

Chapter 1—An Overview of Marketing

MULTIPLE CHOICE

1. What is the definition of marketing?
- a. planning sales campaigns
 - b. selling
 - c. advertising and promotion activities
 - d. a philosophy that stresses customer satisfaction

ANS: D PTS: 1 DIF: Definition REF: p. 4
OBJ: 1 BLM: Remember

2. A business is concerned with many day-to-day activities. Some of the most important are the planning and conception of the product or service, its pricing policy, and the distribution strategy. What are these activities part of?
- a. human resources
 - b. production
 - c. marketing
 - d. accounting

ANS: C
This description contains three of the four main activities included in the marketing function. Many students may mistakenly believe that marketing is concerned only with promotion.

PTS: 1 DIF: Comprehension REF: p. 4
OBJ: 1 BLM: Remember

3. Which of the following is a set of activities used to implement a management orientation that stresses customer satisfaction?
- a. a control system
 - b. customer management
 - c. planning strategy
 - d. marketing

ANS: D PTS: 1 DIF: Definition REF: p. 4
OBJ: 1 BLM: Remember

4. Marketing is an organizational function and a set of processes for creating, communicating, and delivering which one of the following to customers?
- a. sales
 - b. benefits
 - c. satisfaction
 - d. value

ANS: D PTS: 1 DIF: Definition REF: p. 4
OBJ: 1 BLM: Remember

5. The idea that people give up something in order to receive something that they would rather have is a key ingredient in marketing. What is this called?
- a. exchange
 - b. synergy
 - c. reciprocity
 - d. promotion

ANS: A PTS: 1 DIF: Definition REF: p. 4
OBJ: 1 BLM: Remember

6. What must happen in order for exchange to occur?
- a. Each party must have something of value to the other party.
 - b. A profit-oriented organization must be involved.
 - c. Organized marketing activities must also occur.
 - d. Money or other legal tender is required.

ANS: A
Exchange involves the trade of items of value, but does not necessarily involve formal organizations, profit, or money/legal tender.

PTS: 1 DIF: Comprehension REF: p. 4
OBJ: 1 BLM: Remember

7. For an exchange to take place, what must happen?
- a. At least one person must have something of value.
 - b. Each party must feel obligated to accept the offer.
 - c. Money must be present.
 - d. There must be at least two parties.

ANS: D PTS: 1 DIF: Comprehension
REF: p. 4 OBJ: 1 BLM: Remember

8. Why is the concept of exchange important to marketing?
- a. Marketing activities help to create exchange.
 - b. Money is the only medium of exchange for business marketers.
 - c. Exchange provides money to marketers.
 - d. Marketing activities are a requirement for exchange to take place.

ANS: A
Marketing activities help the exchange to take place, but marketing can occur without an exchange.

PTS: 1 DIF: Comprehension REF: p. 4
OBJ: 1 BLM: Remember

9. Kurt Meyer wants to sell a Model T Ford that he inherited from his grandfather. A preliminary investigation has shown many people would be interested in this type of automobile. He has taken out an advertisement in his local auto trade paper and provided customers with a toll-free number to make an appointment to drive the car. He has also read in the auto trade papers that similar cars to the one that he owns are selling for about \$4,000. Before selling his Model T, what else should Meyer find out?
- whether the car can meet the demands of potential customers
 - how to promote the car to generate significant visibility for the ad
 - where the car should be located to secure optimum drive-up business
 - how to price the car so that customers will seek out his vehicle

ANS: A

For an exchange to take place, each party must have something the other values, the parties must be able to communicate, and each party must believe that it is appropriate to deal with the other.

PTS: 1 DIF: Application REF: p. 4 OBJ: 1
BLM: Higher order

10. If the local chapter of the Canadian Diabetes Association (CDA) sponsors a free lifesaving course, city residents will not have to pay to take the class. Why will an exchange take place?
- The CDA does not have to communicate with class participants.
 - People who take the course have to give nothing of value in return.
 - Both the CDA and the people taking the course will trade something of value.
 - People can decide the course has no value.

ANS: C

If the course has no value, then an exchange cannot occur. Without communication, the exchange of knowledge for time and energy cannot occur. In an exchange, each participant has something of value to the other. For an exchange to occur, each party must believe it is desirable.

PTS: 1 DIF: Application REF: p. 4 OBJ: 1
BLM: Higher order

11. Four competing philosophies strongly influence the role of marketing and marketing activities within an organization. Which if the following is a marketing management philosophy?
- accounting orientation
 - sales orientation
 - profitability orientation
 - social networking orientation

ANS: B PTS: 1 DIF: Comprehension
REF: p. 5 OBJ: 2 BLM: Remember

12. Firms with which of the following orientations focus on the internal capabilities of the firm rather than on the desires and needs of the marketplace?
- a. production
 - b. customer
 - c. marketing
 - d. sales

ANS: A PTS: 1 DIF: Definition REF: p. 5
OBJ: 2 BLM: Remember

13. A company that sets its goals and strategies based on what the current plant equipment can produce, what products engineering can design, and what the company itself can do best, has which of the following types of orientation?
- a. exchange
 - b. sales
 - c. market
 - d. production

ANS: D PTS: 1 DIF: Definition REF: p. 5
OBJ: 2 BLM: Remember

14. Researchers at PPG Industries spent considerable time, effort, and money developing a bluish windshield that would let in filtered sunlight but block out heat. Little market research was done, but the scientists were convinced that this new product would be significantly better than existing windshields even though they were more expensive and of a different colour than the current models on the market. What type of orientation does PPG most likely have?
- a. sales
 - b. customer
 - c. production
 - d. promotion

ANS: C

The questions asked before starting their new product were “What can we do best?” and “What can we make with the equipment we already own?” This is a production orientation.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Higher order

15. The owner of a company that produces copy paper once said, “People buy whatever copy paper is the cheapest, so I spend my time trying to find ways I can cut my price.” What kind of orientation toward marketing does this owner have?
- a. production
 - b. sales
 - c. discount
 - d. customer

ANS: A

A focus on lowering costs and prices is typical of a production orientation.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Higher order

16. In which of the following situations is a firm with a production orientation most likely to survive?
- when supply for the product it produces exceeds demand
 - when demand for the product it produces exceeds supply
 - when there are many small competitors in the marketplace
 - when needs of the marketplace are shifting

ANS: B

The production orientation can survive in the short term under a variety of conditions; however, if market needs change, long-term survival is difficult.

PTS: 1
OBJ: 2

DIF: Comprehension
BLM: Higher order

REF: p. 5

17. Which of the following orientations to marketing fails to consider whether what the firm produces most efficiently also meets the needs of the marketplace?
- customer
 - production
 - market
 - product

ANS: B

The production orientation forces a company to build whatever it builds best, that is, whatever it has the experience and expertise in doing.

PTS: 1
OBJ: 2

DIF: Comprehension
BLM: Remember

REF: p. 5

18. Mimi Couturier is a design company that specializes in formalwear for women. The company's fashion innovators use computer-assisted design software to create what they think women should wear. The company regularly hires industry experts to examine construction work areas to find waste and inefficiencies that can be eliminated. However, for the last two years Mimi Couturier has lost money, and it has had to lay off some of its work force. What should the company do to avoid this occurrence in future?
- increase its sales force to find more potential customers for the firm
 - hire more retail efficiency experts to trace down any production problems
 - have someone to study its target market to see what needs and wants should be met by Mimi Couturier
 - cut prices so that its prices are at least 10 percent below those of its competitors

ANS: C

Mimi Couturier has been production oriented. It should develop a marketing orientation, which means the firm will produce only those items needed by its target market.

PTS: 1
BLM: Higher order

DIF: Application

REF: p. 5

OBJ: 2

19. Which orientation assumes that people are resistant to buying products that are not absolutely necessary?
- a. sales
 - b. marketing
 - c. customer
 - d. production

ANS: A

The sales orientation assumes that aggressive selling is what is needed to increase demand.

PTS: 1 DIF: Comprehension REF: p. 5
OBJ: 2 BLM: Remember

20. Which orientation of people will buy more goods and services if aggressive marketing techniques are used?
- a. sales
 - b. production
 - c. customer
 - d. marketing

ANS: A PTS: 1 DIF: Definition REF: p. 5
OBJ: 2 BLM: Remember

21. Lawler Landscaping Company sells all kinds of ornamental plants. Lawler's management believes that its customers will buy more plants if its salespeople use aggressive marketing techniques because ornamental plants are nonessential items for most homeowners. What type of orientation does Lawler have?
- a. production
 - b. marketing
 - c. sales
 - d. customer

ANS: C

Only the sales orientation assumes that aggressive sales techniques will sell more product, regardless of customer desires and needs.

PTS: 1 DIF: Definition REF: p. 5 OBJ: 2
BLM: Higher order

22. If a company uses a sales orientation, what will consumer complaints most likely result in?
- a. attempts to cut production costs
 - b. product reinvention
 - c. continuous market research
 - d. a modification of the sales presentation

ANS: D

The sales orientation relies on aggressive sales techniques to fuel business.

PTS: 1 DIF: Comprehension REF: p. 5
OBJ: 2 BLM: Remember

23. Which of the following statements about a typical sales-oriented business is true?
- a. The company directs its products to specific groups of people.
 - b. The company is in business to satisfy customers' wants and needs and deliver superior value.
 - c. The company invests the majority of its resources in promoting its products and services.
 - d. The primary goal of the company is profit through customer satisfaction.

ANS: C PTS: 1 DIF: Comprehension
REF: p. 5 OBJ: 3 BLM: Remember

24. For many years, Procter & Gamble (P&G) viewed its Ivory soap as just plain old soap—and not as a cleansing product that could provide other benefits as well. When it came to Ivory soap, P&G focused on how well it made the soap and not on what customers wanted from a bar of soap. What sort of orientation did P&G have?
- a. customer
 - b. product
 - c. sales
 - d. market

ANS: C PTS: 1 DIF: Application REF: p. 5
OBJ: 2 BLM: Higher order

25. Because organizations that sell unsought products, such as cemetery plots, are marketing products that most people do not want, which sort of orientation might the companies adopt?
- a. product
 - b. customer
 - c. marketing
 - d. sales

ANS: D
Aggressive selling is sometimes used by companies that sell products their customers do not want to buy.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Remember

26. For years, the slogan used in all the advertising done by British Airways was "Putting people first." In this short phase, what did British Airways capture the idea of?
- a. the marketing concept
 - b. the societal concept
 - c. Maslow's hierarchy of needs
 - d. the sales orientation philosophy

ANS: A
The marketing concept justifies a company's existence by its ability to satisfy customers.

PTS: 1 DIF: Application REF: p. 6 OBJ: 2
BLM: Higher order

27. When a homeowner visited The Home Depot to buy what he thought he needed to fix a leaking toilet, he gathered up materials totalling almost \$70. On his way to checkout, an employee asked him what was he trying to fix. After some discussion, the employee convinced the homeowner that a \$5.99 replacement part would fix the problem better than the materials he thought he needed and with less trouble. This sort of discussion between employees and customers is commonplace at The Home Depot. What sort of orientation does the retail store have?
- a. market
 - b. sales
 - c. production
 - d. product

ANS: A PTS: 1 DIF: Application REF: p. 6
OBJ: 2 BLM: Higher order

28. World Wrestling Entertainment (formerly the World Wrestling Federation) is very focused on what its fans want in terms of product licensing and, more importantly, in terms of plot lines and character development. All of the company's activities are integrated so that no employee ever loses sight of the company's desire to satisfy its fans. What sort of orientation does World Wrestling Entertainment have?
- a. sales
 - b. production
 - c. product
 - d. market

ANS: D PTS: 1 DIF: Application REF: p. 6
OBJ: 2 BLM: Higher order

29. What does achieving a market orientation involve?
- a. implementing actions to provide satisfaction for employees
 - b. determining how to deliver superior customer value
 - c. doing research on suppliers and competitors
 - d. establishing and maintaining mutually satisfying relationships with suppliers

ANS: B PTS: 1 DIF: Comprehension
REF: p. 6 OBJ: 2 BLM: Remember

30. Walmart has become the leading discount retailer in Canada and the world by focusing on the customer's needs and wants. This philosophy is at the heart of which orientation?
- a. production
 - b. market
 - c. sales
 - d. retail

ANS: B PTS: 1 DIF: Application REF: p. 6
OBJ: 2 BLM: Remember

31. What do the marketing concept and market orientation recognize?
- a. Sales depend predominantly on an aggressive sales force.
 - b. What the customer thinks he is buying is what is important.
 - c. Price is the most important variable for customers.
 - d. Selling and marketing are essentially the same thing.

ANS: B

The perceived product and perceived value are what the customer is buying, and the marketing concept and market orientation have attempted to understand those perceptions.

PTS: 1
OBJ: 2

DIF: Comprehension
BLM: Remember

REF: p. 6

32. What does a company do if it has a market orientation and adheres to the marketing concept?
- a. integrate all the activities of the firm to satisfy customer wants
 - b. differentiate a firm's current products from its past products
 - c. focus on consumer complaints
 - d. fuel sales growth through the application of aggressive sales techniques

ANS: A

Integrating all the firm's activities around the marketing concept is essential to its success.

PTS: 1
OBJ: 2

DIF: Comprehension
BLM: Remember

REF: p. 6

33. The statement "Marketing should be introduced at the beginning rather than the end of the production cycle and integrated into each phase of the business" is consistent with which orientation?
- a. market
 - b. sales
 - c. enterprise
 - d. production

ANS: A

Understanding the competitive arena and competitors' strengths and weaknesses is a critical component of market orientation.

PTS: 1
OBJ: 2

DIF: Comprehension
BLM: Higher order

REF: p. 6

34. The manufacturer of Rossignol brand skis has a market orientation and adheres to the marketing concept. What would the company most likely do first when reacting to consumer dissatisfaction?
- a. hire more salespeople
 - b. increase the number of sporting goods stores that carry Rossignol skis
 - c. increase its advertising to underserved markets
 - d. conduct research to determine if its customers' needs have changed

ANS: D

A marketing concept and market-oriented philosophy is based on the consumer's wants and needs, and the organization will focus its activities on satisfying these customers by listening to them and revising strategies as necessary.

PTS: 1

DIF: Comprehension

REF: p. 6

OBJ: 2

BLM: Higher order

35. What does the marketing concept involve?
- a. selling as much product as possible under the assumption that people will buy more goods and services if aggressive selling techniques are used
 - b. satisfying management's needs and wants with the idea of maximizing profits in the short run
 - c. focusing on customers' wants so that the organization can distinguish its product (or products) from the competitors' products
 - d. selling as much as possible under the assumption that consumers will buy more at lower prices

ANS: C

PTS: 1

DIF: Definition

REF: p. 6

OBJ: 2

BLM: Remember

36. What is the main focus of a marketing-oriented firm?
- a. outward upon the wants and needs of customers
 - b. inward upon the abilities to deliver goods and services
 - c. outward upon societal responsibilities
 - d. inward upon the organization's needs

ANS: A

Marketing-oriented firms are focused outward toward their customers.

PTS: 1

DIF: Comprehension

REF: p. 6

OBJ: 3

BLM: Remember

37. Which of the following is a viable method a company can use to become more marketing oriented?
- a. Implement employee-only meetings.
 - b. Make sure all employees are customer oriented.
 - c. Train employees to focus on profit maximization.
 - d. Train employees in the latest aggressive selling techniques.

ANS: B

The marketing orientation relies on customer satisfaction rather than the latest sales techniques.

PTS: 1

DIF: Comprehension

REF: p. 6

OBJ: 3

BLM: Remember

38. Which of the following measures would be the best indicator of whether your organization's personnel have a customer orientation?
- a. Test employees on their knowledge of customer service techniques.
 - b. Assess each employee's impact on the profitability of the firm.
 - c. Ask each employee's boss if that person is customer oriented.
 - d. Survey customers on how oriented the organization's personnel are to customer needs and desire.

ANS: D

The key to assessing how customer-oriented a firm's personnel are is to ask the customer. Only the customer can provide this type of information.

PTS: 1

DIF: Comprehension

REF: p. 6

OBJ: 3

BLM: Higher order

39. The marketing concept includes a goal orientation to remind managers of which of the following?
- a. The only reason for any business to exist is to make a profit.
 - b. Achieving long-term organizational goals is as important as satisfying customers.
 - c. The objective is to find a target market that differs from that of the competition.
 - d. Customers must be satisfied no matter what the organizational costs.

ANS: B

The goal orientation refers to the company's goals, such as profit, growth, service, and survival.

PTS: 1

DIF: Comprehension

REF: p. 6

OBJ: 2

BLM: Remember

40. The marketing concept stresses that the social and economic justification for an organization's existence is the satisfaction of customer needs and wants while doing which of the following?
- a. simultaneously meeting organization objectives
 - b. applying scientific management techniques to improve efficiency
 - c. producing a good or service at the lowest possible cost
 - d. constantly increasing sales volumes

ANS: A

The marketing concept holds that the needs and wants of both the customer and the firm must be served.

PTS: 1

DIF: Comprehension

REF: p. 6

OBJ: 2

BLM: Remember

41. You are in charge of the marketing program at Cedarstream, a manufacturer of recreational vehicles, and have been asked to create a company that acts in compliance with the marketing concept and has a market orientation. What will you most likely do as your first action?
- a. hire new salespeople to find new customers for Cedarstream vehicles
 - b. create cross-functional entrepreneurial teams to overcome the difficulty of getting people from different functional areas to work together in developing new products.
 - c. reorganize the company and make marketing the most important department
 - d. expand the advertising budget so that potential customers will be more aware of Cedarstream's products

ANS: B

Market-oriented companies are successful in getting all business functions working together to deliver customer value.

PTS: 1 DIF: Application REF: p. 6 OBJ: 2
BLM: Higher order

42. Suppose an organization believes that it exists not only to satisfy customer wants and needs and to meet organizational objectives but also to preserve or enhance individuals' and society's long-term best interests. What type of orientation does it have?
- a. sales orientation
 - b. marketing orientation
 - c. focused target market strategy
 - d. societal orientation

ANS: D PTS: 1 DIF: Definition REF: p. 7
OBJ: 2 BLM: Remember

43. Most companies become sensitized to community issues after they've done enough damage to draw the locals' anger. Dofasco, Inc., a highly successful steel company in Ontario, tries to get ahead of business and community issues by annually bringing together representatives from the local area and deciding what projects to improve the local environment will be implemented. What type of orientation does Dofasco have as indicated by this annual community-wide meeting?
- a. sales
 - b. societal marketing
 - c. production
 - d. product

ANS: B

Societal marketing orientation is the idea that an organization exists not only to satisfy customer wants and needs and to meet organizational objectives but also to preserve individuals' and society's long-term best interest.

PTS: 1 DIF: Application REF: p. 7 OBJ: 2
BLM: Higher order

44. Kinko's copy shops use the equivalent of 10.5 square miles of forest to produce all of the paper needed by the corporation annually. While the company is committed to making a profit, it is also committed to preserving the environment. In 1997, Kinko's wrote an environmental vision in which it committed the company to conserving natural resources. With this 1997 environmental vision, what sort of orientation did Kinko's adopt?
- a. sales
 - b. product
 - c. societal marketing
 - d. production

ANS: C

Societal marketing orientation is the idea that an organization exists not only to satisfy customer wants and needs and to meet organizational objectives but also to preserve individuals' and society's long-term best interest.

PTS: 1 DIF: Application REF: p. 7 OBJ: 2
BLM: Higher order

45. Which of the following statements about the societal orientation is true?
- a. Companies that protect the environment by using all-natural materials in their products are showing a societal marketing orientation.
 - b. The societal marketing concept is very different from the market concept.
 - c. Marketers try to deliver all benefits sought by customers even if that results in a negative effect on the environment.
 - d. Organizations have either a social or economic justification for their existence.

ANS: A PTS: 1 DIF: Comprehension
REF: p. 7 OBJ: 2 BLM: Higher order

46. Due to consumer concerns about skin cancer and other negative outcomes associated with sun exposure, the trend in sun-care products throughout most of the 1990s was in favour of higher-SPF sunscreens. This seems to be changing now, at least for some target segments. In response to the latest trends of teenagers using baby oil, Crisco, and even motor oil to enhance tanning effects, Coppertone and Hawaiian Tropic have introduced new low-UV-protection products. While giving customers what they want indicates a market orientation, creating a potential problem (an increase in skin cancer fatalities) shows a potential absence of which type of orientation?
- a. sales
 - b. production
 - c. societal marketing
 - d. market

ANS: C

Other sun-product companies may be concerned with other market segments and society's long-term interests (societal orientation).

PTS: 1 DIF: Application REF: p. 7 OBJ: 2
BLM: Higher order

47. Levi Strauss developed a Naturals line of jeans that do not use any chemical dyes to colour the pants. Consumers liked the look of the pants, and Levi's use of all-natural dyes is good for the environment. What type of orientation would the production of the Naturals line be consistent with?
- a. societal marketing
 - b. supplier
 - c. sales
 - d. production

ANS: A PTS: 1 DIF: Application REF: p. 7
OBJ: 2 BLM: Higher order

48. Jewellery stores want to provide their customers with the highest quality of diamonds available at the lowest possible prices. Unfortunately, the lowest-priced diamonds these days are sold by African rebels who use the profits to engage in genocide. Human rights organization have asked jewellers to buy diamonds that are "conflict-free," that is from South Africa, Australia, or Canada. LeeBrant is one retail jewellery store that sells only diamonds that are certified to be from these countries. One could say that LeeBrant has a societal marketing orientation. Which type of orientation do jewellers that are willing to sell the higher priced non-conflict diamonds have?
- a. production
 - b. product
 - c. market
 - d. sales

ANS: C
The other jewellers that continue to sell diamonds purchased from the rebels are more interested in satisfying their customers' desire for lower prices than in serving society.

PTS: 1 DIF: Application REF: p. 7 OBJ: 2
BLM: Higher order

49. Which of the following is the ratio of benefits to the sacrifice necessary to obtain those benefits?
- a. marketing utility
 - b. opportunity cost
 - c. market quality
 - d. customer value

ANS: D PTS: 1 DIF: Definition REF: p. 8
OBJ: 3 BLM: Remember

50. Canada Post argues that its express service is comparable to that offered by FedEx and that its prices are much lower. Yet FedEx dominates with more than a 45 percent share of the express-delivery market. Which of the following statements most accurately describes this situation?
- a. Canada Post should lower its prices even further to increase market share.
 - b. FedEx is perceived as offering greater customer value.
 - c. Customer value is not an issue in deciding which express-delivery service to use.
 - d. Canada Post is perceived as offering greater customer value.

ANS: B PTS: 1 DIF: Application REF: p. 8
OBJ: 3 BLM: Higher order

51. What does Xerox emphasize by replacing at its own expense any dissatisfied customer's equipment 57. What can marketers interested in offering customer value do?
- offer organization-wide commitment to service and after-the-sale support
 - offer unrealistic pricing
 - offer products that perform up to legal safety standards
 - give consumers only what they expect

ANS: A PTS: 1 DIF: Comprehension
REF: p. 8 OBJ: 3 BLM: Remember

52. What is created when customer expectations regarding product quality, service quality, and value-based price are met or exceeded?
- expectation satisfaction
 - planning excellence
 - customer satisfaction
 - a value line

ANS: C PTS: 1 DIF: Definition REF: p. 9
OBJ: 3 BLM: Remember

53. Canada Post argues that its express service is comparable to that offered by FedEx and that its prices are much lower. Yet FedEx dominates with more than a 45 percent share of the express-delivery market. Which of the following statements most accurately describes this situation?
- FedEx is perceived as offering greater customer value.
 - Customer value is not an issue in deciding which express-delivery service to use.
 - Canada Post is perceived as offering greater customer value.
 - Canada Post should lower its prices even further to increase market share.

ANS: A PTS: 1 DIF: Application REF: p. 8
OBJ: 3 BLM: Higher order

54. What does Xerox emphasize by replacing at its own expense any dissatisfied customer's equipment 87. Canada Post argues that its express service is comparable to that offered by FedEx and that its prices are much lower. Yet FedEx dominates with more than a 45 percent share of the express-delivery market. Which of the following statements most accurately describes this situation?
- Canada Post should lower its prices even further to increase market share.
 - Canada Post is perceived as offering greater customer value.
 - FedEx is perceived as offering greater customer value.
 - Customer value is not an issue in deciding which express-delivery service to use.

ANS: C PTS: 1 DIF: Application REF: p. 8
OBJ: 3 BLM: Higher order

55. Canada Post argues that its express service is comparable to that offered by FedEx and that its prices are much lower. Yet FedEx dominates with more than a 45 percent share of the express-delivery market. Which of the following statements most accurately describes this situation?
- a. Customer value is not an issue in deciding which express-delivery service to use.
 - b. FedEx is perceived as offering greater customer value.
 - c. Canada Post is perceived as offering greater customer value.
 - d. Canada Post should lower its prices even further to increase market share.

ANS: B PTS: 1 DIF: Application REF: p. 8
OBJ: 3 BLM: Higher order

56. What does Xerox emphasize by replacing at its own expense any dissatisfied customer's equipment?
- a. direct selling
 - b. transactional marketing
 - c. management–customer synergy
 - d. customer satisfaction

ANS: D PTS: 1 DIF: Application REF: p. 9
OBJ: 3 BLM: Higher order

57. Networkcar.com sells a plug-in device that connects to computer diagnostic ports that are standard on cars. The device beams signals to dealers who can remotely diagnose or spot trouble. The device allows car dealerships to maintain a closer bond with their customers by offering maintenance before a problem leaves customers with an inoperable or possibly dangerous car. With the device, what can dealers better engage in?
- a. relationship marketing
 - b. management–customer synergy
 - c. transactional marketing
 - d. direct selling

ANS: A PTS: 1 DIF: Application REF: p. 10
OBJ: 3 BLM: Higher order

58. Which of the following strategies entails forging long-term partnerships with customers?
- a. commitment selling
 - b. transactional marketing
 - c. relationship marketing
 - d. market engineering

ANS: C PTS: 1 DIF: Definition REF: p. 10
OBJ: 3 BLM: Remember

59. Frequent-flyer programs are an example of financial incentives to customers in exchange for their continuing patronage. After flying a certain number of miles or flying a specified number of times, the frequent-flyer program participant earns a free flight or some other award such as free lodging. What are airlines that use frequent-flyer programs practising?
- a. relationship marketing
 - b. transformational marketing
 - c. commitment selling
 - d. marketing engineering

ANS: A

The strategy that entails forging long-term partnerships with customers is called relationship marketing.

PTS: 1 DIF: Application REF: p. 10 OBJ: 3
BLM: Higher order

60. Greenberg Smoked Turkey, Inc., is a nationwide mail-order business that operates without any advertising. It does not accept credit cards and has no toll-free number. The hopelessly old-fashioned company is also a very profitable with thousands of devoutly loyal customers—some of whom have ordered Greenberg smoked turkeys every year for the last 50 years. Greenberg more than likely uses which of the following to maintain these long-term ties to its customers?
- a. reactive marketing
 - b. relationship marketing
 - c. management empowerment
 - d. a sales orientation

ANS: B

Relationship management is a strategy that entails forging long-term partnerships with customers.

PTS: 1 DIF: Application REF: p. 10 OBJ: 3
BLM: Higher order

61. What is one-to-one marketing a form of?
- a. societal marketing
 - b. a sales orientation
 - c. relationship marketing
 - d. a marketing network

ANS: C PTS: 1 DIF: Definition REF: p. 10
OBJ: 3 BLM: Remember

62. What is the objective of one-to-one marketing?
- a. to reduce customer satisfaction
 - b. to build and maintain customer loyalty
 - c. to decrease revenue
 - d. to increase costs

ANS: B PTS: 1 DIF: Comprehension
REF: p. 10 OBJ: 3 BLM: Remember

63. What gives customers the feeling that their concerns are being addressed and gives employees the feeling that their expertise matters?
- a. empowerment
 - b. management–employee synergy
 - c. a hierarchically responsive organization
 - d. delegation

ANS: A PTS: 1 DIF: Definition REF: p. 11
OBJ: 3 BLM: Remember

64. Many companies are jazzing up plant tours and making store visits more exciting to increase customer loyalty. For example, at the Crayola Factory, kids watch how crayons are made and then play with their favourite colours in a 20,000 square-foot discovery centre. Which of the following would be necessary for a visit to the Crayola Factory to increase customer loyalty?
- a. customer empowerment
 - b. customer-oriented personnel
 - c. reciprocal exchange
 - d. a societal marketing orientation

ANS: B
Customer-oriented personnel strengthen the positive image of an organization.

PTS: 1 DIF: Application REF: p. 11 OBJ: 3
BLM: Higher order

65. Taxi companies in many large metropolitan areas are requiring newly licensed taxi drivers to undergo a two-day training seminar during which they learn basic etiquette and acquire a familiarity with common landmarks and street names. What is the purpose of this training?
- a. to increase employment levels
 - b. to promote company image by increasing public awareness
 - c. to improve customer service
 - d. to reduce the need of empowerment

ANS: C
Leading marketers recognize the role of employee training in customer service.

PTS: 1 DIF: Application REF: p. 11 OBJ: 3
BLM: Higher order

66. Some marketing-oriented firms give employees expanded authority to solve customer problems on the spot. What is this known as?
- a. mediating
 - b. deregulation
 - c. training
 - d. empowerment

ANS: D PTS: 1 DIF: Definition REF: p. 11
OBJ: 3 BLM: Remember

67. The management at Canadian Pacific (CP) Hotels has authorized its hotels' staffs to provide whatever amenity—such as a special magazine or a hypoallergenic pillow—their frequent stayers request as quickly as possible. What is this an example of?
- a. commissioning
 - b. empowerment
 - c. training
 - d. deregulation

ANS: B

CP management gave employees expanded authority to solve customer problems on the spot.

PTS: 1 DIF: Application REF: p. 11 OBJ: 3
BLM: Higher order

68. As part of instituting an empowerment program, what should a marketing director do?
- a. create a customer-service department and place a key staff person in charge of the department
 - b. train the company's staff to judge of the quality of the products the firm produces
 - c. allow all non-management employees to resolve problems on their own without prior approval from their immediate supervisors
 - d. hire 30 new university graduates who have the latest training in marketing management techniques

ANS: C

Empowerment refers to firms that give employees expanded authority to solve customer problems on the spot without having to get management's permission first.

PTS: 1 DIF: Application REF: p. 11 OBJ: 3
BLM: Higher order

69. What is the collaborative effort of people to achieve common objectives?
- a. empowerment
 - b. effort training
 - c. teamwork
 - d. mediation

ANS: C PTS: 1 DIF: Definition REF: p. 11
OBJ: 3 BLM: Remember

70. What is the effect of redefining the business mission of a mattress manufacturer as “a good night’s sleep,” rather than stating the mission as “the manufacture of high-quality mattresses”?
- a. It stifles creativity in discovering opportunities to serve customers.
 - b. It is too broad a statement to be of any real use in serving customers.
 - c. It helps ensure that the firm retains its focus on consumers and does not become preoccupied with its products and internal needs.
 - d. It ensures that the core products will be retained.

ANS: C

The broader business mission of “a good night sleep” will stimulate innovation and creativity because not all sleep aids are mattresses. It will lead the company to further growth.

PTS: 1 DIF: Application REF: p. 12 OBJ: 3
BLM: Higher order

71. One of the reasons given for the decline of the passenger rail industry in Canada is the fact the industry defined its mission as trains and not as transportation sources. What did the railroad industry fail to do?
- a. empower the consumer
 - b. ignore the marketing concept of serving customer needs and wants
 - c. define its mission in terms of the benefits its customers seek
 - d. have a sales orientation

ANS: C

A market-oriented firm defines its business in terms of the benefits its customers seek. Because of the limited way the railroad industry defined its business, it missed an opportunity to define itself in terms of the benefits customers were seeking.

PTS: 1 DIF: Application REF: p. 12 OBJ: 3
BLM: Higher order

72. When light bulbs were first introduced, manufacturers offered one size for all light fixtures. Today you can buy light bulbs in different shapes, different wattages, and different colours. They also differ as to how much electricity they use and their duration. Which of the following **BEST** describes light bulb manufacturers?
- a. They are aiming at a goal of profit through maximum sales volume.
 - b. They are sales-oriented companies.
 - c. They miss sales by not concentrating on the average customer.
 - d. They recognize that different customer groups have different needs and wants.

ANS: D

One way to implement the marketing concept is to concentrate on a specific group of customers’ needs.

PTS: 1 DIF: Application REF: p. 13 OBJ: 3
BLM: Higher order

73. One way to identify the orientation of a firm is to examine its primary goal. If a firm sells to achieve profitability through sales volume, what would it probably be?
- a. sales oriented
 - b. retail oriented
 - c. production oriented
 - d. price oriented

ANS: A PTS: 1 DIF: Comprehension
REF: p. 13 OBJ: 3 BLM: Remember

74. What is the primary tool used by a sales-oriented organization to achieve its corporate goals?
- a. price
 - b. product design
 - c. place (distribution)
 - d. promotion

ANS: D
A sales-oriented organization seeks to generate sales volume based upon intensive promotional activities.

PTS: 1 DIF: Comprehension REF: p. 13
OBJ: 3 BLM: Higher order

75. For a market-oriented organization, what is the primary tool used to achieve its goals?
- a. a blend of product, place, promotion, and pricing decisions
 - b. price
 - c. promotion
 - d. place (distribution)

ANS: A
A market-oriented organization seeks to generate sales volume based on serving customer needs and wants, utilizing all of the elements of the marketing mix to do so.

PTS: 1 DIF: Application REF: p. 13 OBJ: 3
BLM: Higher order

76. The manufacturer of MaMa Haman's peach salsa knows marketing can make her company a success. She wants to rely solely on promotion as the technique for attracting customers. She advertises extensively in cooking magazines, offers coupons, and provides retailers who carry her product with attractive displays. From this information, what type of orientation does the business have?
- a. sales
 - b. production
 - c. product
 - d. market

ANS: A
A sales-oriented organization views promotions as the primary tool used to achieve its goals.

PTS: 1 DIF: Application REF: p. 13 OBJ: 3
BLM: Higher order

77. Which of the following is **NOT** a good reason to study marketing?
- a. Marketing plays an important role in society, coordinating the huge numbers of transactions needed to provide goods and services.
 - b. Marketing teaches businesses how to sell products that people do not need.
 - c. Marketing is the key function in business.
 - d. Marketing affects part of your life as a consumer.

ANS: B PTS: 1 DIF: Comprehension
REF: p. 14 OBJ: 4 BLM: Remember

78. Wilson is an agriculture and dairy science major at a university. After graduation, he hopes to modernize and expand his family's dairy farm in a scientific and efficient manner. His adviser at school has suggested that he take a marketing course in the school of business as an elective. Wilson thinks this is an absurd idea. You are his friend and a marketing major. What do you advise?
- a. Marketing knowledge will help Wilson to understand that he must satisfy wholesalers, retailers, and consumers.
 - b. More biology and agriculture classes will be most useful for Wilson.
 - c. The main reason to take marketing is to teach Wilson how to advertise milk.
 - d. Marketing is not relevant for a business such as a family dairy farm.

ANS: A
Marketing is an important conceptual base that will help Wilson to assess the needs and wants of his various business contacts and customers. Marketing is a key component of every business.

PTS: 1 DIF: Application REF: p. 14 OBJ: 4
BLM: Higher order

79. Jamie owns a small moving company in Winnipeg. She has decided to take a few night school business courses because her company is growing quickly and there are many things she does not understand. Should Jamie enroll in a marketing course?
- a. No, because Jamie can hire an ad agency and will not need firsthand marketing knowledge.
 - b. Yes, because marketing is synonymous with selling, and Jamie will want to learn aggressive sales techniques to continue the growth of the company.
 - c. Yes, because marketing helps businesses sell products that people don't need.
 - d. Yes, because the concept of marketing will help Jamie to better satisfy her customers.

ANS: D
The marketing concept stresses the commitment to satisfying customer needs and wants with an entire range of marketing tools, not just selling or advertising.

PTS: 1 DIF: Application REF: p. 14 OBJ: 4
BLM: Higher order

80. In a buyer's market where production exceeds demand, some businesses are most likely to adopt what type of orientation?
- a. market
 - b. sales
 - c. profit
 - d. production

ANS: B PTS: 1 DIF: Definition REF: p. 5
OBJ: 2 BLM: Remember

81. What type of management sees marketing as the vehicle to move products out of a company's warehouse to avoid excessive inventory charges?
- a. production orientation
 - b. societal marketing orientation
 - c. sales orientation
 - d. market orientation

ANS: C PTS: 1 DIF: Definition REF: p. 5
OBJ: 2 BLM: Remember

82. Which of the following statements about a sales-oriented company is **FALSE**?
- a. "We are interested in innovative, unique ways of advertising our services to customers."
 - b. "We usually hire aggressive, goal-oriented sales people."
 - c. "We are interested in new coupon campaigns to promote our products to customers."
 - d. "We are constantly asking customers for ways to improve our products."

ANS: D PTS: 1 DIF: Comprehension
REF: p. 5 OBJ: 2 BLM: Higher order

83. According to the text, which of the following statements is true?
- a. A market orientation for a business indicates that what it produces for that market is of primary importance to its long-run success.
 - b. A sales orientation is based on the ideas that people will buy more goods and services if aggressive sales techniques are used and that high sales result in high profits.
 - c. Market orientation refers to the fact that sales depend in large part on aggressive sales force efforts to capture large sectors of the market.
 - d. Societal marketing states that an organization exists only to preserve society's best interests in the long run.

ANS: B PTS: 1 DIF: Conceptual REF: p. 5
OBJ: 2 BLM: Higher order

84. What does delivering customer value mean?
- a. promising to deliver customers everything they want at a price that even they cannot believe
 - b. offering customers the lowest price imaginable
 - c. beating the competition's price and delivery time
 - d. paying attention to customer feedback

ANS: D PTS: 1 DIF: Definition REF: p. 8
OBJ: 3 BLM: Remember

85. What is customer satisfaction?
- a. a service best handled by the company's customer service department staffed with qualified customer complaint handlers
 - b. your customers' evaluation of your goods and services in terms of whether those goods and services are of the highest quality possible
 - c. your customers' evaluation of your goods and services in terms of whether they have met the customers' expectations of the best price possible
 - d. your customers' evaluation of your goods and services in terms of whether they have met the customers' needs and expectations

ANS: D PTS: 1 DIF: Definition REF: p. 9
OBJ: 3 BLM: Remember

86. What does one-to-one marketing entail?
- a. utilizing customer information to build long-term, personalized, and profitable relationships with customers
 - b. having the company spend vast sums of money to enable every customer to direct what kind of goods and services she would like the company to build for her
 - c. having the company hire a marketing consultant to perform one-to-one interviews with all of the company's customers in order to build high-quality products and services
 - d. utilizing company resources to ensure that each customer is put into direct contact with another company customer in order to build favourable word-of-mouth endorsements

ANS: A PTS: 1 DIF: Definition REF: p. 9
OBJ: 3 BLM: Remember

87. Which of the following describes a market-oriented organization?
- a. It recognizes the benefits inherent in listening to customer feedback and then carefully calculating the average customer need and building a good or service to satisfy that average need.
 - b. It always achieves profitability through sales volume of its goods and services sold in the market.
 - c. It recognizes that different customer groups want different features or benefits; therefore, it may be necessary to develop different goods, services, and promotional appeals.
 - d. It carefully analyzes the marketplace and divides it into groupings of people who buy the company's goods and services and groupings of people who do not buy the company's goods and services.

ANS: C PTS: 1 DIF: Conceptual REF: p. 6
OBJ: 3 BLM: Higher order

88. Why is a production-oriented company deficient?
- a. It may not have sufficient production facilities to keep up with heavy market demand for its goods and services.
 - b. It has spent too much time and effort developing low-quality and low-priced products to satisfy a subset of the marketplace.
 - c. It has not invested wisely in the widest variety of products to cover the marketplace.
 - d. It does not consider whether the goods and services it produces most efficiently meet the needs of the marketplace.

ANS: D PTS: 1 DIF: Definition REF: p. 5
OBJ: 2 BLM: Higher order

89. What does the marketing concept include?
- a. focusing on competitors' offerings to the marketplace and developing items of equal quality but at a lower price for its customers
 - b. focusing on competitors' offerings to the marketplace and developing higher quality offerings for customers
 - c. achieving short-run profit goals for the organization in order to keep prices as low as possible for its customers
 - d. integrating all of the organization's activities, including production, to satisfy customer wants

ANS: D PTS: 1 DIF: Conceptual REF: p. 6
OBJ: 2 BLM: Remember

90. What is the baseline (minimum) requirement for offering customer value?
- a. Give customers more than they expect.
 - b. Offer products that perform.
 - c. Give the buyer facts.
 - d. Offer organization-wide commitment to service and after-sales support.

ANS: B PTS: 1 DIF: Conceptual REF: p. 8
OBJ: 3 BLM: Remember

91. What does *empowerment* refer to?
- a. the company's delegation of authority to its employees to solve customer problems on the spot
 - b. the company's profit picture improvement as a result of employing a market-oriented philosophy through all of its activities
 - c. the power gathered by a company as a result of combining relationship marketing and personal selling
 - d. the marketing department of a large corporation

ANS: A PTS: 1 DIF: Definition REF: p. 11
OBJ: 3 BLM: Remember

92. Why should firms answer the question, "What is our business?"
- a. to maximize profits while keeping the employees happy
 - b. to ensure that the firm stays on track and focused on its highest quality goods and services offered to the marketplace
 - c. to ensure that the firm keeps focusing on its goods and services and on the organization's internal needs while avoiding becoming preoccupied with customers
 - d. to encourage innovation and creativity by reminding people that there are many ways to satisfy customer wants

ANS: D PTS: 1 DIF: Conceptual REF: p. 12
OBJ: 3 BLM: Higher order

A problem facing the timber industry is the absence of any effective way to prove that rain forest timber was legally logged from places like Indonesia, where as much as 80 percent is the product of illegal logging. Companies such as The Home Depot do not want to sell timber from illegally logged forests even though the demand is great for timber from rain forests.

93. **Refer to Timber Industry.** Why will exchanges between The Home Depot and companies that are selling illegally logged timber not occur?
- One party believes it is inappropriate to deal with the other party.
 - Only one party is free to accept the exchange offer.
 - Neither party has something of value to bring to the exchange.
 - Neither party sees the exchange as producing value.

ANS: A

For an exchange to occur, two or more parties must be involved. Both parties are free to accept or reject the exchange. If The Home Depot believes the timber was illegally logged, then it will not want to deal with the loggers.

PTS: 1 DIF: Application REF: p. 4 OBJ: 1
BLM: Higher order

94. **Refer to Timber Industry.** Indonesian logging companies harvest the rain forests for timber and assume that a market exists for their products. What type of orientation does the typical Indonesian logging company have?
- sales
 - production
 - exchange
 - product

ANS: B

The logging companies do not focus on the needs and desires of the marketplace.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Remember

95. **Refer to Timber Industry.** To prove an interest in preserving rain forests, two Indonesian logging companies have developed a bar coding system, which proves the timber was legally acquired. This focus on customers' needs indicates what type of orientation?
- supplier
 - sales
 - production
 - marketing

ANS: D PTS: 1 DIF: Application REF: p. 6
OBJ: 2 BLM: Higher order

Fujifilm Computer Products has improved the efficiency and productivity of its plant, which manufactures printing technology. For the new fiscal year, the company projects a production increase of 25 percent, and has instructed its sales force to aggressively distribute and promote the product. The CEO is sure that the market will absorb more product if the sales force is determined and assertive.

96. *Refer to Fujifilm Computer Products.* What sort of orientation does Fujifilm appear to have?
- a. sales
 - b. customer
 - c. production
 - d. marketing

ANS: A

A sales orientation is based on the belief that customers resist buying items that are not essential, and that people will buy more goods and services if aggressive sales techniques are used.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Higher order

97. *Refer to Fujifilm Computer Products.* Which of the following **BEST** describes FujiFilm?
- a. It is in the business of satisfying customers.
 - b. It directs its products to specific groups of people.
 - c. It seeks its goals primarily through the use of intensive promotion.
 - d. It profits through customer satisfaction.

ANS: C

FujiFilm definitely has a sales orientation. See Review Learning Objective 3 for a table showing the differences between a market orientation and a sales orientation.

PTS: 1 DIF: Application REF: p. 13 OBJ: 3
BLM: Higher order

Rose is a telephone order taker for Brylane, a catalogue retailer of furnishings for bedrooms and baths. A customer called and asked if the sea green in a bedspread that she had purchased matched the green in a lamp that was being offered in the newest Brylane catalogue. Rose got the potential customer's phone number, went out to the warehouse, located the items, determined they did not match, and called the potential customer to tell her that information.

98. *Refer to Brylane.* Which orientation did Rose show?
- a. production
 - b. market
 - c. societal
 - d. sales

ANS: B

A market-oriented philosophy is based on the consumer's wants and needs, and the dealer satisfied these needs by providing excellent customer service,

PTS: 1 DIF: Application REF: p. 6 OBJ: 2
BLM: Higher order

99. **Refer to Brylane.** What was the most likely result of Rose's efforts?
- a. management empowerment
 - b. customer satisfaction
 - c. transactional marketing
 - d. retailer-customer synergy

ANS: B PTS: 1 DIF: Application REF: p. 9
OBJ: 3 BLM: Higher order

Jacques Torres Chocolate is a factory and retail store in St. Boniface. Its owner is willing to try to produce new products when his customers suggest them—such as chili pepper-laced chocolate candy. His only condition is that when he adds new products, his customers have the final say on whether the product is of any value. According to Torres, “If something doesn’t move, that’s the last time you see it.”

100. **Refer to Jacques Torres Chocolate.** By focusing on customers' wants, what type of orientation does the company show?
- a. production
 - b. product
 - c. market
 - d. sales

ANS: C
Torres understands that a sale occurs because a customer makes a decision to buy.

PTS: 1 DIF: Application REF: p. 6 OBJ: 2
BLM: Higher order

101. **Refer to Jacques Torres Chocolate.** What is the primary goal of Jacques Torres Chocolate?
- a. to make a profit while providing customer satisfaction
 - b. to achieve profitability through sales volume
 - c. to convince potential customers to buy
 - d. to build exchange relationships with its stakeholders

ANS: A PTS: 1 DIF: Application REF: p. 13
OBJ: 3 BLM: Higher order

102. **Refer to Jacques Torres Chocolate.** What marketing tools does the organization use to achieve its goals?
- a. aggressive promotion
 - b. the marketing mix
 - c. advertising and personal selling only
 - d. production, promotion, and pricing

ANS: B
Jacques Torres Chocolate has a market orientation. A company with a market orientation has to make decisions in all four areas of the marketing mix.

PTS: 1 DIF: Application REF: p. 13 OBJ: 3
BLM: Higher order

103. **Refer to Jacques Torres Chocolate.** Which of the following **BEST** describes the company?
- a. It seeks its goals primarily through the use of intensive promotion.
 - b. It profits through customer satisfaction.
 - c. It has an inward focus on the organization's needs.
 - d. It is in the business of selling chocolate.

ANS: B PTS: 1 DIF: Application REF: p. 13
OBJ: 3 BLM: Higher order

Shoppers at an Ingles supermarket can request Smart Partner cards. Before their purchases are rung up at the checkout, customers give the cards to the checkout person, who swipes the cards. Then a percentage of the amount of money each shopper spent is given to a school the customer has chosen. The more money customers spend, the larger the donation to local educational institutions.

104. **Refer to Ingles Supermarket.** Ingles uses the Smart Partner cards as a part of which of the following?
- a. its retailer-customer synergy
 - b. its commitment selling
 - c. its transaction marketing
 - d. its relationship marketing

ANS: D
The strategy that entails forging long-term partnerships with customers is called relationship marketing.

PTS: 1 DIF: Application REF: p. 10 OBJ: 3
BLM: Higher order

105. **Refer to Ingles Supermarket.** By instituting the Smart Partner program to help local schools, what type of orientation has Ingles shown?
- a. production
 - b. sales
 - c. societal marketing
 - d. philanthropic

ANS: C PTS: 1 DIF: Application REF: p. 7
OBJ: 2 BLM: Higher order

When planning a funeral, the most expensive item typically is the casket. Funeral homes commonly show customers only three caskets, with people almost invariably choosing the middle-priced one, which tend to cost around \$2,200. Many funeral directors describe the lowest-priced model as the “welfare” casket although it is just as serviceable as the more expensive ones.

106. **Refer to Funeral Caskets.** Some funeral directors actually paint less expensive caskets ugly colours to lessen the probability they will be purchased. What type of orientation do these funeral directors have?
- a. societal marketing
 - b. social
 - c. sales
 - d. production

ANS: C

This example describes a business that is not customer focused and is not interesting in relationship marketing.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Higher order

107. **Refer to Funeral Caskets.** What should a retail casket outlet that wishes to offer customer value do?
- a. provide customers with only a few choices and a minimum of information on what services and caskets are available
 - b. use aggressive marketing techniques to sell pre-burial plans
 - c. tell customers that funeral homes like having competition
 - d. charge \$300 for a pine casket instead of the inflated price of \$1,000 charged by many funeral homes

ANS: D

A business interested in offering customer value should give customers more than they expect.

PTS: 1 DIF: Application REF: p. 8 OBJ: 3
BLM: Higher order

Dofasco, Inc. is a Canadian steel manufacturer. According to its CEO, “People can make a phenomenal difference if you stop telling them to come to work, put their brains in a box, and do whatever the supervisor says. We let our employees work in teams.”

108. **Refer to Dofasco, Inc.** This quote implies that, by using teamwork, Dofasco does which of the following?
- a. operates using a production orientation
 - b. provides its customer with a high level of satisfaction
 - c. has a high employee turnover rate
 - d. has a sales orientation

ANS: B

Teamwork is one way that a company with a market orientation creates customer satisfaction.

PTS: 1 DIF: Application REF: p. 11 OBJ: 3
BLM: Higher order

109. **Refer to Dofasco, Inc.** How does teamwork benefit Dofasco?

- a. by enhancing employee performance
- b. by creating managerial entropy
- c. by refining the definition of customer value
- d. by doing away with the need for empowerment

ANS: A

Enhanced employee performance leads to improved customer satisfaction.

PTS: 1 DIF: Application REF: p. 11 OBJ: 3
BLM: Higher order

In 1995, the Chrysler Corporation launched the first complete remake of its minivan category since the firm invented the vehicle category in 1984. The minivans were designed with more curves on the outside and more space on the inside. One of Chrysler's goals for remaking the minivan was to broaden the minivan's appeal beyond the traditional buyer base of practical families. Advertising showed minivans being used to cart everything from senior citizens to canoes. "A minivan is for any time, any place, everyone," was one of the promotional slogans used. To reach other customer groups, Chrysler developed a sports version and a short-wheel-base version of the upscale Town and Country model for sophisticated buyers. Chrysler hoped the \$2.6 billion vehicle development cost would pay off as the market expanded. However, competitors also began to offer a wider range of sophisticated models, and competition has become fierce.

110. **Refer to Chrysler Minivans.** When Chrysler first launched the minivan, the company offered only one version and was focused on generating sales volume through intensive advertising. This approach suggests that the company had which type of orientation?

- a. production
- b. sales
- c. promotional
- d. marketing

ANS: B

Sales-oriented organizations seek to generate sales volume based on intensive advertising, while market-oriented organizations recognize that promotion is only one of four basic marketing tools.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Higher order

111. **Refer to Chrysler Minivans.** The minivans were developed through an extensive investment in research and development to completely redesign the minivans and provide customers with new and updated features. This effort is designed to better meet consumer's wants and needs, and suggests that the company has adopted which sort of orientation?
- a. sales
 - b. market
 - c. production
 - d. retail

ANS: B

A market-oriented philosophy is based on consumers' wants and needs.

PTS: 1 DIF: Application REF: p. 6 OBJ: 2
BLM: Higher order

112. **Refer to Chrysler Minivans.** In an established organization such as Chrysler, recognizing minivan buyer needs and wants and switching to a customer-driven corporate culture probably required which of the following?
- a. the implementation of effective coaching programs
 - b. an emphasis on creating customer value
 - c. establishing strong short-term relationships with customers
 - d. teamwork with suppliers

ANS: B PTS: 1 DIF: Application REF: p. 8-11
OBJ: 3 BLM: Higher order

113. **Refer to Chrysler Minivans.** By introducing sporty, value-priced, and upscale minivans, Chrysler hoped to forge a long-term relationship with customers as they replace their older minivan. What is Chrysler engaged in?
- a. customer valuation
 - b. empowerment
 - c. primary goal making
 - d. relationship marketing

ANS: D

Relationship marketing seeks to forge long-term partnerships with customers.

PTS: 1 DIF: Application REF: p. 10 OBJ: 3
BLM: Higher order

114. **Refer to Chrysler Minivans.** Chrysler set up a team of special customer-service representatives to assist minivan buyers. The representatives are authorized to solve problems immediately. What were these employees given?
- a. teamwork
 - b. empowerment
 - c. customer value giving
 - d. authority training

ANS: B

Delegation of authority to employees is empowerment.

PTS: 1 DIF: Application REF: p. 11 OBJ: 3
BLM: Higher order

As recently as 20 years ago, circuses came to town with tents, animals, clowns, and other performers. An advance man arrived about two weeks before the circus actually arrived, covered the community with posters, and gave out free tickets to school children. If the advance man had done a good job, when the circus arrived and opened its tent doors, 300 to 600 people would fill its seats. When the largest circus organizations merged, the newly formed Ringling Bros. and Barnum & Bailey's Greatest Show on Earth began performing in 4,000-seat arenas. Attendance, however, has stagnated in recent years. People have stopped going to the circus because they miss the circus tent and the close intimate atmosphere it created. The newest thing in circuses is a return to the tent atmosphere with an emphasis on the types of entertainment that were popular years ago. Antique circus wagons, calliope music, and cotton candy are replacing the exotic animals and the prima donna performers. To satisfy the needs of this new audience, the tent circus sells lattes and wine.

115. **Refer to Circuses.** The aggressive promotions used by advance men indicate that the circuses two decades ago probably had what sort of orientation?
- a. market
 - b. product
 - c. production
 - d. sales

ANS: D

Sales-oriented organizations achieve their sales goals primarily through intensive promotion.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Higher order

116. **Refer to Circuses.** Now circuses are trying to satisfy customers' needs and wants and to profit through customer satisfaction. They have adopted what type of orientation?
- a. societal
 - b. retail
 - c. selling
 - d. market

ANS: D

A market-oriented philosophy is based on consumers' wants and needs.

PTS: 1 DIF: Application REF: p. 6 OBJ: 2
BLM: Higher order

117. **Refer to Circuses.** To exhibit a societal marketing orientation, what could circuses do?
- a. empower their employees to satisfy customer wants
 - b. donate a percentage of their profits to local educational institutions
 - c. use relationship marketing
 - d. emphasize customer value

ANS: B

The philosophy called the societal marketing orientation states that an organization exists not only to satisfy customer wants and needs and to meet organizational objectives but also to preserve or enhance individuals' and society's long-term best interests.

PTS: 1 DIF: Application REF: p. 7 OBJ: 2
BLM: Higher order

118. **Refer to Circuses.** One of the tent venues is called Barnum's Kaleidoscope, and it is in a permanent location with hopes that people who see the show will want to return and see it again as well as bring their friends and relatives to the production. Which of the following techniques would most likely advance this strategy of referrals and repeat business?
- a. a sales orientation
 - b. relationship marketing
 - c. transactional marketing
 - d. empowerment

ANS: B

Relationship marketing is a strategy that entails forging long-term partnerships with customers.

PTS: 1 DIF: Application REF: p. 10 OBJ: 3
BLM: Higher order

119. **Refer to Circuses.** The circuses' goal of redesigning the circus experience is being completed through the coordination of many marketing activities, such as value pricing, a product that includes exciting performances, tent venue locations, and promotion. What do these activities make up for the circuses?
- a. target market
 - b. value of marketing
 - c. marketing environment
 - d. marketing mix

ANS: D

Marketing mix elements include product, place, promotion, and price.

PTS: 1 DIF: Application REF: p. 13 OBJ: 3
BLM: Higher order

During the 1940s, World War II figured just as predominantly in cartoons as bad puns and wisecracking animals that could tap dance and warble opera. While real soldiers did battle in the European and Pacific theatres, the North American public was watching war-themed cartoons in theatres with names like Bijou and Majestic. While kids particularly enjoyed the cartoons, the cartoonists who developed them did not make these cartoons for kids—they made them for themselves. If one of them came up with an idea that all of them thought was funny, it was made into a cartoon.

120. **Refer to Wartime Cartoons.** What was the purchase of a movie ticket in the 1940s to see a cartoon and a feature film an example of?
- an exchange
 - the use of the entire marketing mix
 - a valuation
 - a transformation

ANS: A PTS: 1 DIF: Application REF: p. 4
OBJ: 1 BLM: Higher order

121. **Refer to Wartime Cartoons.** Since the cartoonists were authorized by the production companies they worked for to do what they did best, it is obvious that the movie cartoon industry acted as if it had which of the following orientations?
- production
 - market
 - sales
 - customer

ANS: A
Using hard-sell techniques describes a sales orientation. Caring about customer satisfaction and doing research to determine customer preferences describe a market orientation. The cartoonists had a production orientation.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Higher order

122. **Refer to Wartime Cartoons.** What did the wartime cartoon industry do?
- It succeeded because what it did best happened to be what North Americans wanted.
 - It used hard-sell techniques.
 - It cared about customer satisfaction.
 - It did much research on what kind of cartoons movie patrons wanted.

ANS: A
There was a focus on the creativity of the cartoonists—what they did best.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Higher order

123. **Refer to Wartime Cartoons.** Wartime cartoons have been described as positive propaganda because they created a spirit of cohesiveness and the message that all North Americans could participate in the war effort. By enhancing the long-term best interests of countries at war, the wartime cartoonists actually showed what sort of orientation?
- societal marketing
 - distribution
 - promotion
 - product

ANS: A PTS: 1 DIF: Application REF: p. 7
OBJ: 2 BLM: Higher order

TRUE/FALSE

1. Marketing is defined as producing, promoting, and selling products.

ANS: F

Marketing means more than just producing, promoting, and selling products. It is a philosophy that stresses customer relationships as well as benefiting the organization and its stakeholders.

PTS: 1 DIF: Definition REF: p. 4 OBJ: 1

2. Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

ANS: T PTS: 1 DIF: Definition REF: p. 4
OBJ: 1

3. An exchange cannot take place unless each party in the exchange has something that the other party values.

ANS: T PTS: 1 DIF: Comprehension
REF: p. 4 OBJ: 1

4. Natural Bakery spent considerable money and time developing a crustless bread. The company has not conducted market research among its customers, but it was confident that its science and technology department had produced a successful new product. Based on this example, Natural Bakery is a good example of a production-oriented company.

ANS: T PTS: 1 DIF: Application REF: p. 5
OBJ: 2

5. Encyclopedia Britannica marketed full sets of encyclopedias that cost a minimum of \$1,500, weighed 118 pounds, and required four and a half feet of shelf space. For many years, the company had successfully sold its products door-to-door and defined its business as a book publisher. Encyclopedia Britannica had a market orientation.

ANS: F

A sales orientation would be a more appropriate description for a firm that does not research consumer needs and wants but rather relies on a strong sales effort and has a goal of collecting money.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2

6. Both production and sales orientations are focused inward on the organization's needs.

ANS: T PTS: 1 DIF: Comprehension
REF: p. 5 OBJ: 3

7. The marketing concept states that the social and economic justification for an organization's existence is the satisfaction of customer's wants and needs while meeting organizational objectives.

ANS: T PTS: 1 DIF: Definition REF: p. 6
OBJ: 2

8. The societal marketing concept considers society's long-term best interests along with the satisfaction of customers' wants and needs.

ANS: T PTS: 1 DIF: Definition REF: p. 7
OBJ: 2

9. Customer value is calculated as the ratio of company profits to company costs.

ANS: F

Customer value is the ratio of benefits to the sacrifice necessary to obtain those benefits.

PTS: 1 DIF: Definition REF: p. 8 OBJ: 3

10. Firms try to achieve customer satisfaction and value by ensuring that customer expectations are met or exceeded.

ANS: T PTS: 1 DIF: Comprehension
REF: p. 9 OBJ: 3

11. 3D Systems is a company that uses computers to generate new product prototypes. It has generated loyal business clients by providing the best customer support in the industry. The company also provides direct sales consultation that gives its salespeople intimate knowledge about exactly what its customers want. This partnership entails relationship marketing.

ANS: T PTS: 1 DIF: Application REF: p. 10
OBJ: 3

12. Only a firm's salespeople need to be customer oriented.

ANS: F

All employees need to be customer oriented because, in the customer's eyes, the employee is the firm and may be the only firm representative the customer ever sees.

PTS: 1 DIF: Comprehension REF: p. 11
OBJ: 3

13. Retailers who give their sales clerks the authority to handle customer complaints without having to get approval from a supervisor are using empowerment.

ANS: T PTS: 1 DIF: Application REF: p. 11
OBJ: 3

14. Sales-oriented organizations do not seek to generate sales volume through intensive promotional activities.

ANS: F

Sales organizations exercise intensive personal selling and advertising campaigns to generate sales volume.

PTS: 1 DIF: Definition REF: p. 12 OBJ: 3

15. While most marketing organizations rely on various forms of promotion to succeed, sales-oriented organizations make the most effective use of their marketing mix.

ANS: F

Sales-oriented firms usually rely more heavily on promotion alone than do marketing-oriented firms.

PTS: 1 DIF: Comprehension REF: p. 12
OBJ: 3

16. A marketing-oriented firm defines its business in terms of the benefits it offers to its customers.

ANS: F

A marketing-oriented firm defines its business in terms of the benefits its customers seek.

PTS: 1 DIF: Definition REF: p. 13 OBJ: 3

17. A market-oriented organization targets its products to the average customer.

ANS: F

The sales-oriented organization targets its products to everybody or to the average customer.

PTS: 1 DIF: Comprehension REF: p. 13
OBJ: 3

18. In the early 1920s, Ford promised its customers any colour that they wanted as long as it was black. Ford's management assumed that anyone buying a car would accept the colour black, so it made products affordable by offering only one variety in large quantities. Ford is an example of a market-oriented firm.

ANS: F

By offering one variety of colour, not offering choices in quantity, and not segmenting the market, Ford exemplified a sales-oriented firm.

PTS: 1 DIF: Application REF: p. 13 OBJ: 3

19. The ultimate goal of most marketing-oriented firms is profitability that results from satisfying the wants and needs of its consumers.

ANS: T PTS: 1 DIF: Comprehension
REF: p. 13 OBJ: 3

20. Salespeople who work for market-oriented organizations are generally perceived by their customers to be order takers.

ANS: F

Salespeople who work for market-oriented organizations are generally perceived by their customers to be problem solvers.

PTS: 1 DIF: Comprehension REF: p. 13
OBJ: 3

21. Marketing is a job that should be handled by marketers. People in management, accounting, and finance should focus on their own specialties.

ANS: F

People in all business areas, regardless of specialization or responsibility, should be familiar with the fundamentals of marketing.

PTS: 1 DIF: Comprehension REF: p. 14
OBJ: 3

ESSAY

1. Marketing has two components or facets. Name and describe each of these two facets.

ANS:

The first facet of marketing is its philosophy. This philosophy is an attitude, perspective, or management orientation that stresses the importance of customer satisfaction.

The second facet of marketing is the set of activities used to implement this philosophy. These activities include (but are not limited to) planning, pricing, promotion, distribution, selling, advertising, and inventory management.

PTS: 1 DIF: Application REF: p. 4 OBJ: 1

2. What is the text's definition of marketing?

ANS:

“Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.”

PTS: 1 DIF: Application REF: p. 4 OBJ: 1

3. Exchange is the key concept in the definition of marketing. What is the concept of exchange? What are the five conditions of exchange that must be satisfied for marketing to occur?

ANS:

The concept of exchange simply means that people give up something in order to receive something that they would rather have. Money, goods, or services may be the medium of exchange. The five conditions of exchange are the following:

1. There must be at least two parties.
2. Each party has something that might be of value to the other party.
3. Each party is capable of communication and delivery.
4. Each party is free to accept or reject the exchange offer.
5. Each party believes that it is appropriate or desirable to deal with the other party.

PTS: 1 DIF: Application REF: p. 4 OBJ: 1

4. There are five conditions that must be satisfied for an exchange to take place. However, even if all of these conditions are met, exchange may not necessarily take place. Give an example of a situation in which all conditions are met, but exchange does not take place. Can marketing occur, even if an exchange does not take place? Why or why not?

ANS:

Many selling situations satisfy all five conditions for exchange, but unless a purchase or trade actually takes place, exchange does not occur. The five conditions are necessary but not sufficient for final exchange. The text provides the example of advertising a used auto in the classified ads.

Marketing can occur even if an exchange does not take place. Many of the activities of marketing (product development, planning, promotion, pricing, distribution, and so on) can take place without a final exchange.

PTS: 1 DIF: Application REF: p. 4 OBJ: 1

5. What is the marketing concept? On what is this philosophy based?

ANS:

The marketing concept is a simple and intuitively appealing philosophy. It states that the social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting organizational objectives. It is based on an understanding that a sale does not depend on an aggressive sales force but rather on a customer's decision to purchase a product.

PTS: 1 DIF: Application REF: p. 6 OBJ: 2

6. Four competing philosophies strongly influence the role of marketing and marketing activities within an organization. Name and briefly describe each of these four philosophies.

ANS:

Production orientation. This orientation focuses firms on their internal production capabilities rather than the desires and needs of the marketplace.

Sales orientation. This orientation assumes that buyers resist purchasing items that are not essential, and that buyers will purchase more of any item if aggressive selling techniques are used. Again, this orientation does not address the needs and wants of the marketplace.

Market orientation. This orientation is the foundation of contemporary marketing philosophy. It recognizes that a sale is dependent on the customer's decision to purchase a product and provides increased responsiveness to customer needs and wants. To marketing-oriented firms, marketing means building relationships with customers.

Societal orientation. This orientation refines the marketing orientation by stating that the social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting the organization's objectives and preserving or enhancing both individuals' and society's long-term best interests.

PTS: 1 DIF: Application REF: p. 5-7 OBJ: 2

7. If a firm has a production orientation, what types of questions does management ask after assessing its resources? How would these questions differ for a service organization?

ANS:

With a production orientation, management focuses on the internal capabilities of the firm. Management might ask: "What can we do best?", "What can engineering design?", and/or "What is economical and easy to produce with our equipment?" Managers of a service organization might ask, "What services are most convenient for the firm to offer?" and/or "Where do our talents lie?"

PTS: 1 DIF: Application REF: p. 5 OBJ: 2

8. The engineer entrepreneur that has set up a company to manufacture and market all-terrain vehicles has decided that a sales orientation would suit his new company the best. What are important considerations for this firm when it adopts this orientation? What are potential pitfalls of this orientation?

ANS:

The most important component for a sales orientation is an aggressive sales force. The sales force can push intermediaries to carry products, or push consumers to purchase. However, despite a high-quality sales force, even aggressive salespeople cannot convince people to buy goods and services that are neither wanted nor needed.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2

9. A market-oriented organization may choose not to deliver the benefits sought by customers because these benefits are not in the best interest of the individual or society. This is termed the *societal orientation*. What does this concept mean in terms of organizational justification? List three current issues where the societal orientation concept may need to be applied.

ANS:

The societal orientation refines the market orientation by stating that the social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting the organization's objectives and preserving or enhancing both the individual's and society's long-term best interests.

Societal issues could include environmental protection, smoking in public places, promotion of high sugar-content foods to children, seat belt laws, alcohol marketing, gun sales, and purchasing drugs that have not been approved by Health Canada and others.

PTS: 1 DIF: Application REF: p. 6 OBJ: 2

10. Describe a real company that has a societal marketing orientation.

ANS:

Students' answers to this question will vary depending upon what commercials, advertisements, and publicity they have been exposed to. All should select a company that exists not only to satisfy customers' wants and needs and to meet organizational objectives but also to preserve or enhance individuals' or society's long-term best interests.

PTS: 1 DIF: Application REF: p. 7 OBJ: 2

11. What is the philosophy of the marketing concept and market orientation? What three key areas does the marketing concept and market orientation involve?

ANS:

The philosophy of the marketing concept states that the social and economic justification for an organization's existence is the satisfaction of customer wants and needs while meeting organizational objectives. Market orientation requires top management leadership, a customer focus, competitive intelligence, and interfunctional coordination to meet customer wants and needs and deliver superior value. It also entails establishing and maintaining mutually rewarding relationships with customers.

The marketing concept and market orientation involves:

- Focusing on consumer wants so the organization can distinguish its product(s) from competitors' offerings.
- Integrating all the organization's activities, including production, to satisfy these wants.
- Achieving long-term organization goals by satisfying customer wants and needs legally and responsibly.

PTS: 1 DIF: Application REF: p. 6 OBJ: 2

12. What is customer value? How can marketers make sure customers perceive them as sources of value?

ANS:

Customer value is the ratio of benefits to the sacrifice necessary to obtain those benefits. Marketers who want to be perceived by their customers as offering value can (1) offer products that perform as they are expected to, (2) give customers more than they expect, (3) avoid unrealistic pricing, and (4) give the buyer facts.

PTS: 1 DIF: Application REF: p. 8 OBJ: 3

13. Discuss the differences between sales and market orientations using the following five characteristics as guidelines: (1) the organization's focus, (2) business the organization is in, (3) people to whom the product is directed, (4) the organization's primary goal, and (5) tools used to achieve that goal.

ANS:

Organization's focus. With a sales orientation, the firm's focus is inward upon the firm's own needs. With a market orientation, the focus is outward on the wants and preferences of customers. In particular, marketing-oriented firms create customer value, maintain customer satisfaction, and build long-term relationships.

Business. A firm with a sales orientation is in the business of selling goods and services. A firm with a market orientation is in the business of satisfying consumer wants and needs.

Customers. A sales orientation directs the firm's output at everybody, while a market orientation directs goods toward specific groups of people.

Primary goal. The primary goal of a firm with a sales orientation is to make profit through maximizing sales volume. The primary goal of a firm with a market orientation is to seek profit through customer satisfaction.

Tools for goal achievement. A sales orientation seeks to achieve goals primarily through intensive promotion. A market orientation achieves goals through coordinated use of a set of marketing activities.

See Review Learning Objective 3.

PTS: 1 DIF: Application REF: p. 13 OBJ: 3

14. Is the following statement true: "A production orientation is always harmful to relationship marketing"? Explain your answer.

ANS:

A company with a production orientation concentrates on what it can do best—its internal capabilities. Sometimes what the company produces is exactly what the customer wants. It is possible for a company to engage in relationship marketing (a strategy that entails forging long-term partnerships with customers) and still have a production orientation.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2 | 3

15. Defining the company's business in terms of the benefits customers seek, instead of in terms of goods and services, has three important advantages. List them.

ANS:

- (1) It ensures that the firm keeps focusing on customers and avoids becoming preoccupied with goods, services, or the organization's internal needs.
- (2) It encourages innovation and creativity by reminding people that there are many different ways to satisfy customer wants.
- (3) It stimulates an awareness of changes in customer desires and preferences so that product offerings are more likely to remain relevant.

PTS: 1 DIF: Application REF: p. 11 OBJ: 3

16. There are several important reasons to study marketing. Name three of these reasons.

ANS:

1. Marketing plays an important role in society.
2. Marketing is important to businesses.
3. Marketing offers outstanding career opportunities.
4. Marketing affects your life every day.

PTS: 1 DIF: Application REF: p. 14 OBJ: 4

17. How is marketing important to business?

ANS:

Marketing contributes directly to the achievement of business objectives, including survival, profits, and growth. Marketing is concerned with assessing the wants and satisfactions of customers, designing and managing product offerings, determining prices, developing distribution strategies, and communicating with customers. These activities are vital to business organizations. A fundamental understanding of marketing is important to all businesspeople so that an organization can operate cohesively.

PTS: 1 DIF: Application REF: p. 14 OBJ: 4

18. How does marketing affect your everyday life? How will marketing enable you to be a better consumer?

ANS:

Every person participates in the marketing process as a consumer of goods and services. Approximately 50 cents of each dollar spent pays for marketing costs. By developing an understanding of marketing, one can better understand the buying process, negotiate more effectively with sellers, and demand corrective action when products do not meet performance standards.

PTS: 1 DIF: Application REF: p. 15 OBJ: 4