

# 1. The marketing concept

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## ESSAY

1. What is meant by the term relationship marketing? How does relationship marketing affect the customer?

ANS:

In this first chapter, the concept of relationship marketing is introduced as part of the evolution of the marketing concept. Relationship marketing is a focus away from expediting a single sales transaction onto developing meaningful and trusting relationships with customers. The benefit of relationship marketing is that it has "a lifetime of values" and it infers individualized service delivery over a long period of time. Answers should emphasize the importance of having trust in a company and the ability of a firm to continually adapt and respond to customers changing needs overtime. The best answers will address the challenges of adaption to customer needs and expectations.

PTS: 1                      DIF: Easy                      REF: The marketing concept and its evolution

2. By looking at different marketing definitions, evaluate what is meant by the marketing concept, and how it affects business performance.

ANS:

This question challenges students to think critically about the role of marketing in business and its link with business performance. Should marketing be seen as a business process that is solely dedicated to creating profit and to producing goods and services at the least cost? Students may be directed towards Table 1.2 which discusses "popular marketing myths" and be encouraged to look at the link between marketing and selling, marketing and advertising and the role of marketing in strategy formulation and planning. This is a reflective question and students are to be encouraged to consider whether marketing is a basic departmental function or whether it is an activity that is engaged in by everyone in an organization. This perspective will depend upon the definition being used and students are encouraged to look at a variety of different definitions and how days impact upon business performance.

PTS: 1                      DIF: Moderate                      REF: Marketing explained and defined

3. What does it mean for a company to be marketing-oriented? What are the most important factors involved in being marketing-oriented?

ANS:

Market orientation is a central marketing concept that implies a link between the needs and expectations of customers and sustainable competitive advantage. The formal definition of market orientation is that an organization devotes resources to understanding the behaviour of customers and competitors and uses this understanding to adapt and respond to emerging market trends. This is distinct from being sales lead and concentrating on short term targets. However, while market orientation is highly desirable it is difficult to achieve and this is a theme that is developed throughout the first and subsequent chapters. What this question is asking is that students think about how firms might be market orientated and what the different approaches are. It is likely that students will gravitate towards household names, companies like Apple, and these can be used as a way of getting students to think about the different factors that different firms use to understand market trends, customer needs and competitive positioning.

PTS: 1                      DIF: Moderate              REF: Marketing explained and defined

4. Define the term value, and give example of how different firms are able to add value.

ANS:

Value, and in particular adding value, is at the essence of creating and satisfying customer needs profitably. The term value appears in a number of different marketing definitions and it is explicitly linked with the marketing exchange process. Whilst the concept goes beyond customer satisfaction it remains difficult to measure the concept's value as it applies to different customer groups especially within the context of service marketing. Students are asked to explore value-based marketing and how and why this has emerged as the latest marketing approach. A critical perspective that looks at the challenges of constantly reassessing value, from customers' perspective should be explored.

PTS: 1                      DIF: Moderate              REF: Marketing explained and defined

5. Explore the role of marketing management and describe its major components.

ANS:

The formal definition of marketing management is the process of planning, organizing and implementing controlling marketing activities. Marketing management is explicitly linked to the marketing mix sometimes known as the four or five “P”s or even the 7 “P”s. This concept is discussed in Figure 1.4 and students are asked to look at the implication of these different layers and levels of marketing. In particular students are asked to understand the difference between marketing management, marketing strategy and the wider marketing environment. There is a link between these different levels and the way in which the marketing mix can be adjusted to suit the needs of different customers. It is important that this question is not simply a listing of the different components but that it examines the relationship between the components – in this case product price promotion and place. Depending on context, the marketing mix and the management of this mix will differ according to company environment and the adoption of the marketing strategy. This means that there will be different answers to the question. The most important element to be discussed is the way in which the marketing mix changes in response to customer needs – rather than remaining static.

PTS: 1                      DIF: Easy                      REF: Marketing explained and defined

6. Why in marketing is it important that marketers are able to analyze and recognize business opportunities?

ANS:

This question relates to the summary of Chapter 1 and looks at the marketing process. This centres on the ability to analyze market conditions and to respond to those market conditions with associated programs that meet customer needs. Market opportunity analysis involves looking outside the company at the external opportunities and threats and it also involves an understanding of how to match internal resources to facilitate and expedite exchange relationships to the creation, distribution and promotion and pricing of goods and services and ideas. This question relates to the central marketing concept and its philosophy not just as a departmental function that has an overall management philosophy.

PTS: 1                      DIF: Moderate                      REF: The marketing process

7. Explain, using examples, the way in which knowledge of value based marketing is beneficial for all students.

ANS:

The answers to this question are likely to vary according to different personal perspectives. In answering the question students should show an understanding of how marketing has evolved and how it "facilitates satisfying exchange relationships". The emphasis should be on customer needs and the changes in dynamic environments. The main concept that should be explored is "value-based" marketing. Students are encouraged to use their experiences, either as consumers or as producers of products or services as a way of exploring the value added concept and show how this differentiates firms in the market place.

PTS: 1                      DIF: Easy                      REF: The importance of marketing

8. Define the term target market and provide an example for a product of your choice.

ANS:

One of the basic definitions of marketing strategy is segmentation, targeting and positioning (STP). This concept is explored in more detail in Part Two of the book. However this question asks students to use one or more case examples to show how different groups of customers might be targeted and the challenges that this presents to marketers. It is likely that answers will focus on consumer marketing (C2C) and students are encouraged to think about different products and how these are used by consumers and how targeting and brand positioning is used to create attention.

PTS: 1                      DIF: Moderate                      REF: The importance of marketing

9. Discuss the concept of social marketing and why it is an important challenge to marketers.

ANS:

This question focuses on the different roles of marketing in different business environments. Social marketing "borrows" tools and techniques from commercial marketing to encourage positive behavioural changes. This is discussed in the book and a number of examples are shown of social marketing and its application. This question asks students to look critically at social marketing approaches and answers may wish to use the case example from the Institute for Social Marketing and how it seeks to influence consumer behaviour.

PTS: 1                      DIF: Moderate                      REF: The marketing concept and its evolution

10. Using the example of Ikea discuss the marketing concept through the various types of orientation.

ANS:

This question is based on the case study at the end of the chapter.

PTS: 1                      DIF: Moderate                      REF: Case Study: Sweden's IKEA marches on

## **MULTIPLE CHOICE**

1. Marketing is the management process:
- of promoting products through personal selling and advertising to develop and maintain favorable relationships with customers and stakeholders.
  - responsible for identifying, anticipating and satisfying customer requirements profitably.
  - for delivering a standard of living to a society.
  - of creating, distributing, promoting, and pricing goods, services, and ideas to facilitate the achievement of the firm's objectives.
  - focusing on customers' needs.

ANS: B                      PTS: 1                      DIF: Moderate

REF: Marketing explained and defined

2. The focal point of all marketing activities is \_\_\_\_\_
- products.
  - the marketing mix.
  - profits.
  - sales.
  - customers.

ANS: E                      PTS: 1                      DIF: Easy  
REF: Marketing explained and defined

3. The definition of marketing implies that \_\_\_\_ should receive benefits from exchange relationships.
- only customers
  - only businesses
  - company management
  - both customers and businesses
  - only the most important customers

ANS: D                      PTS: 1                      DIF: Easy  
REF: The definitions of marketing explored

4. A target market:
- involves a large number of customers.
  - is a specific group of customers on whom a company focuses its marketing efforts.
  - already has several competitors vying for customers' business.
  - is the same as a salesperson's prospective client list.
  - is a customer group classified as people with similar demographic characteristics.

ANS: B                      PTS: 1                      DIF: Easy                      REF: The essentials of marketing

5. Distribution, price, promotion, and product are all elements of \_\_\_\_\_
- marketing strategy.
  - the marketing mix.
  - a target market.
  - a consumer good.
  - a business strategy.

ANS: B                      PTS: 1                      DIF: Easy                      REF: The essentials of marketing

6. The marketing mix is built around \_\_\_\_\_
- the product, brand or position
  - company technology
  - buyer or consumer satisfaction.
  - employee satisfaction
  - the retail outlet.

ANS: C                      PTS: 1                      DIF: Easy                      REF: The essentials of marketing

7. The three basic forms that a product can take are \_\_\_\_\_
- markets, products, and images.
  - goods, ideas, and intangibles.
  - brands, services, and tangibles.
  - services, ideas, and goods.
  - ideas, services, and things.

ANS: D                    PTS: 1                    DIF: Easy  
REF: The marketing concept and its evolution

8. Which of the following is most likely to be an idea marketer?
- Car salesperson
  - Airline pilot
  - Lawyer
  - Marriage counselor
  - Orthodontist

ANS: D                    PTS: 1                    DIF: Easy  
REF: The marketing concept and its evolution

9. Which of the following scenarios involves the distribution element of the marketing mix?
- Deciding whether or not a certain product should continue to be sold
  - Determining whether an advertising message would be more effective on television or in magazines
  - Choosing between a company jet or the airlines for executive travel
  - Deciding whether or not to have retail outlets in addition to a website
  - Developing a new warranty policy for an existing product

ANS: D                    PTS: 1                    DIF: Moderate  
REF: The definitions of marketing explored

10. Marketers often speak of the "controllable" variables in the practice of marketing. Which of the following is not considered one of the controlled variables?
- Product
  - Price
  - Distribution
  - Competition
  - Promotion

ANS: D                    PTS: 1                    DIF: Easy                    REF: The essentials of marketing

11. Which of the following statements about marketing environment forces is correct?
- They influence customers by affecting their lifestyles, standards of living, and preferences and needs for products.
  - They do not influence customers' reactions to a firm's marketing mix.
  - They fluctuate slowly and thereby create threats to a firm's marketing mix.
  - They never fluctuate quickly.
  - They do not influence the way a marketing manager performs certain marketing activities.

ANS: A                    PTS: 1                    DIF: Moderate                    REF: The essentials of marketing

12. The forces of the marketing environment include:
- political, legal and regulatory, sociocultural, technological, economic, and competitive.
  - sociocultural, legal, regulatory, economic, and competitive.
  - legal, regulatory, political, and sociocultural.
  - competitive and noncompetitive forces that affect most lifestyles.
  - fairly static components.

ANS: A                      PTS: 1                      DIF: Easy                      REF: The essentials of marketing

13. The forces of the marketing environment primarily affect marketers in three ways: They influence customers by affecting their lifestyles and preferences for products; they determine whether or how a marketing manager can perform certain marketing activities; and they
- affect a marketing manager's decisions and actions by influencing buyers' reactions to: the firm's marketing mix.
  - dictate that changes be made to the existing marketing mix despite any negative reactions from customers.
  - make most new products obsolete very quickly so that research and development must continually develop new products.
  - cause most advertising to be ineffective at communicating product benefits due to rapidly changing environmental forces.
  - change a customer's decisions about the appropriate marketing mix for the company and its various products.

ANS: A                      PTS: 1                      DIF: Moderate                      REF: The essentials of marketing

14. The marketing concept is best defined as:
- a second definition of marketing.
  - a philosophy stating that an organization should try to satisfy customers' needs through a coordinated set of activities that allows the organization to achieve its goals.
  - the performance of business activities that direct the flow of goods and services from producer to customer or user.
  - a philosophy stating that an organization should attempt to accomplish its goals with no regard for the needs of customers.
  - the inclusion of marketing activities in the activities of an organization.

ANS: B                      PTS: 1                      DIF: Easy  
REF: The marketing concept and its evolution

15. The marketing concept is a management philosophy that affects:
- only marketing activities.
  - all efforts of the organization.
  - mainly the efforts of sales personnel.
  - mainly customer relations.
  - only business organizations.

ANS: B                      PTS: 1                      DIF: Moderate  
REF: The marketing concept and its evolution

16. The marketing concept is:
- a management philosophy.
  - synonymous with exchange.
  - a component of the marketing mix.
  - a function of the marketing environment.
  - focused solely on satisfying customer objectives.

ANS: A                      PTS: 1                      DIF: Difficult

REF: Marketing explained and defined

17. A market orientation is an organization-wide effort that includes all of the following activities except:
- researching customers' needs.
  - focusing on the marketing department only.
  - generating marketing intelligence for use in the organization.
  - being responsive to customers' ever-changing wants and needs.
  - disseminating marketing intelligence across departments within the organization.

ANS: B                      PTS: 1                      DIF: Moderate

REF: The definitions of marketing explored

18. Today, establishing long-term, mutually beneficial arrangements in which both the buyer and seller focus on value enhancement through the creation of more satisfying exchanges is known as \_\_\_\_\_
- marketing synthesis.
  - relationship marketing.
  - a marketing orientation.
  - the marketing concept.
  - strategic marketing.

ANS: B                      PTS: 1                      DIF: Easy

REF: The marketing concept and its evolution

19. \_\_\_\_\_ is provision or transfer of goods, services and ideas.
- Marketing orientation
  - Monetary price
  - Product assessment
  - Price assessment
  - Value

ANS: E                      PTS: 1                      DIF: Easy

REF: The marketing concept and its evolution

20. Marketing management is defined as a process of:
- maintaining an appropriate and efficient marketing mix for a target market.
  - establishing performance standards and evaluating actual performances against these standards.
  - providing products that satisfy customers' needs through a coordinated set of activities.
  - facilitating satisfying exchanges between an organization and its customers.
  - planning, organizing, implementing, and controlling marketing activities.

ANS: E                      PTS: 1                      DIF: Easy                      REF: The essentials of marketing

21. \_\_\_\_\_ is the degree to which an exchange helps achieve an organization's objectives.
- Controlling
  - Effectiveness
  - Success rate
  - Efficiency
  - Objectivity

ANS: B                      PTS: 1                      DIF: Easy

REF: The marketing concept and its evolution

22. \_\_\_\_\_ refers to minimizing the resources an organization must spend to achieve a specific level of desired exchanges.
- Effectiveness
  - Productivity
  - Efficiency
  - Objectivity
  - Cost cutting

ANS: C                      PTS: 1                      DIF: Easy

REF: The marketing concept and its evolution

23. \_\_\_\_\_ of marketing plans hinges on coordination of marketing activities, motivation of marketing personnel, and effective communication within the marketing unit.
- Implementation
  - Planning
  - Organizing
  - Marketing control
  - Strategic planning

ANS: A                      PTS: 1                      DIF: Moderate

REF: The marketing concept and its evolution

24. Managing customer relationships requires identifying patterns of \_\_\_\_\_ and then using that information to focus on the most promising and profitable customers.
- demographics
  - buying behaviour
  - retailer information
  - personality differences
  - stock market cycles

ANS: B                      PTS: 1                      DIF: Moderate

REF: The definitions of marketing explored

25. Marketing activities:
- are aimed at persuading customers through advertising.
  - involve mainly distribution and promotion decisions.
  - and selling activities are basically the same.
  - are important only when a firm is developing new products or entering new markets.
  - help sell an organization's products and generate financial resources for the firm.

ANS: E                      PTS: 1                      DIF: Moderate

REF: The definitions of marketing explored

## TRUE/FALSE

1. Customers are the focal point of all marketing activities.

ANS: T                    PTS: 1                    DIF: Easy  
REF: Marketing explained and defined

2. A target market is always defined by demographics.

ANS: F                    PTS: 1                    DIF: Moderate  
REF: Marketing explained and defined

3. Marketing efforts do not involve the design and development of products.

ANS: F                    PTS: 1                    DIF: Easy  
REF: Marketing explained and defined

4. Services are provided by applying human and mechanical efforts to people or objects.

ANS: T                    PTS: 1                    DIF: Easy  
REF: Marketing explained and defined

5. The actual physical production of goods is a marketing activity.

ANS: F                    PTS: 1                    DIF: Easy  
REF: The definitions of marketing explored

6. Promotion can help sustain interest in established products that have long been available.

ANS: T                    PTS: 1                    DIF: Easy  
REF: Marketing explained and defined

7. Customers are interested in a product's price because they are concerned about the value obtained in an exchange.

ANS: T                    PTS: 1                    DIF: Easy                    REF: The essentials of  
marketing

8. For an exchange situation to arise, only one condition must exist: two or more individuals, groups, or organizations must each possess something that they value and are willing to give up to receive the "something of value" held by the other individual, group, or organization.

ANS: F                    PTS: 1                    DIF: Moderate  
REF: The definitions of marketing explored

9. The outcomes of a marketer's decisions and actions may be affected by the variables in the marketing environment.

ANS: T                      PTS: 1                      DIF: Easy  
REF: The definitions of marketing explored

10. Changes in the marketing environment always hurt marketing efforts.

ANS: F                      PTS: 1                      DIF: Easy  
REF: The definitions of marketing explored

11. The marketing environment is a set of static, unchanging surroundings.

ANS: F                      PTS: 1                      DIF: Easy  
REF: The definitions of marketing explored

12. The marketing concept stresses that a business organization can best achieve its goal by providing customer satisfaction through coordinated activities.

ANS: T                      PTS: 1                      DIF: Moderate  
REF: The definitions of marketing explored

13. The marketing concept is a philanthropic philosophy aimed at helping customers at the expense of the business organization.

ANS: F                      PTS: 1                      DIF: Moderate  
REF: The definitions of marketing explored

14. The marketing concept deals only with marketing activities.

ANS: F                      PTS: 1                      DIF: Easy  
REF: The definitions of marketing explored

15. Profit, even at the expense of customers' satisfaction, is the major thrust of the marketing concept.

ANS: F                      PTS: 1                      DIF: Easy  
REF: The definitions of marketing explored

16. The market concept developed out of a sequence of three eras: the production orientation, the marketing orientation, and the industrial orientation.

ANS: F                      PTS: 1                      DIF: Moderate  
REF: The definitions of marketing explored

17. During the market orientation, businesspeople realized that products, which by this time could be made relatively efficiently, would have to be promoted through much personal selling and advertising.
- ANS: F                      PTS: 1                      DIF: Easy                      REF: The importance of marketing
18. To implement the marketing concept, an organization must first establish an information system to discover customers' real needs and then use the information to create products to satisfy those needs.
- ANS: T                      PTS: 1                      DIF: Easy                      REF: The importance of marketing
19. At the most basic level, profits can be obtained through relationships by acquiring new customers, enhancing the profitability of existing customers, and extending the duration of customer relationships.
- ANS: F                      PTS: 1                      DIF: Moderate  
REF: The marketing concept and its evolution
20. In general, when marketers focus on customers chosen for their lifetime value, they earn lower profits in future periods than when they focus on customers selected for other reasons.
- ANS: F                      PTS: 1                      DIF: Moderate  
REF: The marketing concept and its evolution
21. Customer benefits include time and effort.
- ANS: F                      PTS: 1                      DIF: Easy  
REF: The marketing concept and its evolution
22. The Marketing era was the period in which product and aggressive selling were no longer seen to suffice if customers either did not desire a product or preferred a rival brand, and in which customer needs were identified and satisfied
- ANS: T                      PTS: 1                      DIF: Easy                      REF: The essentials of marketing
23. The process people use to determine the value of a product is not highly scientific.
- ANS: T                      PTS: 1                      DIF: Easy                      REF: The essentials of marketing
24. Marketing management is the process of planning, organizing, implementing, and controlling marketing activities to facilitate and expedite exchanges effectively and efficiently.
- ANS: T                      PTS: 1                      DIF: Easy                      REF: The essentials of marketing

25. In marketing management, planning is a systematic process of assessing opportunities and resources, determining marketing objectives, and developing a marketing strategy and plans for implementation and control.

ANS: T  
marketing

PTS: 1

DIF: Easy

REF: The essentials of