Chapter 1

*Student: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

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| 1. | Which of the following is a component of strategy that involves detailing the desired levels of accomplishment on one or more performance dimensions over specified time periods for the organization as a whole?      |  |  | | --- | --- | | A. | Scope of an organization |  |  |  | | --- | --- | | B. | Resource deployments |  |  |  | | --- | --- | | C. | Identifying a sustainable competitive advantage |  |  |  | | --- | --- | | D. | Goals and objectives | |

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| 2. | Decisions about the organization's scope and resource deployments across its divisions or businesses are the primary focus of \_\_\_\_\_ strategy.      |  |  | | --- | --- | | A. | business |  |  |  | | --- | --- | | B. | corporate |  |  |  | | --- | --- | | C. | marketing |  |  |  | | --- | --- | | D. | functional | |

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| 3. | In which of the following levels of strategy is sustainable competitive advantage a major component?      |  |  | | --- | --- | | A. | Functional strategy |  |  |  | | --- | --- | | B. | Corporate strategy |  |  |  | | --- | --- | | C. | Marketing strategy |  |  |  | | --- | --- | | D. | Business strategy | |

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| 4. | Which of the following falls within the scope of corporate strategy?      |  |  | | --- | --- | | A. | Target market definition |  |  |  | | --- | --- | | B. | Vertical integration |  |  |  | | --- | --- | | C. | Branding policies |  |  |  | | --- | --- | | D. | Line extension | |

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| 5. | Business-level strategies allocate resources:      |  |  | | --- | --- | | A. | among businesses in the corporate portfolio. |  |  |  | | --- | --- | | B. | across functions shared by multiple businesses. |  |  |  | | --- | --- | | C. | among product-market entries in the business unit. |  |  |  | | --- | --- | | D. | across components of the marketing plan for a specific product-market entry. | |

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| 6. | The primary focus of marketing strategy is to:      |  |  | | --- | --- | | A. | manage and coordinate the organization's scope and resource deployments across divisions. |  |  |  | | --- | --- | | B. | allocate and coordinate resources and activities to accomplish the firm's objectives within a specific product-market. |  |  |  | | --- | --- | | C. | decide about which competitive advantage best matches the needs and wants of the customers in the target segment. |  |  |  | | --- | --- | | D. | develop and maintain distinctive competencies at the corporate level. | |

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| 7. | Which of the following statements about market-oriented firms is true?      |  |  | | --- | --- | | A. | They are characterized by a consistent focus on customers' needs by personnel in all departments. |  |  |  | | --- | --- | | B. | They pay attention to customer research only after the product has been in the market for a few years. |  |  |  | | --- | --- | | C. | They are slower and less willing to adapt products and functional programs to fit environmental changes. |  |  |  | | --- | --- | | D. | They refrain from using cross-functional teams during the development of new products. | |

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| 8. | The tendency for firms to automatically continue strategies that were successful in the past, even though current market conditions are changing, is referred to as:      |  |  | | --- | --- | | A. | marketing myopia. |  |  |  | | --- | --- | | B. | strategic inertia. |  |  |  | | --- | --- | | C. | adverse possession. |  |  |  | | --- | --- | | D. | product facelift. | |

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| 9. | Which of the following is the reason why early entrants into newly emerging industries, particularly industries based on new technologies, are especially likely to be internally focused and not very market-oriented?      |  |  | | --- | --- | | A. | Due to strong competition during the formative years |  |  |  | | --- | --- | | B. | Due to rapid growth in demand for the new product |  |  |  | | --- | --- | | C. | Due to customer demand being less than available supply |  |  |  | | --- | --- | | D. | Due to constraints in resources rarely being an immediate threat to survival | |

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| 10. | Product-oriented firms differ from market-oriented firms in that product-oriented firms:      |  |  | | --- | --- | | A. | use promotion to emphasize product benefits and its ability to satisfy customers' needs. |  |  |  | | --- | --- | | B. | base their pricing on production and distribution costs. |  |  |  | | --- | --- | | C. | have broad product lines. |  |  |  | | --- | --- | | D. | consider credit as customer service and a tool to attract customers. | |

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| 11. | Which of the following is a feature of a production-oriented organization?      |  |  | | --- | --- | | A. | It bases its pricing on perceived benefits provided by the product to its customer. |  |  |  | | --- | --- | | B. | It uses promotional tactics that emphasize on product benefits and ability to solve customers' problems. |  |  |  | | --- | --- | | C. | It centers its research on identifying new opportunities and applying new technology to satisfy customer needs. |  |  |  | | --- | --- | | D. | Its primary focus when offering a product is on the product's functional performance and cost. | |

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| 12. | Market-oriented organizations differ from product-oriented organizations in that market-oriented organizations:      |  |  | | --- | --- | | A. | have narrower product lines. |  |  |  | | --- | --- | | B. | make product packaging for the customer's convenience. |  |  |  | | --- | --- | | C. | focus technical research on cost cutting in the production process. |  |  |  | | --- | --- | | D. | use promotional tactics to emphasize product features, quality, and price. | |

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| 13. | Which of the following statements is true of a market-oriented strategy?      |  |  | | --- | --- | | A. | Pricing is based on production and distribution costs. |  |  |  | | --- | --- | | B. | Pricing is based on perceived benefits the product provides. |  |  |  | | --- | --- | | C. | Credit is considered a necessary evil. |  |  |  | | --- | --- | | D. | Promotion primarily emphasizes product features. | |

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| 14. | A product-oriented organization differs from a market-oriented organization in that a product-oriented organization:      |  |  | | --- | --- | | A. | focuses technical research on product improvement and cost-cutting in production. |  |  |  | | --- | --- | | B. | views credit as a form of customer service. |  |  |  | | --- | --- | | C. | does not view credit as a necessary evil that can be used to minimize major debt losses. |  |  |  | | --- | --- | | D. | extensively uses packaging as a promotional tool. | |

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| 15. | Which of the following statements about services is true?      |  |  | | --- | --- | | A. | In most developed economies, the service sector has shown the slowest growth. |  |  |  | | --- | --- | | B. | Services are always tied to a physical product. |  |  |  | | --- | --- | | C. | Good services are mostly tangible in nature. |  |  |  | | --- | --- | | D. | Good services improve customer loyalty over the long term. | |

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| 16. | E-tailers such as Amazon and iTunes are examples of \_\_\_\_\_ category of e-commerce.      |  |  | | --- | --- | | A. | business-to-business |  |  |  | | --- | --- | | B. | consumer-to-business |  |  |  | | --- | --- | | C. | business-to-consumer |  |  |  | | --- | --- | | D. | consumer-to-consumer | |

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| 17. | PriceTag.com is a site that enables users to bid on unsold airline tickets and other goods and services. PriceTag.com is an example of \_\_\_\_\_ type of e-commerce.      |  |  | | --- | --- | | A. | business-to-consumer |  |  |  | | --- | --- | | B. | consumer-to-business |  |  |  | | --- | --- | | C. | consumer-to-consumer |  |  |  | | --- | --- | | D. | business-to-business | |

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| 18. | Out of the 4 Cs of a market analysis, \_\_\_\_\_ would be considered under "characteristics of customers."      |  |  | | --- | --- | | A. | benchmarking |  |  |  | | --- | --- | | B. | initial public offering |  |  |  | | --- | --- | | C. | market segmentation |  |  |  | | --- | --- | | D. | equity capital | |

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| 19. | A distinct subset of people with similar needs, circumstances, and characteristics that lead them to respond in a similar way to a particular product or service offering is known as a \_\_\_\_\_.      |  |  | | --- | --- | | A. | market segment |  |  |  | | --- | --- | | B. | set-aside |  |  |  | | --- | --- | | C. | penetrated market |  |  |  | | --- | --- | | D. | market mix | |

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| 20. | Which of the following contents of a marketing plan specifically presents the expected financial payoff from the plan?      |  |  | | --- | --- | | A. | Objectives |  |  |  | | --- | --- | | B. | Projected profit-and-loss statement |  |  |  | | --- | --- | | C. | Current situation and trends |  |  |  | | --- | --- | | D. | Executive summary | |

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| 21. | Which of the following contents of a marketing plan specifies the goals to be accomplished in terms of sales volume, market share, and profit?      |  |  | | --- | --- | | A. | Key issues |  |  |  | | --- | --- | | B. | Marketing strategy |  |  |  | | --- | --- | | C. | Objectives |  |  |  | | --- | --- | | D. | Action plans | |

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| 22. | What is the primary focus of marketing-level strategies? What critical issues do they focus on? |

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| 23. | Why are some firms not very focused on their consumers or competitors? |

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| 24. | What is a marketing plan? Explain its importance. |

Chapter 1 Key

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| 1. *(p. 6)* | Which of the following is a component of strategy that involves detailing the desired levels of accomplishment on one or more performance dimensions over specified time periods for the organization as a whole?      |  |  | | --- | --- | | A. | Scope of an organization |  |  |  | | --- | --- | | B. | Resource deployments |  |  |  | | --- | --- | | C. | Identifying a sustainable competitive advantage |  |  |  | | --- | --- | | **D.** | Goals and objectives | |

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| *Level of Difficulty: 1 Easy Walker - Chapter 01 #1* |

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| 2. *(p. 8)* | Decisions about the organization's scope and resource deployments across its divisions or businesses are the primary focus of \_\_\_\_\_ strategy.      |  |  | | --- | --- | | A. | business |  |  |  | | --- | --- | | **B.** | corporate |  |  |  | | --- | --- | | C. | marketing |  |  |  | | --- | --- | | D. | functional | |

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| *Level of Difficulty: 1 Easy Walker - Chapter 01 #2* |

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| 3. *(p. 8)* | In which of the following levels of strategy is sustainable competitive advantage a major component?      |  |  | | --- | --- | | A. | Functional strategy |  |  |  | | --- | --- | | B. | Corporate strategy |  |  |  | | --- | --- | | C. | Marketing strategy |  |  |  | | --- | --- | | **D.** | Business strategy | |

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| *Level of Difficulty: 1 Easy Walker - Chapter 01 #3* |

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| 4. *(p. 9)* | Which of the following falls within the scope of corporate strategy?      |  |  | | --- | --- | | A. | Target market definition |  |  |  | | --- | --- | | **B.** | Vertical integration |  |  |  | | --- | --- | | C. | Branding policies |  |  |  | | --- | --- | | D. | Line extension | |

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| *Level of Difficulty: 1 Easy Walker - Chapter 01 #4* |

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| 5. *(p. 9)* | Business-level strategies allocate resources:      |  |  | | --- | --- | | **A.** | among businesses in the corporate portfolio. |  |  |  | | --- | --- | | B. | across functions shared by multiple businesses. |  |  |  | | --- | --- | | C. | among product-market entries in the business unit. |  |  |  | | --- | --- | | D. | across components of the marketing plan for a specific product-market entry. | |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #5* |

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| 6. *(p. 10)* | The primary focus of marketing strategy is to:      |  |  | | --- | --- | | A. | manage and coordinate the organization's scope and resource deployments across divisions. |  |  |  | | --- | --- | | **B.** | allocate and coordinate resources and activities to accomplish the firm's objectives within a specific product-market. |  |  |  | | --- | --- | | C. | decide about which competitive advantage best matches the needs and wants of the customers in the target segment. |  |  |  | | --- | --- | | D. | develop and maintain distinctive competencies at the corporate level. | |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #6* |

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| 7. *(p. 11-12)* | Which of the following statements about market-oriented firms is true?      |  |  | | --- | --- | | **A.** | They are characterized by a consistent focus on customers' needs by personnel in all departments. |  |  |  | | --- | --- | | B. | They pay attention to customer research only after the product has been in the market for a few years. |  |  |  | | --- | --- | | C. | They are slower and less willing to adapt products and functional programs to fit environmental changes. |  |  |  | | --- | --- | | D. | They refrain from using cross-functional teams during the development of new products. | |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #7* |

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| 8. *(p. 15)* | The tendency for firms to automatically continue strategies that were successful in the past, even though current market conditions are changing, is referred to as:      |  |  | | --- | --- | | A. | marketing myopia. |  |  |  | | --- | --- | | **B.** | strategic inertia. |  |  |  | | --- | --- | | C. | adverse possession. |  |  |  | | --- | --- | | D. | product facelift. | |

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| *Level of Difficulty: 1 Easy Walker - Chapter 01 #8* |

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| 9. *(p. 15)* | Which of the following is the reason why early entrants into newly emerging industries, particularly industries based on new technologies, are especially likely to be internally focused and not very market-oriented?      |  |  | | --- | --- | | A. | Due to strong competition during the formative years |  |  |  | | --- | --- | | **B.** | Due to rapid growth in demand for the new product |  |  |  | | --- | --- | | C. | Due to customer demand being less than available supply |  |  |  | | --- | --- | | D. | Due to constraints in resources rarely being an immediate threat to survival | |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #9* |

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| 10. *(p. 15)* | Product-oriented firms differ from market-oriented firms in that product-oriented firms:      |  |  | | --- | --- | | A. | use promotion to emphasize product benefits and its ability to satisfy customers' needs. |  |  |  | | --- | --- | | **B.** | base their pricing on production and distribution costs. |  |  |  | | --- | --- | | C. | have broad product lines. |  |  |  | | --- | --- | | D. | consider credit as customer service and a tool to attract customers. | |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #10* |

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| 11. *(p. 15)* | Which of the following is a feature of a production-oriented organization?      |  |  | | --- | --- | | A. | It bases its pricing on perceived benefits provided by the product to its customer. |  |  |  | | --- | --- | | B. | It uses promotional tactics that emphasize on product benefits and ability to solve customers' problems. |  |  |  | | --- | --- | | C. | It centers its research on identifying new opportunities and applying new technology to satisfy customer needs. |  |  |  | | --- | --- | | **D.** | Its primary focus when offering a product is on the product's functional performance and cost. | |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #11* |

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| 12. *(p. 15)* | Market-oriented organizations differ from product-oriented organizations in that market-oriented organizations:      |  |  | | --- | --- | | A. | have narrower product lines. |  |  |  | | --- | --- | | **B.** | make product packaging for the customer's convenience. |  |  |  | | --- | --- | | C. | focus technical research on cost cutting in the production process. |  |  |  | | --- | --- | | D. | use promotional tactics to emphasize product features, quality, and price. | |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #12* |

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| 13. *(p. 15)* | Which of the following statements is true of a market-oriented strategy?      |  |  | | --- | --- | | A. | Pricing is based on production and distribution costs. |  |  |  | | --- | --- | | **B.** | Pricing is based on perceived benefits the product provides. |  |  |  | | --- | --- | | C. | Credit is considered a necessary evil. |  |  |  | | --- | --- | | D. | Promotion primarily emphasizes product features. | |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #13* |

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| 14. *(p. 15)* | A product-oriented organization differs from a market-oriented organization in that a product-oriented organization:      |  |  | | --- | --- | | **A.** | focuses technical research on product improvement and cost-cutting in production. |  |  |  | | --- | --- | | B. | views credit as a form of customer service. |  |  |  | | --- | --- | | C. | does not view credit as a necessary evil that can be used to minimize major debt losses. |  |  |  | | --- | --- | | D. | extensively uses packaging as a promotional tool. | |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #14* |

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| 15. *(p. 18)* | Which of the following statements about services is true?      |  |  | | --- | --- | | A. | In most developed economies, the service sector has shown the slowest growth. |  |  |  | | --- | --- | | B. | Services are always tied to a physical product. |  |  |  | | --- | --- | | C. | Good services are mostly tangible in nature. |  |  |  | | --- | --- | | **D.** | Good services improve customer loyalty over the long term. | |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #15* |

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| 16. *(p. 19)* | E-tailers such as Amazon and iTunes are examples of \_\_\_\_\_ category of e-commerce.      |  |  | | --- | --- | | A. | business-to-business |  |  |  | | --- | --- | | B. | consumer-to-business |  |  |  | | --- | --- | | **C.** | business-to-consumer |  |  |  | | --- | --- | | D. | consumer-to-consumer | |

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| *Level of Difficulty: 1 Easy Walker - Chapter 01 #16* |

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| 17. *(p. 19)* | PriceTag.com is a site that enables users to bid on unsold airline tickets and other goods and services. PriceTag.com is an example of \_\_\_\_\_ type of e-commerce.      |  |  | | --- | --- | | A. | business-to-consumer |  |  |  | | --- | --- | | **B.** | consumer-to-business |  |  |  | | --- | --- | | C. | consumer-to-consumer |  |  |  | | --- | --- | | D. | business-to-business | |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #17* |

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| 18. *(p. 21)* | Out of the 4 Cs of a market analysis, \_\_\_\_\_ would be considered under "characteristics of customers."      |  |  | | --- | --- | | A. | benchmarking |  |  |  | | --- | --- | | B. | initial public offering |  |  |  | | --- | --- | | **C.** | market segmentation |  |  |  | | --- | --- | | D. | equity capital | |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #18* |

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| 19. *(p. 23)* | A distinct subset of people with similar needs, circumstances, and characteristics that lead them to respond in a similar way to a particular product or service offering is known as a \_\_\_\_\_.      |  |  | | --- | --- | | **A.** | market segment |  |  |  | | --- | --- | | B. | set-aside |  |  |  | | --- | --- | | C. | penetrated market |  |  |  | | --- | --- | | D. | market mix | |

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| *Level of Difficulty: 1 Easy Walker - Chapter 01 #19* |

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| 20. *(p. 25)* | Which of the following contents of a marketing plan specifically presents the expected financial payoff from the plan?      |  |  | | --- | --- | | A. | Objectives |  |  |  | | --- | --- | | **B.** | Projected profit-and-loss statement |  |  |  | | --- | --- | | C. | Current situation and trends |  |  |  | | --- | --- | | D. | Executive summary | |

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| *Level of Difficulty: 1 Easy Walker - Chapter 01 #20* |

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| 21. *(p. 25)* | Which of the following contents of a marketing plan specifies the goals to be accomplished in terms of sales volume, market share, and profit?      |  |  | | --- | --- | | A. | Key issues |  |  |  | | --- | --- | | B. | Marketing strategy |  |  |  | | --- | --- | | **C.** | Objectives |  |  |  | | --- | --- | | D. | Action plans | |

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| *Level of Difficulty: 1 Easy Walker - Chapter 01 #21* |

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| 22. *(p. 10)* | What is the primary focus of marketing-level strategies? What critical issues do they focus on?     The primary focus of marketing strategy is to effectively allocate and coordinate marketing resources and activities to accomplish the firm's objectives within a specific product-market. Thus, the critical issue concerning the scope of a marketing strategy is specifying the target market(s) for a particular product or product line. Firms then seek competitive advantage and synergy through a well-integrated program of marketing mix elements (primarily the 4 Ps of product, price, place, promotion) tailored to the needs and wants of potential customers in that target market. |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #22* |

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| 23. *(p. 15-16)* | Why are some firms not very focused on their consumers or competitors?     Competitive factors affecting a firm's market orientation: Early entrants into newly emerging industries have few strong competitors, rapidly growing customer demand, and immediate threats of production problems and resource constraints. As industries grow, they become more competitive. Industry capacity grows faster than demand, and the environment shifts from a seller's market to a buyer's market. Firms often respond to changes with aggressive promotional activities to maintain market share and hold down unit costs. This sales-oriented response focuses on selling what the firm wants to make rather than on customer needs. Spending more on selling efforts doesn't create a sustainable competitive advantage. As industries mature, sales volume levels off, and technological differences among brands disappear as manufacturers copy the best features of each other's products. Managers can most readily appreciate benefits of a market orientation at this stage. |

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| *Level of Difficulty: 3 Hard Walker - Chapter 01 #23* |

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| 24. *(p. 24)* | What is a marketing plan? Explain its importance.     A marketing plan is a written document detailing current situation concerning customers, competitors, and the external environment; providing guidelines for objectives, marketing actions, and resource allocations over the planning period for either an existing or a proposed product or service. It is important because it provides a concrete history of a product's strategies and performance over time, aiding institutional memory and educating new managers. It is an important tool for communicating and coordinating expectations and responsibilities through the firm. It is especially important in larger firms because (1) marketing proposals are usually reviewed and approved by higher management levels; and (2) an approved plan provides a benchmark against which to judge performance. |

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| *Level of Difficulty: 2 Medium Walker - Chapter 01 #24* |

Chapter 1 Summary

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| *Category* | *# of Questions* |
| Level of Difficulty: 1 Easy | 9 |
| Level of Difficulty: 2 Medium | 14 |
| Level of Difficulty: 3 Hard | 1 |
| Walker - Chapter 01 | 24 |