

Buad 3010 text bank chp 1

Literature, Russian Literature



Marketing: An Introduction, 11e (Armstrong) Chapter 1 Marketing: Creating and Capturing Customer Value 1) _____ is defined as a social and managerial process by which individuals and organizations obtain what they need and want through creating and exchanging value with others. A) Value reengineering B) Human resource management C) Financing D) Marketing E)

Root cause analysis Answer: D Page Ref: 5 Difficulty: Easy Chapter LO: 1

Course LO: Discuss the fundamental concepts of marketing 2) The first step in the marketing process is _____.

A) capturing value from customers to create profits and customer equity B) constructing an integrated marketing program that delivers superior value C) building profitable relationships and creating customer delight D) understanding the marketplace and customer needs and wants E) designing a customer-driven marketing strategy Answer: D Page Ref: 6 Difficulty:

Moderate Chapter LO: 1 Course LO: Discuss the fundamental concepts of marketing 3) _____ are states of felt deprivation. A) Needs B) Desires C) Demands D) Values E) Exchanges

Answer: A Page Ref: 6 Difficulty: Easy Chapter LO: 2 Course LO: Discuss the fundamental concepts of marketing 4) _____ are human needs as shaped by individual personality and culture. A) Offerings B) Wants C) Demands D) Values E) Exchanges Answer: B Page Ref: 6 Difficulty: Easy Chapter LO: 2

Course LO: Discuss the fundamental concepts of marketing 5) When backed by buying power, wants become _____. A) social needs B) demands C) physical needs D) self-esteem needs E) exchanges Answer: B Page Ref: 6 Difficulty: Easy Chapter LO: 2

Course LO: Discuss the fundamental concepts of marketing 6) Abel now has the buying power to purchase the computer that he wanted for the last six months. Abel's want has now become a(n) _____. A) need B) necessity C) demand D) exigency E) desire Answer: C Page Ref: 6 Difficulty: Challenging Chapter LO: 2 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 7) _____ refers to the mistake of paying more attention to the specific products a company offers than to the benefits and experiences produced by these products.

A) Buyer's remorse B) Out-of-home advertising C) Caveat emptor D) Marketing myopia E) Winner's curse Answer: D Page Ref: 7 Difficulty: Moderate Chapter LO: 2 Course LO: Discuss the fundamental concepts of marketing 8) The art and science of choosing target markets and building profitable relationships with them is called _____. A) marketing management B) market capitalization C) marketing liquidity D) market buzz E) marketing liberalization Answer: A Page Ref: 9 Difficulty: Easy Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 9) Selecting particular segments of a population of customers to serve is called _____. A) value reengineering B) brand synchronizing C) mass customizing D) target marketing E) selective administering Answer: D Page Ref: 9 Difficulty: Moderate Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 10) The BakeWay Bite is a popular cookie sandwich marketed by the Posco Division of Home Foods. It is famous for its white cream-filled center. Home Foods created a different version of these biscuits for consumers in Germany.

To appeal to German consumers, HomeFood created dark chocolate filling for the same cookie sandwiches. This is an example of _____. A) bulk breaking

B) cost leadership C) diversification D) target marketing E) vertical integration

Answer: D Page Ref: 9 Difficulty: Challenging Chapter LO: 3 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 11) A

brand's _____ is the set of benefits or values it promises to deliver to consumers to satisfy their needs. A) dominant affect B) fringe benefit C) cardinality D) value proposition

E) fundamental benefit Answer: D Page Ref: 9 Difficulty: Easy Chapter LO: 3

Course LO: Discuss the fundamental concepts of marketing 12) Which of the

following marketing management concepts is most likely to lead to marketing myopia? A) the customer-driven marketing concept B) the

customer-driving marketing concept C) the societal marketing concept D)

the selling concept E) the production concept Answer: E Page Ref: 10

Difficulty: Moderate Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 13) The production concept holds that _____.

A) consumers will not buy enough of the firm's products unless the firm

undertakes a large-scale selling and promotion effort B) a company's marketing decisions should consider consumers' wants, the company's

requirements, consumers' long-run interests, and society's long-run interests

C) consumers will favor products that are available and highly affordable D)

achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than

competitors do E) consumers will favor products that offer the most in quality, performance, and innovative features Answer: C

Page Ref: 10 Difficulty: Moderate Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 14) Henry Ford's philosophy was to perfect the Model-T so that its cost could be reduced further for increased consumer affordability. This reflects the _____. A) customer-driving marketing concept B) marketing concept C) societal marketing concept D) production concept E) selling concept Answer: D Page Ref: 10 Difficulty:

Challenging Chapter LO: 3 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 5) According to the product concept, a company should _____. A) improve marketing of its best products only B) market only those products that have high customer appeal C) focus on the target market and make products that meet those customers' demands D) devote its energy to making continuous product improvements E) make promoting products the company's top priority Answer: D Page Ref: 10 Difficulty: Moderate Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 16) The selling concept holds that _____.

A) consumers will not buy enough of the firm's products unless the firm undertakes a large-scale selling and promotion effort B) a company's marketing decisions should consider consumers' wants, the company's requirements, consumers' long-run interests, and society's long-run interests C) consumers will favor products that are available and highly affordable D) achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do E) consumers will favor products that offer the most in quality, performance, and innovative features Answer: A

Page Ref: 10 Difficulty: Moderate Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 17) Which of the following reflects the marketing concept philosophy? A) We don't have a marketing department, we have a customer department. B) We're in the business of making and selling superior products. C) We build them so you can buy them. D) When it's profits versus customers' needs, profits will always win out. E) You won't find a better deal anywhere else. Answer: A Page Ref: 10-11 Difficulty: Moderate Chapter LO: 3

Course LO: Discuss the fundamental concepts of marketing 18) The _____ concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do. A) marketing B) product C) production D) selling E) societal marketing Answer: A Page Ref: 10 Difficulty: Easy Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 19) Customer-driven marketing is most likely to work well when _____ and when customers _____. A) a clear need exists; are difficult to identify

B) customers do not know what they want; have limited budgets C) there are few competitors; are concerned about their long-run welfare D) a clear need exists; know what they want E) a want exists; cannot afford it Answer: D Page Ref: 11 Difficulty: Moderate Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 20) When customers don't know what they want or don't even know what's possible, the most effective strategy is _____ marketing. A) customer-driven B) customer-driving C) societal D) production E) product Answer: B Page Ref: 11 Difficulty: Moderate Chapter LO: 3

Course LO: Discuss the fundamental concepts of marketing 21) Josie enjoys her work at Futuristic Designs Inc. Her organization understands and anticipates customer needs even better than customers themselves do and creates products and services to meet existing and latent needs, now and in the future. Josie's firm practices _____ marketing. A) product concept B) customer-driving C) societal D) donor E) production concept Answer: B Page

Ref: 11 Difficulty: Challenging Chapter LO: 3 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 22) The societal marketing concept holds that _____.

A) consumers will not buy enough of the firm's products unless the firm undertakes a large-scale selling and promotion effort B) a company's marketing decisions should consider consumers' wants, the company's requirements, consumers' long-run interests, and society's long-run interests C) the society will favor products that are available and highly affordable D) achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do E) consumers will favor products that offer the most in quality, performance, and innovative features Answer: B

Page Ref: 11 Difficulty: Moderate Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 23) The societal marketing concept seeks to establish a balance between consumer short-run wants and consumer _____. A) short-run costs B) short-run benefits C) long-run welfare D) long-run costs E) long-run reputation Answer: C Page Ref: 11 Difficulty: Easy Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 24) Some fast-food restaurants offer tasty and convenient food

at affordable prices, but in doing so they contribute to the national obesity epidemic and environmental problems.

These fast-food restaurants overlook the _____ concept. A) marketing B) product C) production D) societal marketing E) selling Answer: D Page Ref: 11 Difficulty: Moderate Chapter LO: 3 AACSB: Ethical understanding and reasoning abilities Course LO: Discuss the fundamental concepts of marketing 25) _____ marketing is socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs. A) Customer-driven B) Mass C) Sustainable

D) Customer-driving E) Differential Answer: C Page Ref: 11 Difficulty: Moderate Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 26) The overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction is called _____. A) customer lifetime management B) societal marketing C) customer relationship management D) database marketing E) sustainable customer management Answer: C Page Ref: 13 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 7) Which of the following terms refers to a customer's evaluation of the difference between all the benefits and all the costs of a marketing offer relative to those of competing offers? A) customer-perceived value B) customer-oriented brand equity C) customer-perceived performance D) customer-oriented promotional mix E) customer-oriented price mix Answer: A Page Ref: 13 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the

fundamental concepts of marketing 28) Nickson released a new range of watches that were titled after the famous mountaineer Adam Wills.

These new watches were promoted through claims that the design is a favorite of Adam Wills who used a similar watch designed by Nickson for its high durability and quality on his expeditions. Such a measure to entice customers to buy one's products aims at creating _____. A) customer equity B) relationship marketing campaign C) customer-perceived value D) equitable relationship E) societal marketing campaign Answer: C Page Ref: 13 Difficulty: Challenging Chapter LO: 4 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 29) Sally purchased the newly launched "Jolie" lotion.

By attempting to find out if the lotion's perceived performance matches her expectations, Sally was measuring her level of customer _____. A) perceived value B) satisfaction C) equity D) engagement E) lifetime value Answer: B Page Ref: 14 Difficulty: Challenging Chapter LO: 4 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 30) Ryan attempts to deliver customer satisfaction every day in his installation business, Audio Expressions. The key to achieving this goal is to match the customer-perceived performance of his product with _____. A) company projections

B) customer values C) customer expectations D) customer relationship levels E) company expectations Answer: C Page Ref: 14 Difficulty: Challenging Chapter LO: 4 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 31) Bill recently bought a BMW M3. Bill had several preconceived notions on the elegance and reliability of the car. After the

purchase, he discovered that the car had a lot more attributes than he initially perceived. Hence, it created an emotional relationship with the car resulting in _____. A) customer delight B) customer satiety

C) customer equity D) customer value E) customer engagement Answer: A

Page Ref: 14 Difficulty: Challenging Chapter LO: 4 AACSB: Analytic skills

Course LO: Discuss the fundamental concepts of marketing 32) Which of the

following terms refers to the customers who make repeat purchases and tell

others about their positive experiences with a product or service? A) hyper-

satisfied customers B) customer evangelists C) viral marketing D)

relationship partners E) social customers Answer: B Page Ref: 14 Difficulty:

Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of

marketing 3) Companies can build customer relationships at many levels,

depending on the nature of the target market. Hence, a company with few

customers and high margins is most likely to seek to develop _____ with

key customers. A) full partnerships B) basic relationships C) selective

relationships D) categorical partnerships E) community relationships Answer:

A Page Ref: 16 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the

fundamental concepts of marketing 34) You are an assistant marketing

director for a firm in a market with many low-margin customers.

Which of the following types of relationships would be most profitable for you

to develop with these customers? A) full partnerships B) basic relationships

C) categorical partnerships D) selective relationships E) community

relationships Answer: B Page Ref: 16 Difficulty: Challenging Chapter LO: 4

AACSB: Analytic skills Course LO: Discuss the fundamental concepts of

marketing 35) The Niketown running club that organizes twice weekly

evening runs for Nike customers is an example of a _____. A) frequency marketing program B) customer-driven marketing event C) club marketing program

D) consumer-generated marketing program E) sustainable marketing event

Answer: C Page Ref: 16 Difficulty: Challenging Chapter LO: 4 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 36) Greater consumer control means that companies must rely more on marketing by

_____ rather than marketing by _____. A) interruption; involvement B)

attraction; intrusion C) socialization; information D) producing; selling E)

inspiration; competition Answer: B Page Ref: 18 Difficulty: Moderate Chapter

LO: 4 Course LO: Discuss the fundamental concepts of marketing 7) Which of

the following is an example of consumer-generated marketing? A) Toyota's

page on Facebook which provides information about its upcoming cars to its

customers B) Nike's Nike Plus Web site which helps its customers to

customize their shoes C) BMW's use of brand-related videos posted on video-

sharing Web sites by its customers D) Neiman Marcus's InCircle Rewards

program for its best customers E) the Lexus Covenant aimed at creating

customer delight Answer: C Page Ref: 19 Difficulty: Challenging Chapter LO:

4 AACSB: Analytic skills; Use of information technology Course LO: Discuss the

fundamental concepts of marketing 8) Ellis, a marketing manager at a

regional chain restaurant, has decided to create a contest calling for

customers to create commercials for the restaurant. Winning entries will be

posted on the organization's home page. Ellis' plan is an example of _____

marketing. A) consumer-generated B) sustainable C) customer club D)

differential E) mass Answer: A Page Ref: 19 Difficulty: Challenging Chapter

LO: 4 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 39) _____ describes a longer channel, stretching from raw materials to components to final products that are carried to final buyers.

A) The supply chain B) Direct marketing C) Partnership relationship marketing D) DSS E) CRM Answer: A Page Ref: 20 Difficulty: Easy Chapter

LO: 4 Course LO: Discuss the fundamental concepts of marketing 40) The final step in the marketing process is _____. A) capturing value from customers B) constructing an integrated marketing program C) building profitable relationships with the customers D) understanding the marketplace E) designing a customer-driven marketing strategy Answer: A

Page Ref: 20 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 1) At Ken's boutique, the policy statement posted in the reception states that " Without our customers, we don't exist. " Ken and his staff aim to delight each customer and they are quick to offer discounts or extra services whenever a customer is anything less than satisfied. Instead of focusing on each individual transaction, Ken and his staff are putting a priority on _____. A) maintaining customer-perceived value B) managing partner relationships C) attracting " butterflies" D) converting " strangers" into " butterflies" E) capturing customer lifetime value Answer: E Page Ref: 21 Difficulty: Challenging Chapter LO: 4

AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 42) _____ refers to the portion of the customer's purchase that a company gets in its product categories. A) Value proposition B) Share of customer C) Brand equity D) Customer ownership E) Customer equity Answer: B Page Ref: 21 Difficulty: Moderate Chapter LO: 4 Course LO:

Discuss the fundamental concepts of marketing 43) _____ is the total combined customer lifetime values of all the company's current and potential customers. A) Share of customer B) Customer payoff C) Customer equity D) Customer cardinality E) Customer perceived value Answer: C

Page Ref: 22 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 44) The ultimate aim of customer relationship management is to produce _____. A) high customer equity B) high current market share C) steady sales volume D) high customer payoff E) profit maximization Answer: A Page Ref: 22 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 45) Customers can be classified into four relationship groups, according to their profitability and projected loyalty. Based on this classification, you should avoid _____ and shouldn't invest anything in them.

A) barnacles B) strangers C) butterflies D) true believers E) true friends Answer: B Page Ref: 22-23 Difficulty: Easy Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 46) Customers can be classified into four relationship groups, according to their profitability and projected loyalty. According to this classification, a highly profitable, short-term customer is known as a _____. A) true friend B) butterfly C) stranger D) barnacle E) true believer Answer: B Page Ref: 23 Difficulty: Easy Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 7) Customers can be classified into four relationship groups, according to their profitability and projected loyalty. With reference to this classification, a firm should turn true friends into _____, who come back regularly and tell others about their good experiences with the company. A) barnacles B) butterflies C) strangers

D) true believers E) stars Answer: D Page Ref: 23 Difficulty: Easy Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 48) Carla, a team leader in charge of customer relationship management, is planning strategies for improving the profitability of her firm's least profitable but loyal customers. She is also examining methods for "firing" customers in this group who cannot be made profitable. To which of the following customer relationship groups do these customers belong? A) butterflies B) true friends C) strangers D) barnacles E) short-term customers Answer: D Page Ref: 23 Difficulty: Challenging Chapter LO: 4 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 49) Which of the following has been the most common consumer response to the economic downturn that began in 2008? A) spending more on luxury items B) discontinuing any spending on luxury items

C) spending less and choosing products more carefully D) spending more on leisure and travel E) saving more and spending more on grocery items Answer: C Page Ref: 24 Difficulty: Easy Chapter LO: 5 50) Your state's department of health has budgeted a significant amount of money for a radio, print, television, and online advertising campaign emphasizing the ill effects of smoking. This is an example of a(n) _____ campaign. A) ethical B) social marketing C) for-profit D) consumer-generated E) differentiated Answer: B Page Ref: 28 Difficulty: Challenging Chapter LO: 5 AACSB: Analytic skills

Course LO: Discuss the fundamental concepts of marketing 51) With its marketing strategy chosen, the company constructs an integrated marketing program consisting of a blend of marketing mix elements called the _____, that transforms the marketing strategy into real value for customers. A)

three stars B) customer values C) four Ps D) perceived attributes E) five domains Answer: C Page Ref: 29 Difficulty: Moderate Chapter LO: 5 Course LO: Discuss the fundamental concepts of marketing 52) Marketing is managing profitable customer relationships. Answer: TRUE Page Ref: 5 Difficulty: Moderate Chapter LO: 1

Course LO: Discuss the fundamental concepts of marketing 53) The twofold goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering satisfaction. Answer: TRUE Page Ref: 5 Difficulty: Moderate Chapter LO: 1 Course LO: Discuss the fundamental concepts of marketing 54) Wants are the form human needs take as they are shaped by culture and individual personality. Answer: TRUE Page Ref: 6 Difficulty: Moderate Chapter LO: 2 Course LO: Discuss the fundamental concepts of marketing 55) The difference between human needs and wants is that needs are not influenced by marketers.

Answer: TRUE Page Ref: 6 Difficulty: Moderate Chapter LO: 2 Course LO: Discuss the fundamental concepts of marketing 56) When backed by buying power, needs become wants. Answer: FALSE Page Ref: 6 Difficulty: Moderate Chapter LO: 2 Course LO: Discuss the fundamental concepts of marketing 57) Market offerings are limited to physical products. Answer: FALSE Page Ref: 6 Difficulty: Easy Chapter LO: 2 Course LO: Discuss the fundamental concepts of marketing 58) Market offerings can include products, services, information, or experiences offered to a market to satisfy a need or want.

Answer: TRUE Page Ref: 6 Difficulty: Easy Chapter LO: 2 Course LO: Discuss the fundamental concepts of marketing 59) When sellers pay less attention to the specific products they offer and more attention to the benefits and

experiences produced by these products, they suffer from marketing myopia. Answer: FALSE Page Ref: 7 Difficulty: Moderate Chapter LO: 2 Course LO: Discuss the fundamental concepts of marketing 60) If marketers set consumer expectations too low, they may satisfy those who buy but fail to attract enough buyers. Answer: TRUE Page Ref: 7 Difficulty: Easy Chapter LO: 2 1) The process of dividing the market into segments of customers is known as market penetration. Answer: FALSE Page Ref: 9 Difficulty: Moderate Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 62) Marketing managers are interested in serving all customers in every way to remain competitive in today's markets. Answer: FALSE Page Ref: 9 Difficulty: Moderate Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 63) A brand's value proposition is the set of benefits or values it promises to deliver to consumers to satisfy their needs. Answer: TRUE Page Ref: 9

Difficulty: Easy Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 64) The production concept and product concept are orientations that can lead to marketing myopia. Answer: TRUE Page Ref: 10 Difficulty: Easy Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 65) Nickson Cameras has developed a new design for cameras that their staff believes will offer the most in terms of quality, performance, and innovative features. Nickson Cameras is practicing the production concept here. Answer: FALSE Page Ref: 10 Difficulty: Moderate Chapter LO: 3 AACSB: Analytic skills

Course LO: Discuss the fundamental concepts of marketing 66) The selling concept holds that consumers will not buy enough of the firm's products

unless it undertakes a large-scale selling and promotion effort. Answer: TRUE

Page Ref: 10 Difficulty: Easy Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 67) The major difference between customer-driving marketing and customer-driven marketing is that the customer-driving marketing considers only existing needs. Answer: FALSE

Page Ref: 11 Difficulty: Moderate Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 8) The societal marketing concept holds that a company's marketing decisions should consider consumers' wants, the company's requirements, consumers' long-run interests, and society's long-run interests. Answer: TRUE Page Ref: 11 Difficulty: Moderate Chapter LO: 3

Course LO: Discuss the fundamental concepts of marketing 69) Product, price, place, and promotion make up the elements of a firm's marketing mix.

Answer: TRUE Page Ref: 12 Difficulty: Easy Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 70) In its broadest sense, customer relationship management (CRM) is a customer data management activity.

Answer: FALSE Page Ref: 13 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 71) Customer value is defined as the customer's evaluation of the perceived difference between all the benefits and all the costs of a marketing offer relative to those of competing offers. Answer: TRUE Page Ref: 13 Difficulty: Moderate Chapter

LO: 4 Course LO: Discuss the fundamental concepts of marketing 72) To all consumers, value means sensible products at affordable prices. Answer:

FALSE Page Ref: 13 Difficulty: Easy Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 3) Customer-perceived value depends on the product's perceived performance relative to a buyer's expectations.

Answer: FALSE Page Ref: 14 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 74) In markets with few customers and high margins, sellers should try to develop basic relationships rather than full partnerships. Answer: FALSE Page Ref: 16 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 75) Club marketing programs reward customers who buy frequently or in large amounts. Answer: FALSE

Page Ref: 16 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 76) Greater consumer control means that companies can no longer rely on marketing by attraction. Answer: FALSE Page Ref: 18 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 77) Through consumer-generated marketing, consumers themselves are playing a bigger role in shaping their own brand experiences and those of others. Answer: TRUE Page Ref: 19 Difficulty: Easy Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 8) In addition to being good at customer relationship management, marketers must also work closely with others inside and outside the company to jointly bring more value to customers. Answer: TRUE Page Ref: 20 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 79) Success at delivering customer value rests on how well their entire supply chain performs against competitors' supply chains. Answer: TRUE Page Ref: 20 Difficulty: Easy Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 80) Customer equity is a measure of the past value of the company's customer base.

Answer: FALSE Page Ref: 22 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 81) Customers can be classified into four relationship groups, according to their profitability and projected loyalty. With reference to this classification, " barnacles" are potentially profitable but not loyal. Answer: FALSE Page Ref: 23 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 82) Ever since the Great Recession, marketers are focusing on value-for-the-money, practicality, and durability in their product offerings and marketing pitches.

Answer: TRUE Page Ref: 24 Difficulty: Easy Chapter LO: 5 Course LO: Discuss the fundamental concepts of marketing 83) Most traditional brick-and-mortar companies have now become click-and-mortar companies. Answer: TRUE Page Ref: 27 Difficulty: Easy Chapter LO: 5 Course LO: Discuss the fundamental concepts of marketing 84) In the final step, the company reaps the rewards of its strong customer relationships by capturing value from customers. Answer: TRUE Page Ref: 30 Difficulty: Moderate Chapter LO: 5 Course LO: Discuss the fundamental concepts of marketing 5) What is marketing? Briefly describe the marketing process. Answer: We define marketing as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. The marketing process consists of five steps. In the first four steps (Understand the marketplace and customer needs and wants, Design a customer-driven marketing strategy, Construct an integrated marketing program that delivers superior value, and Build profitable relationships and create customer delight), companies work to understand

consumers, create customer value, and build strong customer relationships. In the final step (Capture value from customers to create profits and customer equity), companies reap the rewards of creating superior customer value. By creating value for consumers, they in turn capture value from consumers in the form of sales, profits, and long-term customer equity. Page Ref: 5-6 Difficulty: Moderate Chapter LO: 1 Course LO: Discuss the fundamental concepts of marketing 86) Briefly compare and contrast the concepts of needs, wants, and demands, giving an example of each. Discuss how these concepts relate to marketing practices.

Answer: Human needs are states of felt deprivation. Needs are part of the human make-up; they are not created by external forces. Humans have a basic physical need for food, clothing, warmth, and safety; a basic social need for belonging and affection; and a basic individual need for knowledge and self-expression. Unlike needs, wants are not innate; instead, wants are needs shaped by culture, society, and individual personality. For example, an American needs food but wants a Big Mac and a soft drink. An American needs food, wants a Big Mac and soft drink, and demands lunch at McDonalds.

Wants become demands when they are backed by consumers' buying power. Marketers conduct extensive research to understand customers' wants and demands. They then attempt to fulfill customers' wants and demands through their market offerings. Page Ref: 6 Difficulty: Challenging Chapter LO: 2 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 87) Explain market offerings and marketing myopia. Answer: Consumers' needs and wants are fulfilled through market offerings—some

combination of products, services, information, or experiences offered to a market to satisfy a need or a want.

Market offerings are not limited to physical products. They also include services—activities or benefits offered for sale that are essentially intangible and do not result in the ownership of anything. Examples include banking, airline, hotel, retailing, and home repair services. More broadly, market offerings also include other entities, such as persons, places, organizations, information, and ideas. Many sellers make the mistake of paying more attention to the specific products they offer than to the benefits and experiences produced by these products. These sellers suffer from marketing myopia.

They are so taken with their products that they focus only on existing wants and lose sight of underlying customer needs. They forget that a product is only a tool to solve a consumer problem. A manufacturer of quarter-inch drill bits may think that the customer needs a drill bit. But what the customer really needs is a quarter-inch hole. These sellers will have trouble if a new product comes along that serves the customer's need better or less expensively. The customer will have the same need but will want the new product. Page Ref: 6-7 Difficulty: Moderate Chapter LO: 2 Course LO: Discuss the fundamental concepts of marketing 8) How does a company decide whom it will serve? Answer: A company decides whom it will serve by dividing the market into segments of customers (market segmentation) and selecting which segments it will go after (target marketing). Some people think of marketing management as finding as many customers as possible and increasing demand. But marketing managers know that they cannot

serve all customers in every way. By trying to serve all customers, they may not serve any customers well. Instead, the company wants to select only customers that it can serve well and profitably.

Ultimately, marketing managers must decide which customers they want to target and on the level, timing, and nature of their demand. Page Ref: 9
Difficulty: Moderate Chapter LO: 3 Course LO: Discuss the fundamental concepts of marketing 89) Compare and contrast the product and production concepts. Answer: The production concept holds that consumers will favor products that are available and highly affordable. Therefore, management should focus on improving production and distribution efficiency. This concept is one of the oldest orientations that guides sellers.

The production concept is still a useful philosophy in some situations. For example, both personal computer maker Lenovo and home appliance maker Haier dominate the highly competitive, price-sensitive Chinese market through low labor costs, high production efficiency, and mass distribution. However, although useful in some situations, the production concept can lead to marketing myopia. Companies adopting this orientation run a major risk of focusing too narrowly on their own operations and losing sight of the real objective-satisfying customer needs and building customer relationships.

The product concept holds that consumers will favor products that offer the most in quality, performance, and innovative features. Under this concept, marketing strategy focuses on making continuous product improvements. Product quality and improvement are important parts of most marketing strategies. However, focusing only on the company's products can also lead to marketing myopia. For example, some manufacturers believe that if they

can " build a better mousetrap, the world will beat a path to their doors. " But they are often rudely shocked.

Buyers may be looking for a better solution to a mouse problem but not necessarily for a better mousetrap. The better solution might be a chemical spray, an exterminating service, a house cat, or something else that suits their needs even better than a mousetrap. Furthermore, a better mousetrap will not sell unless the manufacturer designs, packages, and prices it attractively; places it in convenient distribution channels; brings it to the attention of people who need it; and convinces buyers that it is a better product.

Page Ref: 10 Difficulty: Challenging Chapter LO: 3 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 90) Compare the selling and marketing concepts, listing the key components of each philosophy. Answer: The selling concept reflects an inside-out philosophy, while the marketing concept takes an outside-in perspective. The selling concept is typically practiced when an organization is marketing products or services that buyers do not normally think of purchasing, such as insurance or blood donation.

Aggressive selling focuses on creating sales transaction rather than on building long-term relationships with customers, with the aim of selling what the company makes rather than making what the customer wants. The marketing concept, on the other hand, is based upon identifying the needs and wants of target markets and then satisfying those needs and wants better than competitors do. Under the marketing concept, customer focus and value are the paths to sales and profits. Instead of a product-centered

make and sell philosophy, the marketing concept is a customer-centered sense and respond philosophy.

The job is not to find the right customers for your product but to find the right products for your customers. Page Ref: 10-11 Difficulty: Challenging Chapter LO: 3 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 91) Briefly explain the societal marketing concept. Give an example of an organization that has effectively used the societal marketing concept. Answer: The societal marketing concept questions whether the pure marketing concept overlooks possible conflicts between consumer short-run wants and consumer long-run welfare.

Is a firm that satisfies the immediate needs and wants of target markets always doing what's best for its consumers in the long run? The societal marketing concept holds that marketing strategy should deliver value to customers in a way that maintains or improves both the consumer's and society's well-being. It calls for sustainable marketing, socially and environmentally responsible marketing that meets the present needs of consumers and businesses while also preserving or enhancing the ability of future generations to meet their needs.

Johnson & Johnson is an example of a company that has successfully implemented the societal marketing concept. The organization stresses honesty, integrity, and putting people before profits, an ethic that helped Johnson & Johnson quickly address and recover from the poisonous tampering of Tylenol capsules in 1982. Page Ref: 11-12 Difficulty: Moderate Chapter LO: 3 AACSB: Ethical understanding and reasoning abilities Course LO: Discuss the fundamental concepts of marketing 92) Define customer

perceived value. Answer: Attracting and retaining customers can be a difficult task.

Customers often face a bewildering array of products and services from which to choose. A customer buys from the firm that offers the highest customer-perceived value. It is defined as the customer's evaluation of the difference between all the benefits and all the costs of a market offering relative to those of competing offers. Importantly, customers often do not judge values and costs "accurately" or "objectively." They act on perceived value. Page Ref: 13 Difficulty: Easy Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 3) The aim of customer relationship management is to create not just customer satisfaction, but customer delight. Explain. Answer: Customer satisfaction cannot be taken for granted. Because brand loyalty is dependent upon strong customer satisfaction, companies strive to retain, satisfy, and even delight current customers. Firms create customer delight by promising only what they can deliver and then delivering more than what they promised. They also create emotional relationships with key customers. Delighted customers make repeated purchases and become customers for life.

More importantly, they also essentially become an unpaid sales force for the firm as "customer evangelists" who tell other potential customers about their positive experiences with the product. Page Ref: 14 Difficulty: Moderate Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 94) Companies can build customer relationships at many levels, depending on the nature of the target market. Explain the different types of

relationships with examples. Answer: At one extreme, a company with many low-margin customers may seek to develop basic relationships with them.

For example, Nike does not phone or call on all of its consumers to get to know them personally. Instead, Nike creates relationships through brand-building advertising, public relations, and its numerous Web sites and apps. At the other extreme, in markets with few customers and high margins, sellers want to create full partnerships with key customers. For example, Nike sales representatives work closely with the Sports Authority, Dick's Sporting Goods, Foot Locker, and other large retailers. In between these two extremes, other levels of customer relationships are appropriate.

Beyond offering consistently high value and satisfaction, marketers can use specific marketing tools to develop stronger bonds with customers. For example, many companies offer frequency marketing programs that reward customers who buy frequently or in large amounts. Airlines offer frequent-flyer programs, hotels give room upgrades to their frequent guests, and supermarkets give patronage discounts to "very important customers." Other companies sponsor club marketing programs that offer members special benefits and create member communities. Page Ref: 16 Difficulty: Moderate Chapter LO: 4

Course LO: Discuss the fundamental concepts of marketing 95) Discuss the opportunities and advantages that new communication technologies have created for marketers. Answer: Through the Internet and related technologies, people can now interact in direct and surprisingly personal ways with large groups of others, from neighbors within a local community to people across the world. With communication technologies such as e-mail,

blogs, Web sites, online communities, online social networks, and Twitter, today's marketers incorporate interactive approaches that help build targeted, two-way customer relationships.

Marketers can create deeper consumer involvement and a sense of community surrounding a brand, making a brand a meaningful part of consumers' conversations and lives. However, while new communication tools create relationship-building opportunities for marketers, they also create challenges. They give consumers a greater voice, and therefore greater power and control in the marketplace. Today's consumers have more information about brands than ever before, and they have a wealth of platforms for airing and sharing their brand views with other consumers.

This benefits companies when views of its products are positive, but can be damaging when customers share stories of negative experiences with a company's products. Page Ref: 18 Difficulty: Challenging Chapter LO: 4 AACSB: Analytic skills; Use of information technology Course LO: Discuss the fundamental concepts of marketing 96) Compare and contrast between customer-managed relationships and consumer-generated marketing. Answer: Today's consumers have more information about brands than ever before, and they have a wealth of platforms for airing and sharing their brand views with other consumers.

Thus, the marketing world is now embracing not only customer relationship management, but also customer-managed relationships. Greater consumer control means that companies can no longer rely on marketing by intrusion. Instead, marketers must practice marketing by attraction—creating market offerings and messages that involve consumers rather than interrupt them.

Hence, most marketers now augment their mass-media marketing efforts with a rich mix of direct marketing approaches that promote brand-consumer interaction. For example, many brands are creating dialogues with consumers via their own or existing online social networks.

A growing part of the new customer dialogue is consumer-generated marketing, by which consumers themselves are playing a bigger role in shaping their own brand experiences and those of others. This might happen through uninvited consumer-to-consumer exchanges in blogs, video-sharing sites, and other digital forums. But increasingly, companies are inviting consumers to play a more active role in shaping products and brand messages. Harnessing consumer-generated content can be a time-consuming and costly process. Page Ref: 18-19 Difficulty: Moderate Chapter LO: 4 AACSB: Communication abilities

Course LO: Discuss the fundamental concepts of marketing 97) Define customer equity and explain why it is important to a company. Answer: Customer equity is the sum of the lifetime values of all of the company's current and potential customers. Customer equity is dependent upon customer loyalty from a firm's profitable customers. Because customer equity is a reflection of a company's future, companies must manage it carefully, viewing customers as assets that need to be maximized. Page Ref: 22 Difficulty: Easy Chapter LO: 4 Course LO: Discuss the fundamental concepts of marketing 8) Describe and compare the four types of customers classified by their potential profitability to an organization. Identify how an organization should manage each type of customer. Answer: The four types of customers are strangers, butterflies, true friends, and barnacles. 1. "

Strangers" have low potential profitability and loyalty. A company's offerings do not fit well with a stranger's wants and demands. Companies should not invest in building a relationship with this type of customer. 2. Another type of customer in which a company should not invest is the " barnacle. Barnacles are highly loyal but not very profitable because there is a limited fit between their needs and the company's offerings. The company might be able to improve barnacles' profitability by selling them more, raising their fees, or reducing service to them. However, if they cannot be made profitable, they should be " fired. " 3. Like strangers, " butterflies" are not loyal. However, they are potentially profitable because there is a good fit between the company's offerings and their needs. Like real butterflies, this type of customer will come and go without becoming a permanent, loyal consumer of a company's products.

Companies should use promotional blitzes to attract these customers, create satisfying and profitable transactions with them, and then cease investing in them until the next time around. 4. The final type of customers is " true friends;" they are both profitable and loyal. There is a strong fit between their needs and the company's offerings, so the company should make continuous relationship investments in an effort to go beyond satisfying and to delight these customers. A company should try to delight true friends so they will tell others about their good experiences with the company.

Page Ref: 22-23 Difficulty: Challenging Chapter LO: 4 AACSB: Analytic skills Course LO: Discuss the fundamental concepts of marketing 99) Explain how the Internet has transformed the way in which we do business today. Answer: The Internet links individuals and businesses of all types to each

other. The Internet allows firms access to exciting new marketplaces. The Internet has spawned an entirely new breed of "click only" companies—the "dot-coms." The post-Internet frenzy of the late 1990s has introduced companies that are both savvy and face promising futures.

These companies use a set of new Web technologies to reach customers, including blogs (web logs), cell phones, video games, and social networking sites. "Brick-and-mortar" companies of the past are now "click-and-mortar" companies, with online presences aimed at attracting new customers and strengthening bonds with current customers. More than 75% of American Internet users now shop online, making a Web presence a necessity for any organization. Page Ref: 26-27 Difficulty: Challenging Chapter LO: 5 AACSB: Use of information technology Course LO: Describe the steps involved in developing an advertising campaign