***Principles of Marketing, 19e, Global Edition* (Kotler)**

**Chapter 1 Marketing: Creating Customer Value and Engagement**

1) Which of these statements reflects Amazon founder Jeff Bezos’s opinion on the firm’s success and modern marketing?

A) Focus on the bottom line

B) Hire the right people

C) Obsess over customers

D) Sell everything to anybody

E) Deliver savings

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

2) According to management guru Peter Drucker, "The aim of marketing is to \_\_\_\_\_\_\_\_."

A) maximize profits of the company

B) emphasize customer wants and not customer needs

C) make selling unnecessary

D) fulfill unrealistic customer expectations

E) sell products

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Easy

3) Marketing is defined as a set of strategies and activities by which companies acquire and engage customers, build strong customer and client relationships, and create superior customer value in order to \_\_\_\_\_\_\_\_.

A) enhance research and development efforts

B) maintain or gain the leading market position

C) profit from the sale of products

D) capture value from customers in return

E) increase the firm’s revenue

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

4) According to the five-step model of the marketing process, which of the following is the last step in creating value for customers?

A) designing a customer-driven marketing strategy

B) understanding the marketplace and customer needs

C) constructing an integrated marketing program that delivers superior value

D) building profitable relationships and creating customer delight

E) capturing value from customers to create profits and customer equity

Answer: E

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

5) According to the five-step model of the marketing process, a company should \_\_\_\_\_\_\_\_ before designing a customer-driven marketing strategy.

A) determine how to deliver superior value to customers

B) build profitable relationships with customers

C) use customer relationship management to create full partnerships with key customers

D) understand the marketplace and customer needs and wants

E) construct an integrated marketing program

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

6) Which of these objectives is one of the threefold goals of marketing?

A) attract new customers by promising superior value

B) extract as much profit as possible from the market segment

C) focus on growing the firm’s market share

D) create new products through extensive research and development

E) partner with supply chain members to deliver low-cost products

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

7) Marketing is managing profitable customer relationships.

Answer: TRUE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Easy

8) One of the threefold goals of marketing is to eliminate unprofitable customers.

Answer: FALSE

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

9) Marketing is a social and managerial process by which entities obtain what they need or want by creating and exchanging value with others.

Answer: TRUE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Easy

10) List the five steps of the marketing process.

Answer:

Step 1: Understand the marketplace and customer needs and wants.

Step 2:Design a customer value-driven marketing strategy.

Step 3: Construct an integrated marketing mix that delivers superior value.

Step 4: Engage customers, build profitable relationships, and create customer delight.

Step 5: Capture value from customers to create profits and customer equity.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Easy

11) \_\_\_\_\_\_\_\_ are human needs that are shaped by culture and individual personality.

A) Necessities

B) Wants

C) Demands

D) Values

E) Exchanges

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

12) When backed by buying power, wants become \_\_\_\_\_\_\_\_.

A) social needs

B) demands

C) physical needs

D) self-esteem needs

E) exchanges

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

13) \_\_are states of felt deprivation.

A) Value exchanges

B) Market offerings

C) Demands

D) Needs

E) Wants

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

14) Venus Williams now has the buying power to purchase an island in the Bahamas that she has wanted for several years. Venus’s want is now a(n) \_\_\_\_\_\_\_\_.

A) need

B) necessity

C) exchange

D) demand

E) transaction

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

15) A \_\_\_\_\_\_\_\_ is some combination of products, services, information, or experiences provided to consumers to satisfy a need or want.

A) market offering

B) value proposition

C) brand positioning

D) market segment

E) market mix

Answer: A

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

16) Firm ABC’s marketing team is convinced their primary products are superior to their competitors but their sales are declining. A consulting firm tells Firm ABC that they need to focus more on the benefits and experiences provided to the firm’s customers and focus less on the specific products. What does Firm ABC appear to suffer from?

A) market offering dystopia

B) demand focus

C) value proposition

D) marketing myopia

E) marketing immersion

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

17) Smart marketers look beyond the attributes of products and services. Instead, they focus on \_\_.

A) enhancing profitability

B) creating brand experiences for their customers

C) online buying and rapid delivery

D) developing a superior supply chain network

E) delivering a solid product at a value-conscious price

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

18) \_\_\_\_\_\_\_\_ is the act of obtaining a desired object from someone by offering something in return.

A) Valuation

B) Exchange

C) Market offering

D) Confiscation

E) Donation

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

19) A(n) \_\_\_\_\_\_\_\_ is the set of actual and potential buyers of a product or service.

A) market

B) control group

C) subsidiary

D) focus group

E) audience

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

Refer to the following scenario to answer questions 20 - 22.

Rashad is the new customer relationship manager for retail Firm XYZ. Sales have been falling and no one at the firm knows why this is happening. The marketing team has evaluated the product offerings several times and is convinced the firm’s products are superior to their competitors. Rashad needs additional information to diagnose the problem and then establish a plan to reverse the trend. After interviewing the entire marketing team, Rashad learned that no one really knows anything about their customers other than a demographic profile created 10 years ago.

20) After discussing Firm XYZ’s current situation, Rashad learns that no one at the firm has attempted to address the problem from the customer’s perspective. He believes the marketing team is suffering from .

A) product differentiation syndrome

B) customer value creation

C) exchange focus

D) marketing myopia

E) relationship intermediation

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

21) Rashad knows that one of the key building blocks for developing and managing customer relationships is to .

A) focus on the product mix

B) hire a comprehensive sales force

C) create a superior marketing plan

D) create better products

E) satisfy customers

Answer: E

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

22. Why do you think sales have been falling at Firm XYZ?

Answer: The team at Firm XYZ appears to be suffering from marketing myopia. They have become so focused on their products that they have lost sight of what customers need and want.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

Refer to the following scenario to answer questions 23 - 25.

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a cliff overlooking the Maine coast, Seagull Terrace had attracted thousands of visitors during summer, but then faced a tremendous downturn in business during winter. "But, given the established industries in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!"

So, Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travelers year-round. Carol's plan also involved a seasonal promotional gimmick–to be implemented from early winter to late spring–that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travelers–both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals.

"We still have a long way to go," Carol admitted. "Our delicatessen offers entrees that are a part of the local cuisine, but we'd like to expand that. We provide health club privileges off-site, but we would like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities. With an indoor pool area, I will eventually offer weekend getaways throughout winter."

23) Seagull Terrace offers its customers good accommodations, local delicacies, and amazing seaside views. The overall experience provided at the motel is a part of its \_\_\_\_\_\_\_\_.

A) market offering

B) target market

C) market segment

D) product positioning

E) marketing mix

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Challenging

24) Carol Veldt’s marketing efforts resulted in creating and delivering value for her customers as evidenced by repeat guests.

Answer: TRUE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

25) Explain how Carol Veldt transformed Seagull Terrace into an experience.

Answer: Seagull Terrace was a simple seaside motel but Carol’s strategy turned the motel into an experience destination. She added amenities such as health and fitness options, better dining options, and also renovated the lodging. Her main focus was to rebrand the motel as an experience destination instead of merely a place to sleep on your summer vacation.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

26) Human needs are shaped by culture and individual personality.

Answer: FALSE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

27) Market offerings are limited to physical products.

Answer: FALSE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

28) What is a market offering?

Answer: A market offering is any combination of products, services, solutions, and experiences that satisfy a consumer’s needs or wants. Furniture, financial services, and lodging are all examples of market offerings.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

29) Explain how wants and resources help determine what we buy.

Answer: Consumers demand products and services that will satisfy their wants and needs and fit within their budgets. They will purchase the products and services that deliver the most value and satisfaction per dollar spent.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

30) Explain how the world’s number one hotel, Mahali Mzuri, maintains this status by offering more than lodging accommodations?

Answer: Mahali Mzuri understands their guests want an experience and not simply a bed. The hotel delivers unique and unforgettable experiences by providing guests with multiple opportunities to view African wildlife. Guests get exposure to traditional Maasai culture without having to ‘camp out’ to get the experience. The hotel’s staff are attentive, and the accommodations are world class. In short, the hotel creates an immersive experience for its guests.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

31) What should sellers consider if they wish to avoid marketing myopia?

Answer: Sellers should consider the particular benefits and experiences desired by their customers, and not just pay attention to the specific products they offer.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

32) Briefly compare and contrast the concepts of needs, wants, and demands and provide examples to illustrate your answer. How do these three concepts relate to marketing practices?

Answer: Human needs are states of felt deprivation. Needs are a basic part of the human makeup; marketers do not create them. 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. 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. Wants become demands when they are backed by consumers' buying power. For example, an American with ten dollars needs food, wants a Big Mac and soft drink, and demands lunch at McDonald's. Marketers conduct extensive research to understand customers' wants and demands. They then attempt to fulfill customers' wants and demands through their market offerings.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

33) Explain how and why marketers go beyond selling a product or service to create brand experiences.

Answer: Sellers are most effective when they focus more on the benefits and experiences produced by their products and services than on the specific products and services themselves. Smart marketers focus on creating a brand experience, incorporating several products and services for their customers. By doing so, marketers hope to increase customer satisfaction. Satisfied customers buy again and tell others about their good experiences.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

34) Some firms attempt to serve all market segments \_.

A) since the most profitable firms attract the most customers

B) since they understand the customer needs and wants

C) by focusing on cost cutting over other goals

D) and end up not serving any of them very well

E) and lose sight of their product mix

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

35) Dividing the market into various groups of customers is known as \_\_\_\_\_\_\_\_.

A) market segmentation

B) positioning

C) customization

D) target marketing

E) differentiation

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

36) Identifying which groups of customers to serve is known as \_\_\_\_\_\_\_\_.

A) market segmentation

B) positioning

C) customization

D) target marketing

E) differentiation

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

Refer to the following scenario to answer questions 37 - 39.

Kamesha’s Clothes is a retail clothing store that is considering expansion into nearby communities. Kamesha started her store four years ago and has done well focusing on providing stylish clothing to middle-income buyers. However, before she expands she would like to understand her customers better and see if she can expand her appeal to other demographic groups. During her last buying trip, she added some more expensive items to her inventory. However, very few of the added items have been sold. Kamesha is trying to decide whether to begin marketing the items more aggressively or whether to focus on other groups.

37) What should Kamesha do first as she attempts to expand her business?

A) develop a targeted marketing campaign

B) lower her prices on all items

C) identify the various market segments

D) hire a marketing manager

E) consider hiring a consultant to help her make this decision

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

38) Kamesha’s second step should be to \_.

A) lower her prices on all items

B) hire a marketing manager

C) develop a targeted marketing campaign

D) select the market segments she wants to pursue

E) abandon her expansion efforts for the current time

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

39) What value proposition made Kamesha’s business successful and how can she build on that success?

Answer: Kamesha’s initial success was based on focusing on providing stylish clothing to middle-income buyers. Instead of trying to serve another target market she should determine if there are unmet needs or wants among her middle-income buyers and expand accordingly.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

40) An organic farmer has identified three distinct groups that might be interested in his products: vegetarians, health-conscious individuals, and people identified as trendsetters who try out new products in the market before others. These three groups are examples of \_\_\_\_\_\_\_\_.

A) marketing mixes

B) market segments

C) value propositions

D) market offerings

E) marketing intermediaries

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

41) Which of the following customer questions is answered by a company's value proposition?

A) "Why should I buy your brand rather than a competitor's?"

B) "What is your company's estimated customer equity?"

C) "What are the costs involved in the production of your brand?"

D) "What is the budget allocated by your company for research and development?"

E) "What is the financial stability of your company?"

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

42) Which of these marketing orientations focuses primarily on the product’s features, performance, and quality?

A) production concept

B) product concept

C) selling concept

D) marketing concept

E) societal marketing concept

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

43) Which of the following marketing management concepts is most likely to lead to marketing myopia?

A) customer-driven marketing concept

B) customer-driving marketing concept

C) societal marketing concept

D) marketing concept

E) product concept

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

44) Which of these statements is true of the selling concept?

A) It focuses on a large-scale selling and promotion effort.

B) It follows the customer-centered sense-and-respond philosophy.

C) It focuses solely on the product’s attributes and features.

D) It calls for sustainable marketing.

E) It leads to companies focusing too narrowly on their own operations.

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

45) The concept of marketing focuses on consumer wants, company requirements, and the long-run interests of consumers and society.

A) selling

B) product

C) societal

D) consumer

E) production

Answer: C

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

46) Which of the following is the aim of the product concept?

A) improve the marketing of a firm's best products

B) market only those products with high customer appeal

C) focus on the target market and make products that meet those customers' demands

D) focus on making continuous product improvements

E) ensure that product promotion has the highest priority

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

47) The concept of marketing takes an inside-out view that focuses on existing products.

A) product

B) selling

C) production

D) societal

E) wholistic

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

48) Railroads were once operated based on the thinking that users wanted trains that would offer the most in quality, performance, and innovative features. The railroad managing companies overlooked the fact that there could be other modes of transportation. This reflects the \_\_\_\_\_\_\_\_ concept.

A) product

B) production

C) selling

D) marketing

E) societal marketing

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

49) Which of these marketing orientations espouses the concept of shared value?

A) the marketing concept

B) the production concept

C) the societal marketing concept

D) the selling concept

E) the product concept

Answer: C

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

50) Which of the following marketing orientations also considers consumer long-run welfare?

A) the marketing concept

B) the production concept

C) the product concept

D) the selling concept

E) the societal marketing concept

Answer: E

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

51) The selling concept is typically practiced \_\_\_\_\_\_\_\_.

A) to balance consumers' wants, company's requirements, and the society's long-run interests

B) with products that offer the most in terms of quality, performance, and innovative features

C) when the company focuses on building long-term customer relationships

D) with goods that buyers normally do not think of buying

E) by customer-driven companies

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

52) Which of the following marketing orientations 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) the product concept

B) the production concept

C) the selling concept

D) the marketing concept

E) the societal marketing concept

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

53) The societal marketing concept seeks to establish a balance between \_\_\_\_\_\_\_\_.

A) customer lifetime value and customer equity

B) an inside-out perspective and an outside-in perspective

C) consumer short-run wants and consumer long-run welfare

D) marketing mixes and market offerings

E) customer-driven marketing and customer-driving marketing

Answer: C

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

54) Some fast-food restaurants offer tasty and convenient food at affordable prices, but in doing so they contribute to a national obesity epidemic and environmental problems. These fast-food restaurants overlook the \_\_\_\_\_\_\_\_ philosophy.

A) marketing concept

B) product concept

C) production concept

D) societal marketing concept

E) selling concept

Answer: D

AACSB: Ethical understanding and reasoning

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

55) The set of marketing tools a firm uses to implement its marketing strategy is called the \_\_\_\_\_\_\_\_.

A) promotion mix

B) product mix

C) marketing mix

D) market offering

E) marketing effort

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

56) Which of the following is the most likely result of a marketing strategy that attempts to serve all potential customers?

A) All customers will be delighted.

B) Customer-perceived value will increase.

C) All customers will directly turn into customer evangelists.

D) Not all customers will be satisfied.

E) Customers will not show interest in any other company's products.

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

57) Which of these is NOT one of the four Ps of marketing?

A) price

B) place

C) product

D) profit

E) promotion

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

58) At a local farmers' market, Molly Malone sells mussels while shouting to passersby, "Fresh seafood, get your fresh seafood here!" What kind of perspective is Molly taking?

A) customer-focused

B) inside-out

C) customer-driven

D) outside-in

E) niche marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

59) Market segmentation is the process of seeking fewer customers and reduced demand for profit maximization only.

Answer: FALSE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

60) The selling concept holds that consumers will favor high quality products with the most features.

Answer: FALSE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

61) The production concept and the product concept are marketing orientations that are more likely to lead to marketing myopia.

Answer: TRUE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

62) Healthy Veggies, LLC, believes that marketing is a tool to use in finding customers and keeping them by providing vegetables that are grown using chemical-free farming techniques and selling through small family-owned stores. Healthy Veggies, LLC, practices societal marketing.

Answer: TRUE

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

63) What is a firm’s marketing mix?

Answer: The marketing mix refers to the set of marketing tools the firm uses to implement its marketing strategy. The marketing mix tools are typically classified as the four Ps of marketing: product, price, place, and promotion.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Easy

64) Company X, a manufacturer of office supplies, follows the selling concept. Explain how the firm may lose sight of customer relationships with this marketing orientation.

Answer: The selling concept of Company X focuses on selling its office supplies rather than making what the market wants; such a strategy creates sales transactions but not long-term customer relationships. The company would most likely have a faulty assumption that customers who are persuaded to buy the product will like it or that they will buy the product again later even if they were not really initially satisfied. Company X will not foster customer loyalty with this approach.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Challenging

65) Compare the selling and marketing concepts, listing the key components of each philosophy.

Answer: The selling concept reflects an inside-out perspective, 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 transactions rather than 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. In contrast to the selling concept, marketing focuses on the customer, not the product, as the path to profits.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

66) Briefly explain the societal marketing concept. Give an example of an organization that has effectively used the societal marketing concept.

Answer: According to this concept, firms will succeed if they take underlying consumer needs and society's well-being into account over the long term. A pure marketing concept can damage consumers' long-run welfare by focusing exclusively on satisfying consumers' short-run wants. Over an extended period of time, this too-narrow focus can be damaging to the company. In setting their marketing strategies, marketers today need to balance company profits, consumer wants, and society's interests. 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. Jeni's Splendid Ice Creams has a mission that stresses company profits, consumer wants, and societal interests. The company proactively seeks opportunities to act responsibly and efficiently. They ethically source all inputs from suppliers that have minimal impact on the environment and help build and shape local communities.

AACSB: Ethical understanding and reasoning

Skill: Concept

Objective: LO 1.3: Identify the key elements of a customer value-driven marketing strategy and discuss the marketing management orientations that guide marketing strategy.

Difficulty: Moderate

67) Which of these statements best describes customer lifetime value?

A) The value of the entire stream of purchases that the customer would make over a lifetime of patronage.

B) The value associated with creating a brand preference.

C) The component of customer relationship management that focuses solely on customer delight.

D) The overall value of the firm’s customer base.

E) The value created when customer satisfaction generates additional sales.

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

68) Customer satisfaction is a goal that companies strive to achieve. Companies can accomplish this goal by \_\_\_\_\_\_\_\_.

A) regularly putting products on sale

B) promising only what they can deliver and then delivering more than they promise

C) offering promotional deals such as "buy one and get one free"

D) creating contests with exciting prizes

E) using celebrities to advertise the products

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

69) Which of the following marketing strategies should marketing managers focus on to manage detailed information about individual customers and carefully manage customer touchpoints to maximize customer loyalty?

A) customer divestment

B) customer-managed relationships

C) the societal marketing concept

D) partner relationship management

E) customer relationship management

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

70) \_\_\_\_\_\_\_\_ is determined by a customer's evaluation of the benefits and costs of a market offering relative to those of competing offers.

A) Customer-perceived value

B) Customer lifetime value

C) Share of customer

D) Customer-managed relationship

E) Brand value proposition

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

71) Anu is trying to understand the cost-benefit analysis that customers make prior to buying his firm’s products. Specifically, he wants to know why a customer would pick his firm’s product over the products of his competitors. Anu is evaluating .

A) customer satisfaction

B) customer relationship management

C) customer-perceived value

D) customer engagement

E) product satisfaction

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

72) When customers purchase products they typically act on \_\_\_\_\_\_\_\_ as they judge values and costs.

A) objective value

B) perceived value

C) customer lifetime value

D) company image

E) society's interests

Answer: B

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

73) The primary key to delivering customer satisfaction is to match product performance with \_\_\_\_\_\_\_\_.

A) the performance of competitive products

B) competitive prices

C) aggressive advertising

D) limited customer services

E) customer expectations

Answer: E

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

74) Gerald bought a new drill from the hardware store and was really pleased with his purchase. He voluntarily left a glowing product review on the manufacturer’s website. Which of these terms describes Gerald’s behavior?

A) customer-generated marketing

B) partner relationship management

C) customer lifetime value

D) surrogate customers

E) share of customer

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

75) Roberto bought a new cologne that he believes has a more pleasing fragrance than the one he has been using. When he compares the new cologne with his expectations about the brand he is assessing his level of \_\_\_\_\_\_\_\_.

A) customer delight

B) customer satisfaction

C) customer equity

D) customer-perceived value

E) customer lifetime value

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

76) Which of the following strategies would a company most likely use to delight customers?

A) decrease the variety of offered services

B) go the ‘second mile’ to keep customers satisfied

C) raise prices to establish a ‘luxury good’ reputation

D) ‘fire’ unprofitable customers

E) limit customer experiences with the brand

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

77) Anil wants to make his firm’s brand a part of their customers’ everyday conversations and lives. Every decision he makes is with that focus in mind. What is Anil practicing?

A) customer-perceived values

B) customer satisficing

C) customer relationship leveling

D) customer-engagement marketing

E) customer brand advocacy

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

78) Greater customer empowerment means that companies can no longer rely on \_\_\_\_\_\_\_\_.

A) promoting brand-consumer interaction

B) generic market offerings

C) marketing by intrusion

D) concepts with an outside-in perspective

E) marketing by attraction

Answer: C

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

79) Kao Corp., a deodorant manufacturer, invited teenage girls to make an ad that would encourage other girls to buy the product. This program is an example of \_\_\_\_\_\_\_\_.

A) societal marketing

B) the production concept

C) the selling concept

D) partner relationship management

E) customer-generated marketing

Answer: E

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

80) Elisandra, a marketing manager at a regional chain restaurant, has decided to organize a contest calling for customers to create commercials for the restaurant. Winning entries will be posted on the organization's home page. Elisandra's plan is an example of \_\_\_\_\_\_\_\_.

A) customer-generated marketing

B) partner relationship management

C) customer lifetime value

D) community development

E) customer divestment

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

81) The fourth step in the marketing process is \_\_\_\_\_\_\_\_.

A) capturing value from customers

B) building profitable relationships and creating customer delight

C) creating customer lifetime value

D) understanding the marketplace

E) designing a customer-driven marketing strategy to reap profits

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

82) "Losing a customer once means losing the entire stream of possible purchases that the customer would make over an extended period of patronage." This statement specifically indicates loss in terms of \_\_\_\_\_\_\_\_.

A) customer-perceived value

B) marketing offerings

C) partner relationship management

D) customer lifetime value

E) value proposition

Answer: D

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

83) One danger of too much customer interaction is .

A) too much control related to managing partner relationships

B) selling new products on multiple platforms is confusing

C) consumers can be overwhelmed with too many contacts

D) converting "barnacles" to "strangers" is much harder

E) capturing customer lifetime value is more difficult

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

84) The value of a customer's purchases over a lifetime of patronage for a single firm is known as \_\_\_\_\_\_\_\_.

A) customer-perceived value

B) share of customer

C) customer insight

D) customer lifetime value

E) induced consumption

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

85) Apart from retaining good customers, most marketers want to constantly increase their "share of customer." What does this mean in marketing terms?

A) Marketers want to increase their market share.

B) Marketers want to increase the share they get of the customer's purchasing in their product categories.

C) Marketers want to diversify their operations and customize their products to cater to the entire market.

D) Marketers want to continuously increase their customers' levels of satisfaction.

E) Marketers want to turn satisfied customers into delighted customers.

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

86) \_\_\_\_\_\_\_\_ occurs when a firm works with others inside and outside of the firm to bring more value to their customers.

A) Targeting new customers

B) Partner relationship management

C) Customer brand advocacy

D) Customer-engagement marketing

E) Partnership marketing

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

87) Leticia is a licensed cosmetician and she helps her clients pick out the appropriate cosmetics based on their skin tones and personal preferences. Recently, she has added jewelry to her line. What is Leticia attempting to do by adding the jewelry?

A) increase shared value

B) increase her share of customer

C) become more socially responsible

D) engage in customer-generated marketing

E) encourage brand loyalty

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

88) Which of the following refers to the total combined customer lifetime value of all of the company's current and potential customers?

A) share of customer

B) marketing mix

C) customer equity

D) target market

E) customer-perceived value

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

89) In the context of customer relationship groups, a is both profitable and loyal.

A) true friend

B) butterfly

C) stranger

D) barnacle

E) market maven

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

90) Customers can be classified into four relationship groups based on their profitability and projected loyalty. Which customer type is associated with low profitability and very little long-term loyalty?

A) barnacles

B) strangers

C) butterflies

D) true friends

E) cash cows

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

91) A company should not always target all possible customers. Which kind of customer is not the most valuable to a company, but can over time, contribute to the firm's success?

A) butterflies

B) shooting stars

C) barnacles

D) true friends

E) strangers

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

92) Which of these things received a boost from the COVID-19 pandemic lockdown?

A) in-store sales

B) promotional advertising

C) artificial intelligence usage

D) customer-generated content

E) partner relationship management

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

93) A marketer wants to increase its "share of customer." How can they accomplish this goal?

A) decreasing prices

B) cross-sell and up-sell to existing customers

C) sending samples directly to customers

D) introducing customers to "brand evangelists"

E) raising prices to appear more exclusive

Answer: B

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

Refer to the scenario below to answer the questions 94 - 97.

Carol Veldt, owner of Seagull Terrace, watched her investment grow from a small, seaside motel to a thriving year-round resort in just a few years. Atop a cliff overlooking the Maine coast, Seagull Terrace had attracted thousands of visitors during summer, but then faced a tremendous downturn in business during winter. "But, given the established industries in the nearby towns, very little year-round competition, and our close proximity to Portland," Carol added, "I couldn't understand why seasonality had to hit Seagull Terrace so hard!"

So, Carol spent her first winter devising a new marketing plan. She put together a promotional package designed to attract business travelers year-round. Carol's plan also involved a seasonal promotional gimmick–to be implemented from early winter to late spring–that would attract the same numbers as the large summer crowd. Her idea worked! During her second winter, Carol greeted numerous business travelers–both satisfied repeat guests as well as new guests who had been snagged by her promotional appeals.

"We still have a long way to go," Carol admitted. "Our delicatessen offers entrees that are a part of the local cuisine, but we'd like to expand that. We provide health club privileges off-site, but we would like to eventually provide our own. These are goals I hope to achieve in a few years. Our first project, however, included a renovation of our guest rooms and I'm quite proud of the results." Carol then added, "Actually there are so many possibilities. With an indoor pool area, I will eventually offer weekend getaways throughout winter."

94) Carol Veldt's plan also involves a seasonal promotional gimmick that she wants to promote aggressively. This is an example of the \_\_\_\_\_\_\_\_ concept.

A) selling

B) marketing

C) product

D) production

E) societal marketing

Answer: A

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

95) Renovations of the guest rooms at the Seagull Terrace and plans to add an indoor pool area are examples of the \_\_\_\_\_\_\_\_ concept.

A) selling

B) marketing

C) product

D) production

E) societal marketing

Answer: C

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

96) Carol Veldt has decided to ask selected guests to participate in an extensive survey about their experience at Seagull Terrace and about their requirements in terms of amenities and cuisines. By implementing the suggestions she receives from guests, Carol would be following the \_\_\_\_\_\_\_\_ concept.

A) production

B) product

C) selling

D) marketing

E) societal marketing

Answer: D

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

97) How can Carol capitalize on the concept of “customer-perceived value?”

Answer: Carol has done well but still does not appear to truly know her customers. She needs to spend some time learning about what features attract them the Seagull Terrace and what features she could add to enhance the overall experience. Then she can focus on learning how to attract new customers that fit the same profile. For example, she could offer discounts to repeat customers who bring a friend along or refer a friend.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

98) Coronada believes in cultivating her customer base and doing whatever is necessary to make her customers happy. She believes it is much easier to retain a customer than it is to attract a new one. What is Coronada attempting to accomplish?

A) build customer lifetime value

B) grow her share of customer

C) harvest short-term profits

D) develop a sustainable marketing plan

E) devise a marketing strategy

Answer: A

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

99) When satisfied customers talk favorably about a brand with their friends and colleagues it is known as \_\_.

A) customer relationship leveling

B) customer brand advocacy

C) customer-perceived value

D) satisficing

E) customer relationship management

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

100) Which of these digital media is NOT a social media platform that marketers can use to engage customers?

A) TikTok

B) Facebook

C) Google

D) Instagram

E) Twitter

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

101) In today’s digital age firms need to rely more on \_\_ instead of marketing by intrusion.

A) artificial intelligence

B) traditional selling techniques

C) pushing consumers to act

D) marketing by attraction

E) marketing by extrusion

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

102) Barnacles are highly loyal and highly profitable customers.

Answer: FALSE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

103) Customer lifetime value is essentially the combined future value of all the firm’s expected sales.

Answer: FALSE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

104) The total lifetime combined value of a firm’s customers is known as customer equity.

Answer: TRUE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

105) In customer-generated marketing, consumers play a bigger role in shaping brand experiences.

Answer: TRUE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

106) Customer-generated marketing occurs when customers play a role in shaping their own brand experiences and those of other customers.

Answer: TRUE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

107) How can a firm use customer-generated marketing to increase brand awareness? List an example of a firm using this tactic.

Answer: Customer-generated marketing often involves uninvited customer-to-customer exchanges and emerges organically. However, some firms have been able to generate this activity by hosting contests for new products or ideas. For example, Oreos asked consumers for new flavor ideas and the top three ideas were created and sold with consumers voting for the winner. The winner received a $500,000 cash prize.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

108) Explain the concept of “share of customer.”

Answer: Share of customer refers to the fraction of a consumer’s spending that a firm is able to capture. For example, a clothing retailer might add ties and cuff links to its product mix in order to capture additional sales from the same customers.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

109) Explain what marketers can expect from individuals in the customer relationship group classified as "butterflies."

Answer: "Butterflies" are potentially profitable but not loyal. Marketers should enjoy this type of customer "for the moment" because they soon flutter off. Marketers should create profitable and satisfying transactions with "butterflies," then cease investing in them until the next time around. Marketers can expect transactions with butterflies when conditions are optimal, but they should not expect butterflies to become loyal customers.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

110) Describe and compare the four types of customers classified by their potential profitability to an organization. Explain how an organization should manage each type of customer.

Answer: The four types of customers are strangers, butterflies, true friends, and barnacles. "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. 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." 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. 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 convert true friends into customer evangelists who tell others about their good experiences with the company.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Challenging

111) Explain the concept of customer equity.

Answer: Customer equity is the total combined customer lifetime values of all the company’s customers. It is a measure of the future value of the firm’s customer base.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

112) How can a marketer increase its "share of customer"?

Answer: The marketer can offer greater variety to customers; in addition, the marketer can train employees to cross-sell and up-sell in order to market more products and services to existing customers.

AACSB: Reflective thinking

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

113) Define customer relationship management and explain its associated tools and levels of relationships.

Answer: Customer relationship management is the process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. A company with mostly low-margin customers is likely to seek basic relationships, using brand-building advertising, public relations, and so on. An organization with few customers and high margins, on the other hand, will work to create full partnerships with key customers. To create stronger bonds with customers, some companies offer frequency marketing programs that reward customers who buy frequently or in substantial amounts. Other companies sponsor club marketing programs that offer members special benefits and create member communities.

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

114) Explain why the aim of customer relationship management is to create not just customer satisfaction, but also customer delight.

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. Outstanding marketing companies go out of their way to keep important customers satisfied. Most studies show that higher levels of customer satisfaction lead to greater customer loyalty, which in turn results in better company performance. 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 willing marketing partners and "customer evangelists" who tell other potential customers about their positive experiences with the product.

AACSB: Written and oral communication

Skill: Concept

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

115) Marketers use mobile channels for several purposes. Which of the following is least likely to be one of those purposes?

A) Enrich the brand experience.

B) Send billing statement.

C) Stimulate immediate buying.

D) Make shopping easier.

E) Boost sampling.

Answer: B

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

116) The technology that involves machines that think and learn like humans is known as

A) big data

B) analytics

C) artificial intelligence

D) the Internet of things

E) digital thinking

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

117) Amazon Echo's Alexa is an example of

A) desktop computing

B) data analytics

C) the worldwide web

D) artificial intelligence

E) digital learning

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

118) Government agencies design \_\_\_\_\_\_\_\_ to encourage energy conservation and discourage smoking, excessive drinking, and drug use.

A) club marketing programs

B) social marketing campaigns

C) consumer-generated marketing campaigns

D) ambush marketing campaigns

E) frequency marketing programs

Answer: B

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

119) As part of the rapid globalization of today's economy, companies are selling more domestically produced goods in international markets and \_\_\_\_\_\_\_\_.

A) taking a local view of their industry

B) purchasing more supplies abroad

C) reducing competition within their industry

D) downplaying concerns for social responsibility

E) competing solely in traditional marketplaces

Answer: B

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

120) Iceco Inc., an ice cream manufacturing company, encourages all stakeholders, including the top management and all employees, to consider individual and community welfare in their day-to-day decisions. This action undertaken by Iceco reflects \_\_\_\_\_\_\_\_.

A) environmentalism

B) social responsibility

C) the selling concept

D) partner relationship management

E) marketing myopia

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Challenging

121) Marketing in the non-profit sector is applied in all but which of these ways?

A) to enhance their images

B) to attract memberships

C) to publicize the organization's supporters

D) to design social marketing campaigns for specific causes

E) to encourage donor support

Answer: C

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

122) A museum targeting different demographic groups to increase attendance is an example of \_\_\_\_\_\_\_\_.

A) affinity marketing

B) not-for-profit marketing

C) societal marketing

D) evangelism marketing

E) affiliate marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

123) Your state's department of education has budgeted a significant amount of money for a radio, print, television, and online advertising campaign emphasizing the long-term benefits, both educationally and professionally, of reading every day. This is an example of a(n) \_\_\_\_\_\_\_\_ campaign.

A) perspective marketing

B) social marketing

C) inbound marketing

D) consumer-generated marketing

E) affiliate marketing

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

124) Many organizations use multiple social media, such as Facebook, Twitter, Instagram, and YouTube. What is the primary reason a company would use multiple social media?

A) entice customers to one of the social media sites

B) present a carefully integrated message to fans and customers

C) improve its "hit" count

D) appeal to new customers

E) increase its prices because it is more well-known

Answer: B

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Challenging

125) When a firm, such as Ben & Jerry’s, is civic minded and socially responsible they are practicing \_\_.

A) pure capitalism

B) cronyism

C) caring capitalism

D) prosperity marketing

E) mission-centered marketing

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

126) Which of these trends is NOT one of the major trends shaping marketing?

A) Rapid globalization

B) Explosive growth in digital technology

C) Growth of not-for-profit marketing

D) Renewed focus on selling

E) Sustainable marketing

Answer: D

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

127) Which of these is NOT one of the ways firms use big data in their marketing efforts?

A) To gain deep customer insights

B) To create personalized marketing efforts

C) To increase the speed of marketing analysis

D) To improve customer engagement

E) To provide better customer service

Answer: C

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

128) Many company and brand websites also serve as online brand communities, where customers can congregate and exchange brand-related interests and information.

Answer: TRUE

AACSB: Integration of real-world business experiences

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

129) The Internet of Things is a new product created by multiple companies working together.

Answer: FALSE

AACSB: Application of knowledge

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

130) Organizations choose to use only a few of the available online and social media. Using multiple social media results in confused fans.

Answer: FALSE

AACSB: Application of knowledge

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Challenging

131) Social media sites with small audiences, such as Birdpost.com, can be as effective in creating customer engagement as sites with large audiences, such as Pinterest.

Answer: TRUE

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

132) McDonald’s is an American restaurant with limited global exposure.

Answer: FALSE

AACSB: Application of knowledge

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

133) What is “not-for-profit marketing” and why has it expanded in recent years?

Answer: Not-for-profit marketing is used by various non-profit organizations such as universities, foundations, hospitals, museums, and other organizations to raise funds. This sector has grown significantly as the competition for donor dollars and grant money has increased.

AACSB: Application of knowledge

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

134) What do marketers mean when they mention the “Internet of Things?”

Answer: The Internet of Things refers to the current level of digital access where a significant percentage of the world’s population is now online. Almost 5 billion people are now online and have the ability to research products, search for products, and order them online. Ninety-seven percent of Americans are digitally connected through smartphones and computers.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Easy

135) Explain how the growth of digital technology has transformed the way in which companies conduct business today.

Answer: At the most basic level, marketers set up company and brand Web sites that provide information and promote the company's products. Many of these sites also serve as online brand communities, where customers can congregate and exchange brand-related interests and information. Beyond brand Web sites, most companies are also integrating social and mobile media into their marketing mixes.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

136) How are local retailers affected by global competition?

Answer: A local retailer might have global suppliers and customers. The retailer's goods may come from abroad, or components of those goods may be produced or assembled abroad. In addition, a local retailer may also sell goods over the Internet to international customers.

AACSB: Diverse and multicultural work environments

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

137) Discuss the challenges and advantages of new communication technologies for marketers as they work to build relationships with their customers.

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, and online social networks, 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. In fact, the marketing world is beginning to embrace customer-managed relationships. 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.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

138) Discuss how artificial intelligence is currently used in marketing.

Answer: Artificial intelligence (AI) is being used to analyze data in real time and use the insights gleaned from this analysis to engage customers and assist them in the buying process. AI is used to provide advice and product recommendations. Visible uses of AI include Apple’s Siri and Amazon Echo’s Alexa.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

139) List some of the digital trends shaping the way marketers interact with customers.

Answer: The digital world is exploding with social media applications, mobile marketing tools, and numerous blog sites where marketers can reach consumers. AI can be used to rapidly analyze data and interact with customers and potential customers seeking advice and product recommendations.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Moderate

140) How do today’s consumers impact the firm’s social responsibility efforts?

Answer: Today’s consumers are more focused on sustainability and social responsibility than in the past. Experts anticipate this focus will continue to grow. Consumer cast their dollar votes for products and firms that are more socially responsible and have numerous outlets to express displeasure if firms are not considering the societal impact of their actions. This consumer pressure is driving more firms to behave responsibly.

AACSB: Analytical thinking

Skill: Concept

Objective: LO 1.5: Describe the major trends and forces that are changing the marketing landscape in this age of relationships.

Difficulty: Challenging

**Quantitative Questions**

1) Amazon accounts for 41% of all online sales in the United States. How much were total U.S. online revenues in 2021 if Amazon’s revenues for that year were $470 billion?

A) $192.7 billion

B) $1,146.3 billion

C) $662.7 billion

D) $1,625.7 billion

E) $885.4

Answer: B; You can compute this by dividing Amazon’s revenue by .41, so $470 billion/.41 = $1,146.3.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

2) Amazon’s revenue averages $893,873 every minute of every day. Approximately how much revenue does Amazon generate every 24 hour period?

A) $650 million

B) $1.1 billion

C) $1.3 billion

D) $470 million

E) $893 billion

Answer: C; The first step is to determine the total number of minutes in a day. So, 60 minutes x 24 hours = 1,440 minutes per day x $893,873 = $1,287,177,120 per day, or almost $1.3 billion per day.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Moderate

3) Assume Facebook computes the value of a single user to be $1.35 each per month. How much is the value of Facebook’s monthly 2.9 billion member user base?

A) $2.915 billion

B) $2.148 billion

C) $4.576 billion

D) $7.981 billion

E) $3.915 billion

Answer: E; You compute the value by multiplying $1.35 x 2.9 billion users = $3.915 billion.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.1: Define marketing and outline the steps in the marketing process.

Difficulty: Easy

4) Ninety-four percent of Americans believe it is dangerous to send a text while driving. How many adults recognize the danger of texting and driving if there are 209.1 million adults living in the United States?

A) 196.6 million

B) 209.1 million

C) 222.4 million

D) 334.1 million

E) 287.3 million

Answer: A; You compute the answer by multiplying 0.94 x 209.1 million = 196.6 million

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

5) Mahali Mzuri luxury tent accommodations during the low season cost $945 per night per person. If they are at capacity of 24 people a night how much revenue will they generate per week?

A) $6,615

B) $45,360

C) $22,680

D) $158,760

E) $201,540

Answer: D; Compute this by $945 per person x 24 people x 7 days = $158,760 in weekly revenue.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Moderate

6) Firm XYZ estimates the size of their target market in dollar value is about $435 million. They believe they can bump their market share to 12% by next year. What is the size of Firm XYZ’s market?

A) $2.4 million

B) $12.7 million

C) $52.2 million

D) $59.1 million

E) $523.5 million

Answer: C; Compute this by multiplying $435 million x .12 = $52.2 million

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.2: Explain the importance of understanding the marketplace and customers and identify the five core marketplace concepts.

Difficulty: Easy

7) Jared’s annual income is $1,872,000 and he splurged and purchased a Patek Philippe watch for $322,000. What percentage of his income did he spend on the watch?

A) 32.2%

B) 17.2%

C) 9.1%

D) 43.4%

E) 55.8%

Answer: B; You compute this by dividing the cost of the watch by his annual income. So, $322,000/$1,872,000 = .172, or 17.2%

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

8) Firm XYZ spent $4.2 million on advertisement to reach 21 million people using a high profile time slot on television. How much did the ad cost per viewer?

A) 42 cents per viewer

B) $2 per viewer

C) $20 per viewer

D) 20 cents per viewer

E) $2.10 per viewer

Answer: D; You divide the cost by the number of viewers to get the cost per viewer. So, $4.2 million/21 million = .20, or 20 cents per viewer.

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate

9) Firm XYZ created a competition for the best customer-generated marketing idea for their product. The prize was a $500,000 award with the winner receiving the entire amount. However, after judging, it was determined to be a three way tie. How much did each winner receive?

A) $166,667 each

B) $250,000 each

C) $500,000 each

D) $125,000 each

E) $100,000 each

Answer: A; $500,000/3 winners = $166,667 each

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Easy

10) What is the customer lifetime value of someone who spends an average of $125 week and will be a good customer for 15 years?

A) $82,200

B) $19,500

C) $97,500

D) $6,500

E) $12,500

Answer: C; $125 week x 52 weeks x 15 years = $97,500

AACSB: Analytical thinking

Skill: Application

Objective: LO 1.4: Discuss customer relationship management and identify strategies for creating value for customers and capturing value from customers in return.

Difficulty: Moderate