cycle and integrates marketing into each phase of the business.” This is a brief statement of what has come to be known as the

- a. sustainability perspective.
- b. age of consumerism.
- c. sales concept.
- d. marketing concept.
- e. customer relationship management concept.

Answer: d **Page(s):** 15 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: The statement of a firm’s commitment to satisfying consumer wants and needs that probably launched the marketing concept appeared in General Electric’s 1952 annual report.

1-159 MARKETING CONCEPT

COMPREHENSION

Firms such as General Electric, Marriott, and Facebook have achieved great success by putting a huge effort into implementing the marketing concept, giving their firms a

- a. production orientation.
- b. sales orientation.
- c. customer relationship orientation.
- d. service orientation.
- e. market orientation.

Answer: e **Page(s):** 15 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: Firms such as General Electric, Marriott, and Facebook have achieved great success by putting huge effort into implementing the marketing concept.

1-160 MARKETING CONCEPT

APPLICATION

Many companies subscribe to being “green” because they feel that consumers value this. Yet, in many of these same firms, office computers are left on 24 hours a day and office paper is not recycled. This example indicates it is not always easy for firms to act in accordance with the

- a. marketing concept.
- b. customer relationship management concept.
- c. consumerism.
- d. social entrepreneurship.
- e. cause marketing.

Answer: a **Page(s):** 15 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: The marketing concept is the idea that an organization should (1) strive to satisfy the wants of consumers (2) while also trying to achieve the organization’s goals. In this example, the

organization would like consumers to view it as green, yet it is unable to carry out policies that will help it achieve that goal.

1-161 MARKET ORIENTATION

KNOWLEDGE

A market orientation refers to

- a. the orientation of an organization that focuses its efforts on: (1) continuously collecting information about the environment; (2) keeping abreast of the actions of its competitors; and (3) using this information to create customer value.
- b. the orientation of an organization that focuses its efforts on: (1) continuously collecting information about customers' needs; (2) sharing this information across departments; and (3) using it to create customer value.
- c. the belief that the buying environment for any given industry is volatile and therefore all marketing decisions should be short-term and easily adaptable to change.
- d. the belief that the buying environment for any given industry is relatively stable and therefore all marketing decisions should be long-term for fear of losing focus.
- e. the point of view that holds that there is always someone who needs or can benefit from your product, and if one segment fails, there is an even better one somewhere in the "market."

Answer: b **Page(s):** 15 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—market orientation.

1-162 MARKET ORIENTATION

KNOWLEDGE

An organization with a market orientation

- a. focuses its efforts on: (1) continuously collecting information about the environment; (2) keeping abreast of the actions of its competitors; and (3) using this information to create customer value.
- b. identifies prospective buyers, understands them intimately, and develops favorable long-term perceptions of the organization and its offerings so that they will choose it in the marketplace.
- c. strives to satisfy the needs of consumers while also trying to achieve its goals.
- d. satisfies the needs of consumers in a way that provides for society's well-being.
- e. focuses its efforts on: (1) continuously collecting information about customers' needs; (2) sharing this information across departments; and (3) using it to create customer value.

Answer: e **Page(s):** 15 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—market orientation.

1-163 MARKET ORIENTATION

KNOWLEDGE

An organization that focuses its efforts on: (1) continuously collecting information about customers' needs; (2) sharing this information across departments; and (3) using it to create customer value is said to have a

- a. product orientation.
- b. customer orientation.
- c. market orientation.
- d. industry orientation.
- e. societal orientation.

Answer: c **Page(s):** 15 **LO:** 5 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—market orientation.

1-164 MARKET ORIENTATION **KNOWLEDGE**

An organization that focuses its efforts on: (1) continuously collecting information about customers' needs; (2) sharing this information across departments; and (3) using it to create customer value is said to have a

- a. societal marketing concept.
- b. focus on macromarketing.
- c. nonprofit orientation.
- d. market orientation.
- e. profit maximization orientation.

Answer: d **Page(s):** 15 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: An organization that has a market orientation focuses its efforts on: (1) continuously collecting information about customers' needs; (2) sharing this information across departments; and (3) using it to create customer value.

1-165 ERAS OF U.S. BUS. HISTORY: CUSTOMER RELATIONSHIP **KNOWLEDGE**

With respect to the history of American business, the _____ era started in the 1980s in which firms seek continuously to satisfy the high expectations of customers.

- a. production
- b. sales
- c. marketing concept
- d. customer relationship
- e. societal marketing

Answer: d **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—customer relationship era.

1-166 CUSTOMER RELATIONSHIP MANAGEMENT **KNOWLEDGE**

Customer relationship management refers to

- a. the view that organizations should satisfy the needs of consumers in a way that provides for society's well-being.
- b. the process of identifying prospective buyers, understanding them intimately, and developing favorable long-term perceptions of the organization and its offerings so that buyers will choose them in the marketplace.
- c. the idea that an organization should (1) strive to satisfy the needs of consumers (2) while also trying to achieve the organization's goals.
- d. the links an organization has to its individual customers, employees, suppliers, and other partners for their mutual long-term benefit.
- e. the cluster of benefits that an organization promises customers to satisfy their needs.

Answer: b **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—customer relationship management.

1-167 CUSTOMER RELATIONSHIP MANAGEMENT

COMPREHENSION

Customer relationship management (CRM) is most closely related to the _____ era in U.S. business history.

- a. customer relationship
- b. production
- c. sales
- d. marketing concept
- e. societal marketing

Answer: a **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: Customer relationship management is most closely related to the customer relationship era in U.S. business history because it aids businesses in practicing a market orientation.

1-168 CUSTOMER RELATIONSHIP MANAGEMENT

APPLICATION

The United Way of Greater Toronto (UWGT), like many charities, was sitting on a gold mine of donor data. Unfortunately, UWGT was not certain how to use that information to its greatest advantage. UWGT could blanket past donors with generic mailings, but it could not offer donors information that would convince them to donate to UWGT over other charities. Which of the following tools would be most useful for the nonprofit organization to use?

- a. a flexible marketing system
- b. a database warehouse
- c. a customer relationship management plan
- d. a competitive intelligence framework
- e. a customer-oriented marketing mix program

Answer: c **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: Customer relationship management (CRM) is the process of identifying prospective buyers, understanding them intimately, and developing favorable long-term perceptions of the organization (UWGT) and its offerings so that buyers (donors) will choose them in the marketplace.

Stages in the life of market-oriented manufacturing firms

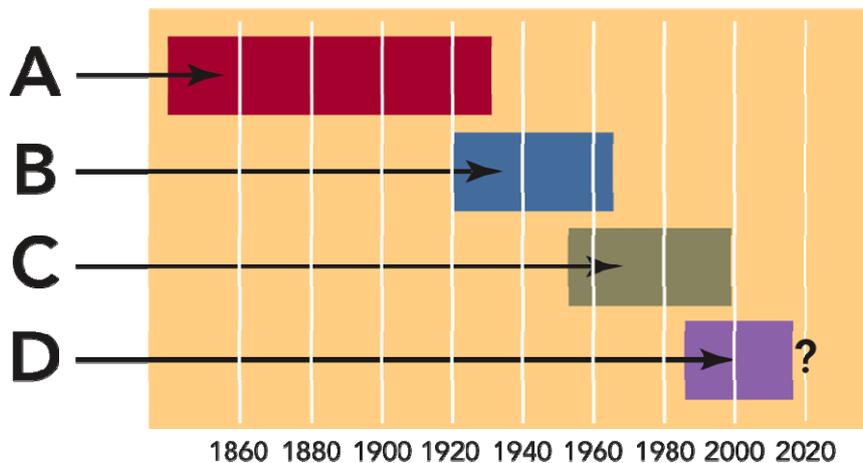


Figure 1-5

1-169 ERAS OF U.S. BUSINESS HISTORY

APPLICATION

In Figure 1-5 above, “A” represents which era in U.S. business history?

- sales era
- production era
- age of consumerism
- marketing concept era
- customer relationship era

Answer: b **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: The production era covers the early years of the United States from the 1860s until the 1920s. See Figure 1-5 in the textbook.

1-170 ERAS OF U.S. BUSINESS HISTORY

APPLICATION

In Figure 1-5 above, letter “B” represents which era in U.S. business history?

- sales era
- production era
- age of consumerism
- marketing concept era
- customer relationship era

Answer: a **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: The sales era covers the period from the 1920s to the 1960s. See Figure 1-5 in the textbook.

1-171 ERAS OF U.S. BUSINESS HISTORY

APPLICATION

In Figure 1-5 above, letter “C” represents which era in U.S. business history?

- a. sales era
- b. production era
- c. age of consumerism
- d. marketing concept era
- e. customer relationship era

Answer: d **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: The marketing concept era covers the period from the late 1950s to the late 1990s. See Figure 1-5 in the textbook.

1-172 ERAS OF U.S. BUSINESS HISTORY

APPLICATION

In Figure 1-5 above, letter “D” represents which era in U.S. business history?

- a. sales era
- b. production era
- c. age of consumerism
- d. marketing concept era
- e. customer relationship era

Answer: e **Page(s):** 15-16 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: The customer relationship era started in the 1980s and continues to the present day. See Figure 1-5 in the textbook.

1-173 CUSTOMER EXPERIENCE

KNOWLEDGE

Customer experience refers to

- a. the practice of building ties to customers based on a salesperson’s attention and commitment to customer needs over time.
- b. the links an organization has to its customers for their mutual long-term benefits.
- c. the process of identifying prospective buyers, understanding them intimately, and developing favorable long-term perceptions of the organization and its offerings so that buyers will choose them in the marketplace.
- d. the internal response that customers have to all aspects of an organization and its offerings.
- e. the activities in which a firm will participate in order to create a positive buying experience for the customer.

Answer: d **Page(s):** 16 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—customer experience. Alternative “a” is the definition of relationship selling. Alternative “c” is the definition of customer relationship management.

1-174 CUSTOMER EXPERIENCE

KNOWLEDGE

The internal response that customers have to all aspects of an organization and its offerings is referred to as _____.

- a. customer experience
- b. relationship marketing
- c. internal customer audit
- d. internal marketing

- e. customer relationship management

Answer: a **Page(s):** 16 **LO:** 5 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—customer experience.

1-175 TRADER JOE’S

KNOWLEDGE

In 2010, *Fortune* magazine named Trader Joe’s “America’s hottest retailer” for its outstanding _____.

- a. customer value proposition
- b. relationship marketing
- c. customer experience
- d. internal marketing
- e. customer relationship management

Answer: c **Page(s):** 16 **LO:** 5 **AACSB:** Analytic **QD:** Easy
Rationale: In 2010, *Fortune* magazine named Trader Joe’s “America’s hottest retailer” for its outstanding customer experience.

1-176 TRADER JOE’S

COMPREHENSION

All of the following are aspects of Trader Joe’s customer experience **EXCEPT**:

- a. it has stores in all 48 states in the continental United States
- b. it offers unusual food products not available from other retailers
- c. it stocks yuppie-friendly staples on its shelves
- d. it sets low prices by offering its own brands, not national ones
- e. it provides rare employee “engagement” to help customers

Answer: a **Page(s):** 16 **LO:** 5 **AACSB:** Analytic **QD:** Medium
Rationale: Trader Joe’s has over 360 stores in 28 states. It started in California and then expanded on the West Coast before jumping to the East Coast in 1996 and the Midwest in 2000.

1-177 SOCIAL RESPONSIBILITY

KNOWLEDGE

Social responsibility is

- a. the view that organizations should satisfy the needs of consumers in a way that provides for society’s well-being.
- b. the fundamental, passionate, and enduring principles of an organization that guide its conduct over time.
- c. the idea that an organization should (1) strive to satisfy the needs of consumers (2) while also trying to achieve the organization’s goals.
- d. the idea that individuals and organizations are accountable to a larger society.
- e. the recognition of the need for organizations to improve the state of people, the planet, and profit simultaneously if they are to achieve sustainable, long-term growth.

Answer: d **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—social responsibility. Alternative “a” is the definition of the societal marketing concept. Alternative “b” is the definition of core values. Alternative “c” is the definition of the marketing concept. Alternative “e” is the definition of triple-bottom line.

1-178 SOCIAL RESPONSIBILITY

KNOWLEDGE

The idea that individuals and organizations are accountable to a larger society is known as

- a. the societal marketing concept.
- b. social responsibility.
- c. consumerism.
- d. sustainable development.
- e. capitalism.

Answer: b **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—social responsibility.

1-179 SOCIAL RESPONSIBILITY

COMPREHENSION

As organizations have changed their orientation, society’s expectations of marketers have also changed. Today, the emphasis of marketing practice has shifted from the interests of _____ to the interests of consumers.

- a. society at large
- b. government
- c. suppliers
- d. resellers
- e. producers

Answer: e **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Medium
Rationale: As organizations have changed their orientation, society’s expectations of marketers have also changed. Today, the standards of marketing practice have shifted from an emphasis on producers’ interests to consumers’ interests.

1-180 SOCIAL RESPONSIBILITY

COMPREHENSION

You change the oil in your car yourself and dump the used oil down the sewer drain that ultimately flows into the local river. Based on this information, is this a transaction between you and the oil manufacturer?

- a. Yes, you paid for the oil and you can do with it as you like.
- b. Yes, the oil company adds a premium to the price to pay for oil cleanup in the environment.
- c. Yes, the oil will stay in the sewer and not hurt the ecosystem.
- d. No, this is an issue of personal social responsibility because the polluted water affects others in the society at large.
- e. No, this is an issue solely between you and your neighbors.

Answer: d **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Medium
Rationale: The used oil will contaminate the river, so society will bear a portion of the cost of your behavior. This example illustrates the issue of social responsibility, the idea that organizations and individuals are accountable to a larger society.

1-181 SOCIAL RESPONSIBILITY**APPLICATION**

Which of the following most directly explains why pharmaceutical giant Pfizer offered low-income senior citizens many of its most widely used prescriptions for \$15 each per month?

- a. the profit motive since aging baby boomers are a large, profitable market
- b. the social responsibility concept
- c. the necessity of matching competitors' actions
- d. new regulatory Medicare mandates
- e. the mandate by its industry's code of ethics

Answer: b **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: Social responsibility is the idea that organizations are accountable to a larger society for their actions.

1-182 SOCIETAL MARKETING CONCEPT**KNOWLEDGE**

The societal marketing concept

- a. is the moral principles and values that govern the actions and decisions of an organization.
- b. is the idea that organizations are part of a larger society and are accountable to that society for their actions.
- c. actively tries to understand customer needs and satisfying them while satisfying the firm's goals.
- d. involves conducting business in a way that protects the natural environment while making economic progress.
- e. is the view that an organization should satisfy the needs of consumers in a way that provides for society's well-being.

Answer: e **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—societal marketing concept. Alternative “b” is the definition of social responsibility. Alternative “d” is the definition of sustainable development.

1-183 SOCIETAL MARKETING CONCEPT**KNOWLEDGE**

The view that holds an organization should satisfy the needs of consumers in a way that also provides for society's well-being is known as

- a. the societal marketing concept.
- b. the marketing concept.
- c. consumerism.
- d. social responsibility.
- e. capitalism.

Answer: a **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—societal marketing concept.

1-184 SOCIETAL MARKETING CONCEPT**COMPREHENSION**

Innovators at 3M developed Scotch-Brite® Never Rust Wool Soap Pads from recycled plastic bottles. Even though these soap pads are more expensive than competitive brands (Brillo and SOS), customers are willing to pay the premium price. Customers appreciate the value of a superior product (they don't rust or scratch) and appreciate the fact that their purchase is environmentally responsible. This demonstrates that

- a. an organization can be environmentally conscious while still satisfying its customers and remaining competitive in the market.
- b. an organization can use a customer's sense of social responsibility to its own advantage even though the effects are minimal.
- c. if a company uses recycled materials, it can always charge more than what a product is actually worth.
- d. it is more important to act in a socially responsible manner than to consider the profits and goals of the organization.
- e. the first brand that creates a new product gets to charge the highest price and make the greatest profits.

Answer: a **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: With its innovative product, 3M offsets the costs of recycling and increases consumer value. Thus, consumers have been willing to pay a premium price for this environmentally friendly product.

1-185 MACROMARKETING

KNOWLEDGE

The study of the aggregate flow of a nation's goods and services to benefit society is referred to as _____.

- a. micromarketing
- b. macromarketing
- c. societal marketing
- d. megamarketing
- e. balance of trade

Answer: b **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—macromarketing.

1-186 MACROMARKETING

COMPREHENSION

Which of the following is **NOT** a macromarketing-related issue?

- a. determining whether advertising is wasteful
- b. identifying natural resource scarcities in the marketing system
- c. assessing whether marketing costs too much
- d. determining how an individual organization directs its marketing activities and allocates its resources to benefit its customers
- e. studying the aggregate flow of a nation's products and services to benefit society

Answer: d **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: Text term definition—macromarketing.

1-187 MICROMARKETING

KNOWLEDGE

How an individual organization directs its marketing activities and allocates its resources to benefit its customers is known as _____.

- a. microeconomics marketing
- b. cultural marketing
- c. micromarketing
- d. macromarketing
- e. megamarketing

Answer: c **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Easy
Rationale: Text term definition—micromarketing.

1-188 MICROMARKETING/MACROMARKETING **KNOWLEDGE**

Which of the following statements best distinguishes macromarketing from micromarketing?

- a. Macromarketing uses a marketing program while micromarketing does not.
- b. Macromarketing is affected by environmental forces but micromarketing is not.
- c. Micromarketing is affected by environmental forces but macromarketing is not.
- d. Macromarketing looks at the flow of an entire nation's goods and services and micromarketing concerns itself with the marketing activities of an organization.
- e. Micromarketing looks at the flow of an entire nation's goods and services and macromarketing concerns the marketing activities of an organization.

Answer: d **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Easy
Rationale: Macromarketing studies the aggregate flow of a nation's goods and services to benefit society, which in part addresses broad issues such as whether marketing costs too much. Micromarketing addresses how an individual organization allocates its resources to benefit its customers.

1-189 WHO MARKETS? **COMPREHENSION**

What kinds of organizations engage in marketing?

- a. only those that can afford to advertise
- b. only very large and established for profit organizations
- c. only *Fortune* 500 companies
- d. every organization regardless of the kind
- e. only the organization that wants to make a profit

Answer: d **Page(s):** 18 **LO:** 5 **AACSB:** Analytic **QD:** Medium
Rationale: Every organization markets. Business firms involved in manufacturing, retailing, providing services, and nonprofit organizations engage in marketing. Places, special events or causes, and political candidates also use marketing.

1-190 WHO MARKETS? **APPLICATION**

Which of the following organizations engage in marketing?

- a. Chicago Cubs
- b. San Francisco Opera

- c. the city of Denver
- d. the president of the United States
- e. Every organization or individual can engage in marketing to some extent.

Answer: e **Page(s):** 18 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: Every organization and individual markets. Business firms involved in manufacturing, retailing, providing services, and nonprofit organizations engage in marketing. Places, special events or causes, and political candidates also use marketing.

1-191 WHAT IS MARKETED? COMPREHENSION

Which of the following statements best describes a good?

- a. Goods are physical objects.
- b. Goods are intangible items.
- c. Goods are intangible concepts and thoughts about ideas or causes.
- d. Goods are the benefits organizations receive for selling products and services.
- e. Goods are intangible concepts and thoughts about products or services.

Answer: a **Page(s):** 18 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: Text term definition—goods.

1-192 WHAT IS MARKETED? COMPREHENSION

Which of the following statements best describes a service?

- a. Services are physical objects.
- b. Services are intangible items.
- c. Services are intangible concepts and thoughts about ideas or causes.
- d. Services are the benefits organizations receive in exchange for selling products.
- e. Services comprise the subset of tangible features of products.

Answer: b **Page(s):** 18 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: Text term definition—services.

1-193 WHAT IS MARKETED? COMPREHENSION

Organizations such as American Airlines, U.S. Bank, and Red Cross provide customers with goods that are typically called a(n) _____.

- a. utility
- b. product
- c. service
- d. value
- e. idea

Answer: c **Page(s):** 18 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: Organizations such as American Airlines, U.S. Bank, and The Red Cross provide customers with goods that are typically called a service.

1-194 WHAT IS MARKETED?**COMPREHENSION**

A live theatre performance tends to be an experience that is consumed at the point where it is purchased. This is an example of a(n) _____.

- a. utility
- b. product
- c. value
- d. service
- e. idea

Answer: d **Page(s):** 18 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: Live theatre performances are intangible items called “entertainment” and are classified as services.

1-195 WHAT IS MARKETED?**KNOWLEDGE**

Intangible concepts and thoughts about products, actions, or causes are called

- a. utilities.
- b. products.
- c. values.
- d. ideas.
- e. services.

Answer: d **Page(s):** 18 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—ideas.

1-196 PRODUCT**KNOWLEDGE**

A product

- a. consists of the benefits or customer value received by its sellers.
- b. is the cluster of benefits that an organization promises customers to satisfy their needs.
- c. is a good, service, or idea consisting of a bundle of tangible and intangible attributes that satisfies consumers’ needs and is received in exchange for money or something else of value.
- d. consists of items that the consumer purchases frequently, conveniently, and with a minimum of shopping effort.
- e. is the set of intangible activities or benefits that an organization provides to satisfy consumers’ needs in exchange for money or something else of value.

Answer: c **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—product. Alternative “e” is the definition of a service.

1-197 PRODUCT**KNOWLEDGE**

A good, service, or idea consisting of a bundle of tangible and intangible attributes that satisfies consumers’ needs and is received in exchange for money or something else of value is known as a(n)

- a. utility.
- b. item.

- c. service.
- d. marketing program.
- e. product.

Answer: e **Page(s):** 17 **LO:** 5 **AACSB:** Analytic **QD:** Easy
Rationale: Key term definition—product.

1-198 WHAT IS MARKETED?

APPLICATION

Which answer reflects (in order) a good, a service, and an idea that can be marketed?

- a. a candy bar, a wastepaper basket, and a vending machine
- b. a CD, a concert, and a souvenir T-shirt
- c. a political candidate, democracy, and freedom
- d. an iPod, an iPhone, and an iPad
- e. a toothbrush, laser teeth whitening, and dental hygiene

Answer: e **Page(s):** 18 **LO:** 5 **AACSB:** Analytic **QD:** Hard
Rationale: Goods, services, and ideas are marketed. Goods are physical objects, such as a toothbrush, that satisfy consumer needs. Services are intangible items, such as laser teeth whitening. Ideas are intangibles, such as the idea of dental hygiene, involving thoughts about actions or causes.

1-199 WHAT IS MARKETED?

APPLICATION

The Hermitage, a famous Russian art museum, was suffering financial difficulties as the result of lost funding and a decrease in tourists. The decrease in visitors is blamed on a lack of awareness of the treasures contained in the museum. As a result, the Hermitage’s director used a strategic alliance with IBM to create a website where people can go and view some of the wonders of the Hermitage in an online virtual tour. The hope is that this sampling of paintings, sculptures, etc. will encourage visitors to make a trip to the Hermitage and spend some money there to cover the costs of its operations. The Hermitage is a(n) _____ that uses online virtual tours to market itself worldwide.

- a. good
- b. idea
- c. service
- d. product
- e. charity

Answer: c **Page(s):** 18 **LO:** 5 **AACSB:** Analytic **QD:** Hard
Rationale: A service is an intangible item, consisting of airline trips, financial advice, or art museums like the Hermitage.

1-200 ULTIMATE CONSUMERS

KNOWLEDGE

Ultimate consumers refer to

- a. the people who use the products and services purchased for a household.
- b. people who have already purchased a firm’s product at least once, have been satisfied, and are likely to make repeat purchases.

- c. people or organizations that have used a competitor's product and who have been dissatisfied, and who are still seeking a product or service to satisfy their needs.
- d. those manufacturers, wholesalers, retailers, and government agencies that buy goods and services for their own use or for resale.
- e. one or more specific groups of potential customers toward whom an organization directs its marketing program.

Answer: a **Page(s):** 19 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—ultimate consumers. Alternative “d” is the definition of organizational buyers. Alternative “e” is the definition of a target market.

1-201 ULTIMATE CONSUMERS **KNOWLEDGE**

The people who use the products and services purchased for a household are called

- a. organizational buyers.
- b. household prospects.
- c. ultimate consumers.
- d. a target market.
- e. sellers.

Answer: c **Page(s):** 19 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—ultimate consumers.

1-202 ULTIMATE CONSUMERS **KNOWLEDGE**

What is the marketing term for people, whether they are 80 years or 8 months old, who use products and services purchased for a household?

- a. ultimate consumers
- b. situational buyers
- c. primary buyers
- d. a target market
- e. household prospects

Answer: a **Page(s):** 19 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: : Key term definition—ultimate consumers.

1-203 ULTIMATE CONSUMERS **APPLICATION**

Time Inc. has published a new magazine, *All You*, which is distributed only in Walmart stores. Who is the ultimate consumer for this magazine?

- a. the person who buys the magazine to read at home
- b. the person who stocks the magazine rack at Walmart
- c. the person who browses the magazine in the store but does not buy it
- d. the salesperson for Time Inc. that sold the magazine to Walmart
- e. All people, from the writer, to the seller, to the reader at home, are the ultimate consumers.

Answer: a **Page(s):** 19 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: An ultimate consumer is the person who uses the product or services purchased for the household. Only the person in alternative “a” purchased the magazine to read at home.

1-204 ULTIMATE CONSUMERS

APPLICATION

Which of the following is an example of an ultimate consumer?

- a. a newspaper reporter who buys a plane ticket to Washington, D.C. to cover the presidential inauguration
- b. a school teacher who bought a ticket to the Summer Olympics opening ceremonies
- c. an office receptionist who renews the magazines that are found in the office waiting room
- d. a retailer who buys poster board to make signs for an upcoming store sale
- e. a landscaping firm employee who buys a new wheelbarrow to use to haul mulch

Answer: b **Page(s):** 19 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: An ultimate consumer is the person who uses the goods or services purchased themselves. Only alternative “b” describes an individual who will not be using his or her purchase in a job-related task.

1-205 ORGANIZATIONAL BUYERS

KNOWLEDGE

Units such as manufacturers, retailers, and government agencies that buy goods and services for their own use or for resale are referred to as

- a. intermediate buyers.
- b. selling agents.
- c. organizational buyers.
- d. manufacturing agents.
- e. brokers.

Answer: c **Page(s):** 19 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—organizational buyers.

1-206 ORGANIZATIONAL BUYERS

KNOWLEDGE

Organizational buyers are described as

- a. only purchasers of raw materials and natural resources.
- b. employees who purchase household items for their personal use.
- c. manufacturers, retailers, or government agencies that buy products for their own use or for resale.
- d. any individual or group making a purchase worth over \$100,000.
- e. any man, woman, or child who uses products purchased for a household.

Answer: c **Page(s):** 19 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—organizational buyers.

1-207 ORGANIZATIONAL BUYERS

COMPREHENSION

Which of the following is the best example of an organizational buyer?

- a. a mother buying milk for her young son
- b. a computer programmer buying the latest game for his PlayStation 3
- c. a store owner buying hand-painted slate signs to sell in her store
- d. a botanist buying a rose bush for his home garden
- e. a parent buying a softball glove for a daughter

Answer: c **Page(s):** 19 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: Organizational buyers are manufacturers, retailers, or government agencies buying for their own use or for resale. Only alternative “c” describes an individual who will not use his or her purchase for personal use.

1-208 WHO BENEFITS?

COMPREHENSION

Effective marketing benefits society because it

- a. reduces competition, making the playing field more even.
- b. improves the quality of products and services regardless of the cost.
- c. allows companies to charge whatever price they want, regardless of product quality.
- d. makes countries more competitive in world markets while simultaneously reducing competition in their home markets.
- e. enhances competition, which improves the quality of products and services and lowers their prices.

Answer: e **Page(s):** 19 **LO:** 5 **AACSB:** Analytic **QD:** Medium

Rationale: Effective marketing benefits society. It enhances competition, which improves both the quality of products and services and lowers their prices. This makes countries more competitive in world markets and provides jobs and a higher standard of living for their citizens.

1-209 UTILITY

KNOWLEDGE

Utility refers to

- a. the number of alternative uses or benefits that can be provided by a single product or service.
- b. the adaptability of a marketing program to adjust to changes in the marketing environment.
- c. the benefits or customer value received by users of the product.
- d. the fixed costs associated with the production of a single unit of a product within a product line.
- e. the variable costs associated with the production of a single unit of a product within a product line.

Answer: c **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—utility.

1-210 UTILITY

KNOWLEDGE

The benefits or customer value received by users of a product is called _____.

- a. utility
- b. synergy
- c. consumerism
- d. cost-benefit ratio

e. customer lifetime value

Answer: a **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Key term definition—utility.

1-211 UTILITY

KNOWLEDGE

The four utilities marketing creates are

- a. product, price, promotion, and place.
- b. form, function, value, and people.
- c. monopoly, monopolistic competition, pure competition, and oligopoly.
- d. form, place, time, and possession.
- e. natural gas, fossil fuel, electricity, and water.

Answer: d **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Four different utilities include: form, place, time, and possession.

1-212 FORM UTILITY

KNOWLEDGE

The value to consumers that comes from the production or alteration of a product or service constitutes _____ utility.

- a. time
- b. place
- c. possession
- d. market
- e. form

Answer: e **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—form utility.

1-213 FORM UTILITY

APPLICATION

Which of the following is an example of form utility?

- a. an iPhone with a “multitouch” user interface for easy navigation
- b. stamp vending machines that are located in drug stores
- c. a service station that has a 24-hour ice machine available for use when the station is closed
- d. a mobile phone company that offers six-month financing, same as cash
- e. a gourmet candy store that offers a home delivery service

Answer: a **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: The value to consumers that comes from the production or alteration of a good or service constitutes form utility. The “multitouch” user interface adds an extra benefit to the iPhone, making the product more valuable to the consumer.

1-214 FORM UTILITY

APPLICATION

The process of taking wool off sheep and using it to make soft sweaters shows how manufacturing can create _____ utility.

- a. time
- b. place
- c. possession
- d. market
- e. form

Answer: e **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: The value to consumers that comes from the production or alteration of a product or service constitutes form utility. The production of the sweater constitutes form utility.

1-215 FORM UTILITY

APPLICATION

The process of turning corn into ethanol shows how BioFuel Energy, a Minnesota ethanol producer, can create _____ utility.

- a. time
- b. place
- c. possession
- d. market
- e. form

Answer: e **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: The value to consumers that comes from the production or alteration of a product or service constitutes form utility. The production of the ethanol constitutes form utility.

1-216 PLACE UTILITY

KNOWLEDGE

The value to consumers that comes from having the offering available where consumers need it constitutes _____ utility.

- a. time
- b. place
- c. possession
- d. market
- e. form

Answer: b **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—place utility.

1-217 PLACE UTILITY

APPLICATION

Which of the following statements is an example of place utility?

- a. airlines that allow you to print your own boarding pass at home
- b. a service station that sells both unleaded gasoline and diesel fuel
- c. a mobile phone company that offers six-month financing, same as cash
- d. cold cut packages that can be zipped close for reuse
- e. an iPhone with a “multitouch” user interface for easy navigation

Answer: a **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Hard
Rationale: Place utility is the value to consumers of having a product or service available where needed. Printing the boarding pass at home simplifies a traveler's life by making the pass available where needed.

1-218 TIME UTILITY **KNOWLEDGE**

The value to consumers that comes from having the offering available when they need it constitutes _____ utility.

- a. place
- b. possession
- c. market
- d. time
- e. form

Answer: d **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Easy
Rationale: Text term definition—time utility.

1-219 TIME UTILITY **APPLICATION**

What utility does UPS provide when it delivers new DVD releases to Best Buy stores before the Tuesday national release day?

- a. time utility
- b. place utility
- c. possession utility
- d. market utility
- e. form utility

Answer: a **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Hard
Rationale: Time utility is the value to consumers of having a product or service available when needed. UPS is delivering DVDs to Best Buy stores by the Tuesday release date, thus providing value to consumers that comes from having them available when needed.

1-220 TIME UTILITY **APPLICATION**

Dick's Sporting Goods carries baseballs all year around. The same is true for footballs and tennis equipment. Dick's Sporting Goods offers _____ utility for these products.

- a. time
- b. place
- c. possession
- d. market
- e. form

Answer: a **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Hard
Rationale: Time utility is the value to consumers of having a product or service available when needed. Dick's Sporting Goods offers time utility because you can purchase sporting equipment even when the sport is "out of season."

1-221 TIME UTILITY**APPLICATION**

Which of the following is an example of time utility?

- a. an iPhone with a “multitouch” user interface for easy navigation
- b. a dry cleaners that is located inside a supermarket
- c. Goodwill that has a 24-hour drop off box for clothing donations
- d. a cell phone company that offers six-month financing, same as cash
- e. a new herbal supplement that offers a 30-day free trial

Answer: c **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: Time utility is the value to consumers of having a product or service available when needed. The Goodwill drop off box allows consumers to drop off clothing regardless of the time of day.

1-222 PLACE AND TIME UTILITY**APPLICATION**

Redbox places vending machines at local convenience and grocery stores that allow customers to rent and return popular DVDs 24 hours a day. This creates both _____ and _____ utility.

- a. form and place
- b. form and time
- c. place and time
- d. time and possession
- e. form and possession

Answer: c **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: Place utility is the value to consumers of having a product or service available where needed, whereas time utility is the value to consumers of having a product or service available when needed. Redbox vending machines create both time and place utilities.

1-223 POSSESSION UTILITY**KNOWLEDGE**

The value to consumers that comes from making an item easy to purchase through the provision of credit cards and financial arrangements constitutes _____ utility.

- a. time
- b. place
- c. market
- d. possession
- e. form

Answer: d **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Easy

Rationale: Text term definition—possession utility.

1-224 POSSESSION UTILITY**APPLICATION**

Which of the following is an example of possession utility?

- a. an iPhone with a large selection of new “apps”

- b. the local dairy that offers to deliver bottles of milk to a customer's doorstep
- c. disposable diapers that come equipped with resealable tabs
- d. a gourmet food store that carries a line of ready-made salads
- e. a mobile phone company that offers six-month financing, same as cash

Answer: e **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: Possession utility is the value to the consumer of making an item easy to purchase so consumers can use it. The mobile phone company offers six-month financing, same as cash terms to consumers, thus increasing ease of purchase.

1-225 POSSESSION UTILITY

APPLICATION

Robert could not buy his *Principles of Marketing* textbook this semester by the first day of class if the bookstore did not accept one of the four major credit cards. With his VISA credit card, he was able to obtain the book for his first marketing class. The credit card created _____ utility for Robert.

- a. form
- b. time
- c. price
- d. possession
- e. place

Answer: d **Page(s):** 20 **LO:** 5 **AACSB:** Analytic **QD:** Hard

Rationale: Possession utility is the value to the consumer of making an item easy to purchase so consumers can use it. The bookstore accepts major credit cards, thus increasing ease of purchase.

1-226 VIDEO CASE 1: 3M

COMPREHENSION

David Windorski, an inventor at 3M, questioned dozens of students about how they study. They told him

- a. to make sure new 3M products were available at mass merchandisers such as Walmart.
- b. that the average backpack was already too heavy to contain new 3M products.
- c. it would be reasonable to combine Post-it® Flags with a highlighter.
- d. to develop similar study aid products offered by other office product competitors.
- e. it would be NOT be reasonable to combine Post-it® Notes with a ball point pen.

Answer: c **Page(s):** 22 **LO:** N/A **AACSB:** Analytic **QD:** Medium

Rationale: Windorski had to first discover students' studying habits and needs. He did this by interviewing dozens of students. Many told him that they first highlight a passage of text on a textbook page with a highlighter and then mark the page with a Post-it® Flag.

1-227 VIDEO CASE 1: 3M

COMPREHENSION

3M inventor, David Windorski took this approach when he developed the Post-it® Flag Highlighter:

- a. He first asked students to identify their needs and wants.
- b. He asked students to bring him their five favorite office product items they used for studying.
- c. He patented his idea and sold it to 3M.

- d. He started with his idea and then investigated if there was a market for it.
- e. He petitioned 3M executives for the right to conduct independent research that ultimately resulted in the 15% rule.

Answer: d **Page(s):** 22 **LO:** N/A **AACSB:** Analytic **QD:** Medium

Rationale: The classic approach says to start with needs and wants of potential customers and then to develop the product. But sometimes new-product development runs in the opposite direction: Start with a new product idea and then see if there is a market for it. This is really what Windorski did for the Post-it® Flag Highlighter, using marketing research along the way.

1-228 VIDEO CASE 1: 3M

COMPREHENSION

Which of the following statements about 3M’s market research prior to introducing the Post-it® Flag Highlighter is most accurate?

- a. David Windorski worked with clay and wood models to see how much additional weight students would be willing to carry in their backpacks.
- b. David Windorski asked students to dump the contents of their backpacks to make sure no clay prototype was being stolen.
- c. David Windorski used focus groups, observed students’ studying behavior, and even gave out trial Post-it® Flag Highlighters to a sample of students to try for a month.
- d. David Windorski hired students to act as “brand evangelists” to handout promotional samples of Post-it® Flag Highlighters to other students at their respective universities and colleges during “move-in day.”
- e. David Windorski hired students as “mystery shoppers” to see what office supplies students bought at their college bookstores during the week before as well as the first week of classes.

Answer: c **Page(s):** 22 **LO:** N/A **AACSB:** Analytic **QD:** Medium

Rationale: 3M and David Windorski did a lot of marketing research on students during the new-product development process. They used all of the methods (and more) listed in alternative “c” in order to understand students’ reactions and consider suggestions for improvements.

1-229 VIDEO CASE 1: 3M

COMPREHENSION

All of the following were pre-launch issues 3M encountered before it could offer the Post-it® Flag Highlighter **EXCEPT**:

- a. manufacturing issues—where will the product be produced?
- b. place issues—how will 3M persuade office supply retailers and college bookstores to carry the items?
- c. promotion issues—how will 3M tell students the offering exists?
- d. price issues—what should 3M charge for this innovation and should there be differences between different retail outlets (college bookstores, mass merchandisers, office supply stores, etc.)?
- e. market segmentation issues—who is(are) the target market(s) for this offering?

Answer: e **Page(s):** 22-23 **LO:** N/A **AACSB:** Analytic **QD:** Medium

Rationale: David Windorski of 3M already determined beforehand who the primary target market for his Post-it® Flag Highlighter was—college students.

1-230 VIDEO CASE 1: 3M

COMPREHENSION

In the future, 3M will make use of _____ to attract new customers.

- a. product extensions
- b. social responsibility
- c. social entrepreneurship
- d. graduate students to design new products
- e. cause marketing by “going green”

Answer: a **Page(s):** 22-23 **LO:** N/A **AACSB:** Analytic **QD:** Medium

Rationale: To build on the initial success of the Post-it® Flag Highlighter, 3M will take great care to introduce new product extensions to attract new customers while still retaining its solid foundation of loyal existing customers.

CHAPTER 1: MASTER TEST BANK

CREATING CUSTOMER RELATIONSHIPS AND VALUE THROUGH MARKETING

SHORT ESSAY QUESTIONS

1-231 CHAPTER OPENER: 3M

APPLICATION

Explain the market research that David Windorski, 3M inventor, did to develop the Post-it[®] Flag Highlighter.

Answer:

During the new-product development process, Windorski and 3M did a lot of marketing research on students. Working with a team of four college students, Windorski and the team observed and questioned dozens of students about how they used their textbooks, took notes, wrote term papers, and reviewed for exams. Other research was quite traditional. For example, students were asked to dump the contents of their backpacks on the table to explain what they carried around and then to react to some early highlighter models. Also, several times six or seven students were interviewed together and observed by 3M researchers from behind a one-way mirror—the focus group technique. Other students were interviewed individually. Windorski then used wood blocks and modeling clay to mock up a number of nonworking models. These nonworking models showed Windorski how the product would feel. He then produced the 2-in-1 highlighter plus Post-it[®] Flag Highlighter working models that students could actually use to give him feedback. Several hundred were produced and given to students to use for a month. Their reactions and suggestions for improvements were captured on a written questionnaire.

Page(s): 3, 22

LO: 1

AACSB: Analytic

QD: Hard

1-232 STUDENTS AS MARKETING EXPERTS

APPLICATION

Why are you, as a student, already somewhat of a marketing expert before taking this course? Provide a specific example from your own personal experience and relate it to something you just “formally” learned about marketing.

Answer:

Students are, in a sense, marketing experts because they engage in many marketing activities every day. Experience in shopping for products gives students great insights into the world of marketing. As consumers, students have been involved in thousands of marketing decisions, but mostly on the buying and not the selling side.

Page(s): 4

LO: 1

AACSB: Analytic

QD: Hard

1-233 WHAT IS MARKETING?

KNOWLEDGE

What is the abridged American Marketing Association definition of marketing according to the textbook? How does this differ from your previous notion of marketing before reading this chapter?

Answer:

The American Marketing Association represents marketing professionals. Combining its 2004 and 2007 definitions, “Marketing is the activity for creating, communicating, delivering, and exchanging offerings that benefit its customers, the organization, its stakeholders, and society at large.” This definition shows marketing to be a far broader activity than simply advertising or personal selling. It stresses the importance of delivering genuine benefits in the offerings of products, services, and ideas marketed to customers. Also, note that the organization doing the marketing, the stakeholders affected (such as customers, employees, suppliers, and shareholders), and society should all benefit.

Page(s): 5

LO: 1

AACSB: Analytic

QD: Easy

1-234 WHAT IS MARKETING?

COMPREHENSION

What are the two key objectives of marketing? Define “exchange” and explain how it supports these objectives.

Answer:

To serve both buyers and sellers, marketing seeks (1) to discover the needs and wants of prospective customers and (2) to satisfy them. The key to achieving these two objectives is the idea of exchange, which is the trade of things of value between buyer and seller so that each is better off after the trade. If an exchange takes place, then marketers will have been successful in achieving these two objectives, since each party must be better off after the trade.

Page(s): 5

LO: 1

AACSB: Analytic

QD: Medium

1-235 EXCHANGE

COMPREHENSION

Most people would assume that in marketing the only thing of value to “exchange” would be monetary (check, credit/debit, currency, and/or coin transactions). What else can be exchanged? Provide an example of a nonmonetary transaction that still fits the criteria of exchange.

Answer:

The trade of things of value between buyer and seller so that each is better off after the trade. This could include exchange of votes for political leadership, donations of time in exchange for feelings of generosity, etc. It would also include barter, the practice of exchanging products and services for other products and services rather than for money in both domestic and global markets (see Chapters 7 and 13).

Page(s): 5

LO: 1

AACSB: Analytic

QD: Medium

1-236 DIVERSE FACTORS IN MARKETING

COMPREHENSION

In addition to consumers, what other people, groups, and environmental forces interact to affect an organization’s marketing activities?

Answer:

Foremost is the organization itself, whose mission and objectives determine what business it is in and what goals it seeks. Within the organization, management is responsible for establishing these goals. The marketing department works closely with a network of other departments and

employees to help provide the customer-satisfying products required for the organization to survive and prosper. The marketing department is responsible for facilitating relationships, partnerships, and alliances with the organization's customers, its shareholders (or often representatives of groups served by a nonprofit organization), its suppliers, and other organizations. Environmental forces such as social, economic, technological, competitive, and regulatory forces also shape an organization's marketing activities. Finally, an organization's marketing decisions are affected by and, in turn, often have an important impact on society as a whole. The organization must strike an acceptable balance among all these influences. See Figure 1-2 in the textbook.

Page(s): 5-7

LO: 1

AACSB: Analytic

QD: Medium

1-237 REQUIREMENTS FOR MARKETING TO OCCUR

COMPREHENSION

What four factors are required for marketing to occur?

Answer:

For marketing to occur, four factors are required: (1) two or more parties (individuals or organizations) with unsatisfied needs; (2) a desire and ability on their parts to satisfy these needs; (3) a way for the parties to communicate; and (4) something to exchange.

Page(s): 6-7

LO: 1

AACSB: Analytic

QD: Medium

1-238 REQUIREMENTS FOR MARKETING TO OCCUR

APPLICATION

In China, many people are removing their money from the state banks and lending it out themselves. The interest rate earned in a state bank account is about one-half the rate of inflation. On the other hand, loaning money to friends, relatives, and even unrelated entrepreneurs can often earn the investor a rate at least double the inflation rate. The gray market, an underground network of investors and private businesses, moves the cash from lenders to businesses. Did marketing occur here? Explain your answer.

Answer:

To answer this question, students will need to know the four factors that are required for marketing to occur. (1) There must be two or more parties with unsatisfied needs. The lenders want to receive a higher interest rate on their funds and the businesses need short-term loans. (2) There must be a desire and an ability to satisfy those needs. The lenders want to receive a higher interest rate on their funds and the businesses need short-term loans. The money is available since the lenders removed it from the state banks. (3) There must be a way for the parties to communicate. Word-of-mouth from the gray market, an underground network, allows communication between the lenders and businesses. (4) There must be something to exchange. Cash was exchanged in the form of loans, repaid with interest. Students should be able to see that marketing did indeed occur.

Page(s): 6-7

LO: 1

AACSB: Analytic

QD: Hard

1-239 DISCOVERING NEEDS

APPLICATION

Add your own personal experience and creativity to what you have just learned in Chapter 1. Formulate a plan to assess the needs of either (1) students who have too many textbooks to carry to and from class or (2) executives who are too busy to keep up with the latest information in their field.

Answer:

A quality answer will include multiple techniques. Even though this is not the “market research” chapter, there are textbook examples of observation, questioning, involvement of stakeholders in the research process, discussions, etc. used to discover needs. The emphasis should be placed on gathering as much information as possible prior to development of the product itself.

Page(s): 8-10

LO: 2

AACSB: Analytic

QD: Hard

1-240 CONSUMER NEEDS AND WANTS

COMPREHENSION

Define needs and wants. Can marketing shape a person’s wants? Explain your answer.

Answer:

A need occurs when a person feels deprived of basic necessities like food, clothing, and shelter. A want is a need that is shaped by a person’s knowledge, culture, and personality. Effective marketing, in the form of creating an awareness of good products at convenient locations, can clearly shape a person’s wants. Certainly, marketing tries to influence what we buy. A principal activity of a firm’s marketing department is to scrutinize its consumers to understand what they need and want and the trends and factors that shape them. However, a key issue is the amount of freedom given to prospective customers to make their own buying decisions.

Page(s): 9-10

LO: 2

AACSB: Analytic

QD: Medium

1-241 MARKET/TARGET MARKET

KNOWLEDGE

Explain the difference between a market and a target market. Provide a specific example of each.

Answer:

Potential consumers make up a market, which is people with both the desire and the ability to buy a specific product. All markets ultimately are people. A target market is one or more specific groups of potential consumers toward which an organization directs its marketing program. An example of a market is the tablet device market. An example of a target market for tablet devices would be college students who want their textbooks in digital, not printed format, for the convenience (no more heavy books) and lower cost (due to the digital delivery of the content).

Page(s): 10

LO: 2

AACSB: Analytic

QD: Easy

1-242 TARGET MARKET

APPLICATION

Describe two different target markets for two different products or services you, your friends, or your family have recently purchased or used.

Answer:

A target market is a specific group of potential consumers toward which an organization directs its marketing program. In response to this question, students might define the target market for a local baseball team as people who live in the area, somewhat skewed toward males, perhaps, and 25 to 84 years of age. Another interesting answer is to examine how one product, such as a Toyota 4-Runner, can have two different target markets. One target market might be the adventurous outdoor mountain biker that uses the vehicle to transport his or her equipment to the mountains to bike. The other target market might be a “soccer mom” with children and equipment to transport to the local soccer field for practice. This question offers a good opportunity for class discussion of the more interesting examples and observations of students.

Page(s): 10

LO: 2

AACSB: Analytic

QD: Hard

1-243 TARGET MARKET

APPLICATION

An inventor designs a scissors that has interchangeable blades that allow the user to switch from straight cuts to decorative cuts. Identify two possible target markets and justify your answer.

Answer:

A target market is a specific group of potential consumers toward whom an organization directs its marketing program. While anyone might benefit from using the product, a quality answer should link the benefits of the product (interchangeable straight and decorative blades) to the specific needs of a specific group. For example, scrapbook makers could use the straight blade when trimming pictures and use decorative blades when cutting backgrounds pages for their albums. The same scissors might be targeted for school teachers to create decorative flyers to post on bulletin boards regarding upcoming events for their students.

Page(s): 10

LO: 2

AACSB: Analytic

QD: Hard

1-244 MARKETING MIX (4 Ps)

KNOWLEDGE

Marketing managers used a combination of four tools in order to develop a complete marketing program to reach consumers. Briefly define these four tools.

Answer:

To reach consumers, marketing managers use four tools, often called, “the 4 Ps.” These include: (1) product—a good, service, or idea to satisfy the consumers’ needs; (2) price—what is exchanged for the product; (3) promotion—a means of communication between the seller and buyer; and (4) place (or distribution)—a means of getting the product to the consumer.

Page(s): 11

LO: 3

AACSB: Analytic

QD: Easy

1-245 MARKETING MIX (4 Ps)

APPLICATION

Imagine you have the sole marketing rights to a new herbal shampoo that stops hair loss and actually causes new hair growth. You plan to sell your product on an Internet website, which you will advertise on late night television. You are also hoping to obtain free publicity to place stories in men’s fashion magazines. You are planning to sell online a 15-ounce bottle for \$24.99 plus \$7.99 shipping and handling. Using the information provided, identify each element of your marketing mix.

Answer:

The shampoo is the product element. The Internet website is the place element. The ads on late night television and the publicity are the promotion element. The price element is the \$24.99 price plus the \$7.99 for shipping and handling.

Page(s): 11

LO: 3

AACSB: Analytic

QD: Hard

1-246 ENVIRONMENTAL FORCES

KNOWLEDGE

List and describe the five environmental forces in a marketing decision that are outside the control of marketing managers.

Answer:

The five environmental forces mainly beyond most executives' control include social, economic, technological, competitive, and regulatory forces. These five forces may serve as accelerators or brakes on marketing, sometimes expanding an organization's marketing opportunities while at other times restricting them.

Page(s): 11

LO: 3

AACSB: Analytic

QD: Easy

1-247 ENVIRONMENTAL FORCES

COMPREHENSION

Why do some executives feel that environmental factors are **NOT** entirely outside their influence?

Answer:

Traditionally, many marketing executives have treated these environmental factors as rigid, absolute constraints that are entirely outside their influence. However, recent studies and marketing successes have shown that a forward-looking, action-oriented firm can often affect some environmental factors, for example, by achieving technological or competitive breakthroughs.

Page(s): 11

LO: 3

AACSB: Analytic

QD: Medium

1-248 ENVIRONMENTAL FORCES

APPLICATION

Do college students have a choice in which classes they take to earn a degree? Use what you have learned about the controllable and uncontrollable aspects of marketing in terms of how they might relate to course selection decision-making. Incorporate marketing terms in your response.

Answer:

Most colleges and universities offer some courses that are "required"—the "core" courses in the major as well as social sciences—while others are "elective." These are the "product" or "service" element of the educational offering. The "price" element would be the tuition paid, less any scholarships. The promotion element would consist of the communication between the educational institution and students, such as e-mails ads in high school career counseling offices, course catalogs, etc. The place element would consist of the on-campus location, off-campus location, and/or the online website that delivers courses that fulfill either the core and elective

requirements for the majors students select. A quality answer for this question should be based on how well the student is able to give specific examples.

Page(s): 11

LO: 3

AACSB: Analytic

QD: Hard

1-249 CUSTOMER VALUE

APPLICATION

The Apple iPhone 4S is rated by *Consumer Reports* as being one of the best smartphones in the industry. Define customer value. In what ways do you think the Apple iPhone 4S provides value for its customers?

Answer:

Customer value is the unique combination of benefits received by targeted buyers that includes quality, convenience, on-time delivery, and both before-sale and after-sale service at a specific price. Many successful firms have chosen to deliver outstanding customer value with one of three value strategies: best price, best product, or best service. Apple uses the best product and best service strategies for its iPhone 4S, which *Consumer Reports* rates as one of the best smartphones on the market. Smartphones users may cite the iPhone 4S's display, ease of use of its multitouch user interface, voice quality, messaging, camera, video game capability, durability, battery life, etc., as key product-related benefits.

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AACSB: Analytic

QD: Hard

1-250 RELATIONSHIP MARKETING

APPLICATION

Assume you are a salesperson for a direct marketing firm that does "in-home" Tupperware parties. If most of your hosts or hostesses hold only one party a year, what strategies could you use to build strong customer relationships? If you are creating your own business for this example, make sure to describe your product(s) in your introductory sentence.

Answer:

A quality answer should have a strong emphasis on regular, sustained communication with customers and Tupperware representatives, whether it is through personal contact by phone, notes, e-mails, etc. Answers that are creative and supply product specific examples should be encouraged.

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AACSB: Analytic

QD: Hard

1-251 RELATIONSHIP MARKETING

APPLICATION

During October, kiosk or "pop-up" stores often appear in many malls for the holiday season. Typically, these kiosks sell gift boxes of cheese, jewelry, and other items people think are appropriate seasonal gifts. In January, these "pop-up" retailers vanish. Is it possible for such a retailer to use relationship marketing? Explain your answer.

Answer:

Generally, students will say "no" based on the definition of relationship marketing. The textbook defines relationship marketing as linking the organization to its individual customers, employees, suppliers, and other partners for their mutual long-term benefits. In an ideal setting, relationship

marketing involves a personal, ongoing relationship between the organization and an individual customer. However, this is based on the idea that the kiosks are not there long enough to establish a long-term relationship. Very insightful students may see an opportunity for these retailers (who return year after year) to develop long-term multiyear relationships. Databases would allow direct mail notifications each fall that the prized gifts are again available. Also, kiosk marketers could send customers e-mails throughout the winter, spring, and summer about specials, new products, and other offers to stimulate year-round purchases.

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AACSB: Analytic

QD: Hard

1-252 RELATIONSHIP MARKETING

APPLICATION

Companies are just beginning to use Twitter as a tool in their relationship marketing programs. In what ways could Twitter benefit both customers and organizations?

Answer:

Twitter allows organizations to get customer feedback in “real time.” It provides them with information about what consumers like and dislike in a larger and more open forum. It also provides access to ideas that might result in new or improved products that would benefit customers.

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AACSB: Analytic

QD: Hard

1-253 RELATIONSHIP MARKETING

APPLICATION

Twitter is a website that offers a social networking service, enabling its users to send and read other users’ messages or conversations called tweets, which are text-based posts of up to 140 characters displayed on the user’s profile page. Connected to each “tweet” is a rich details pane that provides additional information, deeper context, and embedded media. Companies are just beginning to use Twitter as a tool in their relationship marketing programs. In what ways could Twitter be used to benefit both the customer and the organization?

Answer:

One aspect of Twitter is that it allows organizations to get customer feedback in “real time.” It provides the organization with information about “followers” in a larger and more open forum. It also provides access to ideas that might result in new or improved products that would benefit the customer.

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AACSB: Analytic

QD: Hard

1-254 MARKETING PROGRAM

COMPREHENSION

Explain the marketing program that 3M used to reach the student target market for the Post-it® Flag Highlighter and the rationale used for each element of the marketing mix.

Answer:

Answers should address all four “Ps.” (1) The product strategy included offering the Post-it® Flag Highlighter to help college students with their studying. 3M listened carefully to the needs and wants of potential customer segments to use 3M technology to introduce a useful, innovative

product. (2) The price strategy sought a retail price of about \$3.99-\$4.99 for a single the Post-it® Flag Highlighter or \$5.99-\$7.99 for a three-pack. The idea was to set prices that provide genuine value to the customer segment that was targeted. (3) The promotion strategy was to run limited promotion with a TV ad and some ads in college newspapers and then rely on student word-of-mouth messages to inform other students of the product. This would increase awareness of potential users in the student segment who had never heard of this new, innovative 3M product. (4) The place strategy was to distribute the Post-it® Flag Highlighter through college and university bookstores, office supply stores, and mass merchandisers. This made it easy for prospective buyers to buy at convenient retail outlets. See Figure 1-4 in the textbook.

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AACSB: Analytic

QD: Medium

1-255 MARKETING PROGRAM

COMPREHENSION

Explain the marketing program 3M used to reach the office worker segment with its Post-it® Flag Pen.

Answer:

A marketing program integrates the marketing mix elements to provide a product, service, or idea to prospective buyers. (1) 3M's product strategy to reach the office worker segment is to offer the Post-it® Flag Pen to help office workers in their day-to-day work activities. 3M listened carefully to the needs and wants of potential customer segments to use 3M technology to introduce a useful, innovative product. (2) 3M's price strategy is to seek a retail price of about \$3.99-\$4.99 for a single Post-it® Flag Pen; wholesale prices are less. This price provides genuine value to the office worker segment. (3) 3M's promotion strategy is to run limited promotion among distributors to get them to stock the product. (4) 3M's place strategy is to distribute Post-it® Flag Pens through office wholesalers and retailers as well as mass merchandisers. See Figure 1-4 in the textbook.

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AACSB: Analytic

QD: Medium

1-256 EVOLUTION OF MARKET ORIENTATION

COMPREHENSION

Many market-oriented, older manufacturing organizations have experienced four distinct stages in the life of their firms. Beginning with the 1860s, list and define each of the four eras of U.S. business history.

Answer:

(1) During the production era, which started on the 1860s until the 1920s, goods were scarce so buyers were willing to accept virtually any goods that were produced and made do with what was available. The central notion was that products would sell themselves, so the major concern of business firms was production, not marketing. (2) The next era was the sales era, which occurred from the 1920s to the 1960s. During that time, firms discovered that they could produce more goods than their regular buyers could consume. Competition grew. The usual solution was to hire more salespeople to find new buyers. (3) The marketing concept era began in the late 1950s when marketing concept became the motivating force among many American firms. The marketing concept is the idea that an organization should strive to satisfy the needs of consumers while also trying to achieve the organization's goals. (4) The latest era is the customer relationship era, which began in the late 1990s. Here, firms practice a market orientation by focusing efforts on continuously collecting information about customers' needs, sharing the

information across departments, and using it to create customer value. See Figure 1-5 in the textbook.

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1-257 MARKETING CONCEPT KNOWLEDGE

Define the marketing concept.

Answer:

The marketing concept is the idea that an organization should strive to satisfy the needs of consumers while also trying to achieve the organization's goals.

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1-258 MICROMARKETING/MACROMARKETING KNOWLEDGE

What is the difference between micromarketing and macromarketing?

Answer:

Micromarketing focuses on how an individual organization directs its marketing activities and allocates its resources to benefit its customers. Macromarketing looks at the aggregate flow of a nation's goods and services to benefit society. While micromarketing tends to be internally focused on the development and execution of an organization's marketing program, macromarketing addresses broader societal issues such as whether marketing costs too much, whether advertising is wasteful, or what resource scarcities and pollution side effects result from the marketing system.

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1-259 WHAT IS MARKETED? KNOWLEDGE

It is said that goods, services, and ideas are marketed. Define goods, services, and ideas and give at least one example of each.

Answer:

Goods are physical objects, such as toothpaste, cameras, or computers that satisfy consumer needs. Services are intangible items such as airline trips, financial advice, or art museums. Ideas are intangibles involving thoughts about actions or causes such as donating to a charity or voting for a political candidate.

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1-260 ULTIMATE CONSUMERS/ORGANIZATIONAL BUYERS APPLICATION

What are the primary differences between an ultimate consumer and an organizational buyer? Select one product and explain the differences in either its use or purchase, depending on whether it was purchased by an ultimate consumer or an organizational buyer.

Answer:

Students' examples will differ, but each example should be descriptive of the definition. Ultimate consumers are the people who use the products and services purchased for a household. For example, a flat screen high definition television could be purchased by any member of a family and used by all for personal enjoyment. Organizational buyers are those manufacturers, wholesalers, retailers, and government agencies that buy products and services for their own use or for resale. A hospital might buy the same television model (most likely in larger quantities) for use in patients' rooms to add value by enhancing their hospital stays.

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AACSB: Analytic

QD: Hard

1-261 WHO BENEFITS FROM MARKETING?

COMPREHENSION

In our free-enterprise society, which three specific groups benefit from effective marketing?

Answer:

The three specific groups that benefit from effective marketing are: (1) consumers who buy (they can obtain the best product at the lowest price, leading to consumer satisfaction); (2) organizations that sell (receive profits, etc., if they provide need-satisfying products with effective marketing programs); and (3) society as a whole (providing jobs and a higher standard of living for its citizens).

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AACSB: Analytic

QD: Medium

1-262 UTILITY

KNOWLEDGE

Explain what is meant by the concept of marketing utility. Identify and describe the four utilities created by marketing.

Answer:

Marketing creates utility, the benefits or customer value received by users of the product. This utility is the result of the marketing exchange process and the way society benefits from marketing. The four utilities include form, place, time, and possession. The production or alteration of goods or services constitutes form utility. Place utility means having a good or service available where needed, whereas time utility is the value to consumers of having a good or service available when needed. Possession utility is the value to consumers of making an item easy to purchase so consumers can use it.

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AACSB: Analytic

QD: Easy

1-263 UTILITIES

APPLICATION

At the BMW website, BMW.com, you can design your own personal BMW. If you choose to use this method to purchase a car, what type of utility(ies) has(have) been created?

Answer:

Form utility comes from the production or alteration of a product or service that provides value to consumers. Form utility is created when you can design and build your own personal BMW at

the BMW's website, BMW.com. In addition, BMW provides possession utility, which is the value of making an item easy to purchase through the provision of credit cards or financial arrangements. Here BMW provides possession utility by allowing customers to buy a car online. Eventually, they will have to go to a local dealer to pick up their cars. Finally, BMW provides time utility because building a BMW car online saves consumers from taking time to visit dealerships to see if their preferred car is on the lot. The BMW website also provides information to make the external information search process more efficient (see Chapter 5).

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AACSB: Analytic

QD: Hard

1-264 VIDEO CASE 1: 3M

APPLICATION

Identify the six prelaunch issues that 3M and David Windorski needed to address before the Post-it® Flag Highlighter could be manufactured and marketed.

Answer:

The six prelaunch issues included technical issues (computer-aided design), manufacturing issues (location of the production facility), product issues (brand name, packaging), price issues (impact from competition, premium price, price by channel), promotion issues (by segment, by medium), and place/distribution issues (shelf space in college bookstores, other outlets).

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AACSB: Analytic

QD: Hard