

Chapter 12—Customer-Driven Marketing

MATCHING

Complete the following using the terms listed.

- a. secondary data
 - b. affinity program
 - c. market segmentation
 - d. demographic
 - e. target market
 - f. end-use segmentation
 - g. marketing mix
 - h. data mining
 - i. consumer behavior
 - j. ownership utility
 - k. place marketing
 - l. relationship marketing
 - m. person marketing
 - n. mass customization
 - o. frequency marketing
 - p. comarketing
 - q. Cobranding
-
- 1. _____ refers to an orderly transfer of goods and services from the seller to the buyer.
 - 2. _____ goes beyond an effort toward making the sale.
 - 3. _____ attempts to isolate the traits that distinguish a certain group of customers from the overall market.
 - 4. A firm's _____ blends four strategies to fit the needs and preferences of a specific target market.
 - 5. Marketing researchers use government statistics, or _____, as a low cost and quick access to consumer information.
 - 6. The most common method of market segmentation is _____ segmentation.
 - 7. _____ includes the actions and decision processes of buyers.
 - 8. _____ focuses on the precise way a business-to-business purchaser will use a product.
 - 9. A marketing effort sponsored by an organization that solicits involvement by individuals who share common interests and activities is a(n) _____.
 - 10. An ad campaign to promote a vacation destination like Hawaii is an example of _____.
 - 11. The group of potential customers toward whom a company directs its marketing efforts is the company's _____.
 - 12. The use of a computer to search through massive amounts of customer data to detect patterns and relationships is known as _____.
 - 13. A campaign to promote a political candidate is an example of _____.
 - 14. _____ programs reward purchasers with cash, rebates, merchandise, and other premiums for multiple purchases.
 - 15. When two or more businesses link their names to a single product, _____ occurs.
 - 16. _____ allows a firm to bulk-produce goods and services while adding unique features to individual or small groups of orders.
 - 17. _____ involves two or more businesses that jointly market each other's products.
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- | | | |
|---------------------|--------|-----------------------------|
| 1. ANS: J | DIF: 1 | REF: What is Marketing? |
| NAT: AACSB Analytic | | MSC: KN |
| 2. ANS: L | DIF: 2 | REF: Relationship Marketing |

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|-----|---------------------|--------|--|
| | NAT: AACSB Analytic | | MSC: KN |
| 3. | ANS: C | DIF: 2 | REF: Market Segmentation |
| | NAT: AACSB Analytic | | MSC: KN |
| 4. | ANS: G | DIF: 2 | REF: Developing a Marketing Strategy |
| | NAT: AACSB Analytic | | MSC: KN |
| 5. | ANS: A | DIF: 2 | REF: Marketing Research |
| | NAT: AACSB Analytic | | MSC: KN |
| 6. | ANS: D | DIF: 2 | REF: Market Segmentation |
| | NAT: AACSB Analytic | | MSC: KN |
| 7. | ANS: I | DIF: 2 | REF: Consumer Behavior |
| | NAT: AACSB Analytic | | MSC: KN |
| 8. | ANS: F | DIF: 2 | REF: Market Segmentation |
| | NAT: AACSB Analytic | | MSC: KN |
| 9. | ANS: B | DIF: 2 | REF: Relationship Marketing |
| | NAT: AACSB Analytic | | MSC: KN |
| 10. | ANS: K | DIF: 2 | REF: Not-for-Profit and Nontraditional Marketing |
| | NAT: AACSB Analytic | | MSC: KN |
| 11. | ANS: E | DIF: 2 | REF: Developing a Marketing Strategy |
| | NAT: AACSB Analytic | | MSC: KN |
| 12. | ANS: H | DIF: 2 | REF: Marketing Research |
| | NAT: AACSB Analytic | | MSC: KN |
| 13. | ANS: M | DIF: 2 | REF: Not-for-Profit and Nontraditional Marketing |
| | NAT: AACSB Analytic | | MSC: KN |
| 14. | ANS: O | DIF: 2 | REF: Relationship Marketing |
| | NAT: AACSB Analytic | | MSC: KN |
| 15. | ANS: Q | DIF: 2 | REF: Relationship Marketing |
| | NAT: AACSB Analytic | | MSC: KN |
| 16. | ANS: N | DIF: 2 | REF: Developing a Marketing Strategy |
| | NAT: AACSB Analytic | | MSC: KN |
| 17. | ANS: P | DIF: 2 | REF: Relationship Marketing |
| | NAT: AACSB Analytic | | MSC: KN |

ESSAY

1. What is marketing? How does marketing go beyond selling?

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. Marketing is more than just selling. Marketing is the process of discovering unmet customer needs and continues with researching the potential market; producing a good or service capable of satisfying the targeted customers; and promoting, pricing, and distributing that good or service. Throughout the entire marketing process, a successful organization focuses on building customer relationships.

DIF: 3 REF: What is Marketing?

NAT: AACSB Reflective Thinking MSC: AP

2. Define utility and explain the types of utility created by the marketing function.

ANS:

The ability of a good or service to satisfy the wants and needs of customers is called utility. Marketing creates time utility (making a product available when customers want to purchase it), place utility (having the product available where customers want to purchase it), and ownership utility (the orderly transfer of goods and services from the seller to the buyer).

DIF: 2 REF: What is Marketing? NAT: AACSB Analytic
MSC: KN

3. Discuss the evolution of the marketing concept through the marketing history eras.

ANS:

Initially, marketing was dominated by production, based on the notion that a good product will sell itself. This idea gradually gave way to a sales orientation. The sales era was based on the idea that creative advertising and selling will overcome customer resistance and convince them to buy. The sales era eventually gave way to the marketing era. It was based on the philosophy that companies should find a customer need and fill it. Recently, the marketing era has been transformed into the relationship era, based on the belief that long-term relationships between producers and their customers lead to success.

DIF: 3 REF: Evolution of the Marketing Concept NAT: AACSB Analytic
MSC: KN

4. Describe the five categories of nontraditional marketing and give an example of each.

ANS:

There are five basic types of nontraditional marketing: person marketing, place marketing, cause marketing, organization marketing, and event marketing. Person marketing refers to efforts to cultivate the attention, interest, and preference of a target market toward an individual. An example is the marketing of a political candidate or celebrity. Place marketing attempts to promote a specific location (such as a city, state, or region); tourism or industrial development campaigns are examples. Cause marketing refers to the marketing of a specific cause or social issue and includes campaigns against child abuse or anti-smoking drives. Organization marketing attempts to influence people to support or seek the services of a particular organization. Museums and theaters often promote themselves in this way. Event marketing involves the marketing or sponsorship of short-term events, such as athletic competitions.

DIF: 3 REF: Not-for-Profit and Nontraditional Marketing
NAT: AACSB Analytic MSC: KN

5. Define the term *target market*.

ANS:

A target market (a subset of a market) is the group of potential customers toward whom the firm directs its marketing efforts. Customer needs and wants vary considerably, and no single organization has the resources to satisfy everyone. Organizations must carefully analyze potential target markets and then choose between them.

DIF: 2 REF: Developing a Marketing Strategy NAT: AACSB Analytic
MSC: KN

6. Explain how a marketing mix is developed.

ANS:

Decisions about marketing involve four major strategies: products, pricing, distribution, and promotion. A firm's marketing mix blends the four strategies to fit the needs and preferences of a specific target market. Marketing success depends not on the four individual strategies, but on their unique and effective combination.

DIF: 2 REF: Developing a Marketing Strategy NAT: AACSB Reflective Thinking
MSC: AP

7. Marketing a good or service in foreign markets means deciding on standardization versus adaptation. In making this decision, what is the competitive advantage of each?

ANS:

The advantages of standardizing the marketing mix include reliable marketing performance and low costs. The firm offers the same product supported by the same marketing mix in every market, also known as standardization. Adaptation, on the other hand, lets marketers vary their strategy mix to suit local competitive conditions, consumer preferences, and government regulations.

DIF: 3 REF: Developing a Marketing Strategy NAT: AACSB Reflective Thinking
MSC: AP

8. Describe the sources of marketing research data.

ANS:

Marketing research uses both external and internal data. Internal data develops within organizations, such as financial records. External data are data from third parties, such as government agencies. Secondary data are data previously collected, and are often used because such data are less expensive and faster and easier to obtain. Sometimes, however, marketing researchers can justify the time and expense associated with obtaining primary data -- data collected for the first time through surveys or observations -- because it provides information impossible to find through the less expensive sources.

DIF: 3 REF: Marketing Research
NAT: AACSB Reflective Thinking MSC: AP

9. What is the purpose of data mining?

ANS:

Data mining refers to the use of a computer to search through massive amounts of customer data to detect patterns and relationships. These patterns may suggest predictive models of real-world business activities. By identifying patterns and connections, marketers can increase the accuracy of their predictions about the effectiveness of various strategy options.

DIF: 2 REF: Marketing Research NAT: AACSB Analytic
MSC: KN

10. How are consumer markets segmented?

ANS:

Consumer markets are segmented in the following ways: geographically (based on location), demographically (based on gender, income, age, occupation, etc.), psychographically (based on lifestyle, attitudes, values, and self-image), and product-related (based on relationships to the good or service).

DIF: 2 REF: Market Segmentation
NAT: AACSB Analytic MSC: KN

11. Explain the three segmentation methods used by firms that offer business products.

ANS:

Marketers divide business markets through geographic segmentation, demographic (or customer-based) segmentation, and end-use segmentation. Geographic segmentation methods for business marketers resemble those for consumer markets. Many business-to-business marketers target geographically concentrated industries. Demographic, or customer-based, segmentation begins with a good or service design intended to suit a specific organizational market. To simplify the process of focusing on a particular type of business customer, the federal government has established the North American Industrial Classification System (NAICS). End-use segmentation focuses on the precise way in which a business purchaser will use a product.

DIF: 3

REF: Market Segmentation

NAT: AACSB Analytic

MSC: KN

12. Explain the personal and interpersonal determinants on consumer behavior.

ANS:

Personal influences on consumer behavior include individual needs, motives, perceptions, attitudes, learned experiences, and self-concept. Marketers frequently apply psychological techniques to understand what motivates people to buy. The interpersonal determinants of consumer behavior include cultural, social, and family influences.

DIF: 3

REF: Consumer Behavior

NAT: AACSB Analytic

MSC: KN

13. Describe some of the ways businesses are using relationship marketing to achieve corporate goals.

ANS:

One of the ways in which businesses are using relationships to reach corporate goals is partnering with customers. Effective long-term relationships with customers can be a vital strategic weapon for a firm. Attracting new customers costs much more than keeping an existing one. Long-term customers usually buy more, require less service, refer other customers, and provide valuable feedback. Partnering with suppliers often means lower inventory costs, better prices, and preferential treatment. Overall, it can lower production costs. By partnering with other businesses, a company can gain access to important new technologies and other innovations in a more cost-effective manner.

DIF: 3

REF: Relationship Marketing

NAT: AACSB Reflective Thinking

MSC: AP

14. Compare comarketing and cobranding. Give an example of each.

ANS:

Comarketing is an arrangement by which two or more firms jointly market each other's products. Examples include fast-food establishments that sell toys to promote new-release movies. Cobranding occurs when two or more businesses team up to closely link their names for a single product. An example would be the Eddie Bauer vehicles from Ford Motor Company.

DIF: 2

REF: Relationship Marketing

NAT: AACSB Reflective Thinking

MSC: AP

MULTIPLE CHOICE

1. _____ 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.
- Marketing
 - Market segmentation
 - Consumer behavior
 - Marketing research

ANS: A DIF: 1
NAT: AACSB Analytic

REF: What is Marketing ?
MSC: KN

2. Philippe owns a store that sells lampshades. The process of receiving money in return for lamp shades is _____.
- Marketing
 - place utility
 - Exchange
 - time utility

ANS: C DIF: 2
NAT: AACSB Reflective Thinking

REF: What is Marketing ?
MSC: AP

3. The marketing function creates all of the following types of utility EXCEPT _____ utility.
- Place
 - Form
 - Time
 - Ownership

ANS: B DIF: 2
NAT: AACSB Analytic

REF: What is Marketing ?
MSC: KN

4. A convenience store offers _____ utility by being open 24 hours each day.
- Place
 - Form
 - Time
 - Ownership

ANS: C DIF: 1
NAT: AACSB Reflective Thinking

REF: What is Marketing ?
MSC: AP

5. _____ utility is created when the business firm converts raw materials into finished goods and services.
- Place
 - Exchange
 - Ownership
 - Form

ANS: D DIF: 2
NAT: AACSB Analytic

REF: What is Marketing ?
MSC: KN

6. A Wisconsin sporting goods store that sells fishing licenses at the start of each sport fishing season is creating _____ utility.
- Time
 - Form
 - Ownership

d. Place

ANS: A DIF: 2 REF: What is Marketing ?
NAT: AACSB Reflective Thinking MSC: AP

7. Place utility is created _____.
a. when arrangements for the transfer of title from seller to buyer are made
b. by having the good or service available at a convenient location when the consumer wants to buy it
c. when the product is made available to the consumer at a time the consumer wants to buy it
d. when the business firm converts raw materials into finished products

ANS: B DIF: 1 REF: What is Marketing ?
NAT: AACSB Analytic MSC: KN

8. The location of a coffee shop franchise in a mall creates _____ utility.
a. Place
b. Ownership
c. Form
d. Time

ANS: A DIF: 1 REF: What is Marketing ?
NAT: AACSB Reflective Thinking MSC: AP

9. The utility that is created when a salesperson at a car dealership completes the sales contract is _____ utility.
a. Place
b. Form
c. Time
d. Ownership

ANS: D DIF: 2 REF: What is Marketing ?
NAT: AACSB Reflective Thinking MSC: AP

10. The era in marketing history characterized by the notion that creative advertising would convince consumers to buy a product is known as the _____ era.
a. Relationship
b. Marketing
c. Production
d. Sales

ANS: D DIF: 2 REF: Evolution of the Marketing Concept
NAT: AACSB Analytic MSC: KN

11. The era in marketing history characterized by the notion that a good product will sell itself is known as the _____ era.
a. Production
b. Sales
c. Marketing
d. Relationship

ANS: A DIF: 2 REF: Evolution of the Marketing Concept
NAT: AACSB Analytic MSC: KN

12. The era in marketing history characterized by the notion that the customer is always right is known as the _____ era.

- a. Production
- b. Sales
- c. Marketing
- d. Relationship

ANS: C DIF: 2 REF: Evolution of the Marketing Concept
NAT: AACSB Analytic MSC: KN

13. The current marketing period is referred to as the _____ era.

- a. Production
- b. Relationship
- c. Marketing
- d. Sales

ANS: B DIF: 2 REF: Evolution of the Marketing Concept
NAT: AACSB Analytic MSC: KN

14. As the result of a hurricane heading toward the coastal area of North Carolina, residents rushed to purchase plywood to cover their windows. Retailers who carried plywood were operating in a _____.

- a. mixed economy
- b. seller's market
- c. buyer's market
- d. regulated market

ANS: B DIF: 2 REF: Evolution of the Marketing Concept
NAT: AACSB Reflective Thinking MSC: AP

15. Examples of private not-for-profit organizations include all of the following EXCEPT _____.

- a. St. Jude's Children's Hospital
- b. Fresno State University football team
- c. Michigan State Department of Natural Resources
- d. a local youth activities organization in Philadelphia

ANS: C DIF: 3 REF: Not-for-Profit and Nontraditional Marketing
NAT: AACSB Reflective Thinking MSC: AP

16. _____ is the largest not-for-profit organization in the world.

- a. Red Cross
- b. United Way
- c. Habitat for Humanity
- d. American Heart Association

ANS: A DIF: 2 REF: Not-for-Profit and Nontraditional Marketing
NAT: AACSB Analytic MSC: KN

17. Maria is campaigning for city council and talks with prospective voters in her ward about their concerns. Maria is engaged in _____ marketing.

- a. Person
- b. Place
- c. Cause
- d. Idea

ANS: A DIF: 2 REF: Not-for-Profit and Nontraditional Marketing
NAT: AACSB Reflective Thinking MSC: AP

18. Local officials in a mid-size town used _____ marketing to convince major businesses to move to the area, including advertisements that emphasized low tax rates and accessible transportation.
- a. Organization
 - b. Place
 - c. Cause
 - d. Event

ANS: B

DIF: 2

REF: Not-for-Profit and Nontraditional Marketing

NAT: AACSB Reflective Thinking

MSC: AP

19. The Tour of Hope is a cross-country bike tour designed to raise awareness about cancer clinical trials. Dasani bottled water is one of the sponsors, which enables the company to utilize _____ marketing.
- a. Organization
 - b. Event
 - c. Place
 - d. Cause

ANS: B

DIF: 2

REF: Not-for-Profit and Nontraditional Marketing

NAT: AACSB Reflective Thinking

MSC: AP

20. Dominga is seeking employment in the banking industry. Before her interview with Citibank, she conducts thorough research and identifies ways in which she can benefit the company. What type of marketing is Dominga utilizing?
- a. Organization
 - b. Cause
 - c. Person
 - d. Place

ANS: C

DIF: 2

REF: Not-for-Profit and Nontraditional Marketing

NAT: AACSB Reflective Thinking

MSC: AP

21. The marketing of a social concern or issue is known as _____ marketing.
- a. Place
 - b. Person
 - c. Organization
 - d. Cause

ANS: D

DIF: 2

REF: Not-for-Profit and Nontraditional Marketing

NAT: AACSB Analytic

MSC: KN

22. The Detroit Zoological Society raises money for the local zoo by selling memberships that allow members to attend the zoo free of charge and receive their publication. The society is using _____ marketing.
- a. Idea
 - b. Place
 - c. Organization
 - d. Service

ANS: C

DIF: 2

REF: Not-for-Profit and Nontraditional Marketing

NAT: AACSB Reflective Thinking

MSC: AP

23. Which of the following is the first step in developing a marketing strategy?
- a. Identify a target market.
 - b. Develop the right product.

- c. Decide how to promote the product.
- d. Implement the appropriate distribution system.

ANS: A DIF: 1 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

24. A singles business aims its promotions toward singles between the ages of 25 and 40 who reside in a specific county. The business has _____.
- a. selected a target market
 - b. developed a marketing plan
 - c. developed a marketing mix
 - d. created person utility

ANS: A DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Reflective Thinking MSC: AP

25. Which of the following is both a consumer product *and* a business product?
- a. Clothes
 - b. Steel
 - c. Magazine
 - d. Computer

ANS: D DIF: 3 REF: Developing a Marketing Strategy
NAT: AACSB Reflective Thinking MSC: AP

26. An organization's _____ is the group of potential customers toward whom it directs its marketing efforts.
- a. marketing demographic
 - b. target market
 - c. market segment
 - d. product market

ANS: B DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

27. Companies use _____ to focus on a specific consumer market by combining product, distribution, promotion, and pricing strategies.
- a. consumer behavior
 - b. a marketing mix
 - c. a marketing concept
 - d. market segmentation

ANS: B DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

28. Mona designs the packages and chooses the brand names for goods produced by her firm. Mona is involved in which part of the marketing mix?
- a. Promotion strategy
 - b. Distribution strategy
 - c. Product strategy
 - d. Pricing strategy

ANS: C DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Reflective Thinking MSC: AP

29. Which of the following marketing decision areas may be subject to government regulation but can be a powerful competitive tool for a business?
- a. Pricing strategy
 - b. Distribution strategy
 - c. Product strategy
 - d. Promotional strategy

ANS: A DIF: 2
NAT: AACSB Analytic

REF: Developing a Marketing Strategy
MSC: KN

30. _____ strategy focuses on personal selling, advertising, sales promotion tools, and public relations to produce effective communication between the firm and the marketplace.
- a. Pricing
 - b. Promotional
 - c. Distribution
 - d. Product

ANS: B DIF: 2
NAT: AACSB Analytic

REF: Developing a Marketing Strategy
MSC: KN

31. Ida works on creating ways to ensure that customers receive goods at the right time and correct location. Ida is involved in her firm's _____ strategy.
- a. Pricing
 - b. Promotion
 - c. Distribution
 - d. Product

ANS: C DIF: 2
NAT: AACSB Reflective Thinking

REF: Developing a Marketing Strategy
MSC: AP

32. Joe is developing the marketing mix for his company's new line of power tools. A brand name, price, and distribution system have been decided. Now Joe is concentrating his efforts on developing the best advertising plan for the product line. The advertising plan is part of Joe's _____ strategy.
- a. Production
 - b. Pricing
 - c. Promotional
 - d. Product

ANS: C DIF: 3
NAT: AACSB Reflective Thinking

REF: Developing a Marketing Strategy
MSC: AP

33. _____ allows luxury car companies to offer small groups of customers optional premiums, such as backseat refrigerators and panoramic moonroofs.
- a. Mass customization
 - b. Standardization
 - c. Organization marketing
 - d. Relationship production

ANS: A DIF: 2
NAT: AACSB Reflective Thinking

REF: Developing a Marketing Strategy
MSC: AP

34. The Custom Foot is a shoe store chain that manufactures shoes only after a scanner records the customer's measurements. These measurements are sent via computer to factories in Italy, where the leather shoes are made by hand. This is an example of _____.
- a. Standardization

- b. Adaptation
- c. organization marketing
- d. mass customization

ANS: D DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Reflective Thinking MSC: AP

35. Standardization would be most appropriate for which of the following products?
- a. Commercial aircraft
 - b. DVDs
 - c. Fast food
 - d. Checking accounts

ANS: A DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

36. Adaptation works best for which of the following products?
- a. Paper
 - b. Fast Food
 - c. Chemicals
 - d. Natural gas

ANS: B DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Reflective Thinking MSC: AP

37. Data collected for the first time through observation or surveys is _____.
- a. secondary data
 - b. external data
 - c. primary data
 - d. a marketing information system

ANS: C DIF: 1 REF: Marketing Research
NAT: AACSB Analytic MSC: KN

38. Census data are _____ and _____ data for marketing researchers.
- a. external; primary
 - b. internal; primary
 - c. internal; secondary
 - d. external; secondary

ANS: D DIF: 2 REF: Marketing Research
NAT: AACSB Analytic MSC: KN

39. Devin obtains research data based on the number of unique visitors to his company's Web site, as well as tracking types of orders and amount of money spent. Devin is acquiring what type of research data?
- a. Principal
 - b. Secondary
 - c. External
 - d. Primary

ANS: D DIF: 2 REF: Marketing Research
NAT: AACSB Reflective Thinking MSC: AP

40. A company's financial records are a source of _____ and _____ data for marketing researchers.
- a. external; primary
 - b. internal; primary

- c. external; secondary
- d. internal; secondary

ANS: B DIF: 2 REF: Marketing Research
NAT: AACSB Analytic MSC: KN

41. All of the following are internal sources of data EXCEPT _____.
- a. company product sales
 - b. company product inventory
 - c. competitor's sales
 - d. unpaid bills

ANS: C DIF: 1 REF: Marketing Research
NAT: AACSB Analytic MSC: KN

42. Esperanza is reviewing data that shows sales of her company's products during specific hours of each day. What kind of data is Esperanza reviewing?
- a. Internal data
 - b. Secondary data
 - c. External data
 - d. Survey data

ANS: A DIF: 2 REF: Marketing Research
NAT: AACSB Reflective Thinking MSC: AP

43. Which of the following is a drawback to using Census and other government data sources?
- a. Accessing government data is expensive.
 - b. Government data can become obsolete quickly.
 - c. Accessing government data is difficult.
 - d. Government data sources are unreliable.

ANS: B DIF: 2 REF: Marketing Research
NAT: AACSB Analytic MSC: KN

44. Luke works as a marketing researcher and goes online to obtain information from government publications for census data and demographics. What type of data is Luke researching?
- a. Internal data
 - b. Secondary data
 - c. Peripheral data
 - d. Primary data

ANS: B DIF: 2 REF: Marketing Research
NAT: AACSB Reflective Thinking MSC: AP

45. Allan and Erica assembled a group of 12 people and had the group evaluate several promotional campaigns. Allan and Erica collected data from a(n) _____.
- a. focus group
 - b. Survey
 - c. observational source
 - d. secondary source

ANS: A DIF: 2 REF: Marketing Research
NAT: AACSB Reflective Thinking MSC: AP

46. A focus group is a method of collecting _____ data and is a(n) _____.
- a. primary; survey method

- b. primary; observational study
- c. secondary; survey method
- d. secondary; observational study

ANS: A DIF: 2 REF: Marketing Research
NAT: AACSB Analytic MSC: KN

47. Miguel is a research specialist in a marketing division. He is working on a project that involves searching through customer files to detect spending patterns or trends that his company could target to increase sales. Miguel is _____.
- a. developing a value-added database
 - b. segmenting and correlating the data files
 - c. doing environmental scanning
 - d. data mining

ANS: D DIF: 2 REF: Marketing Research
NAT: AACSB Reflective Thinking MSC: AP

48. Wal-Mart uses data _____ to assess local preferences for merchandise so that the company can tailor the inventory of each store accordingly.
- a. Mining
 - b. Warehouses
 - c. Marketing
 - d. Research

ANS: A DIF: 2 REF: Marketing Research
NAT: AACSB Reflective Thinking MSC: AP

49. Data _____ refer to sophisticated customer databases that allow managers to combine data from several different organizational functions.
- a. marketing
 - b. warehouses
 - c. research
 - d. mining

ANS: B DIF: 2 REF: Marketing Research
NAT: AACSB Analytic MSC: KN

50. The oldest form of segmenting consumer markets is based on _____.
- a. geography
 - b. demographics
 - c. end-use
 - d. psychographics

ANS: A PTS: 1 DIF: 2 REF: p. 392
NAT: AACSB Analytic MSC: KN

51. The common bases for segmenting consumer markets include all of the following EXCEPT _____ factors.
- a. psychographic
 - b. geographic
 - c. demographic
 - d. end-use

ANS: D PTS: 1 DIF: 1 REF: p. 392
NAT: AACSB Analytic MSC: KN

52. The most common form of consumer market segmentation is based on _____.
a. end-use
b. geography
c. product-related
d. demographics

ANS: D DIF: 2 REF: Market Segmentation
NAT: AACSB Analytic MSC: KN

53. All of the following are demographic methods for segmenting a market EXCEPT _____.
a. age
b. education
c. lifestyle
d. income

ANS: C DIF: 2 REF: Market Segmentation
NAT: AACSB Analytic MSC: KN

54. *Forbes*, *Fortune*, and similar types of magazines often contain ads for Rolex watches, BMW automobiles, and other luxury items. Advertisers are trying to reach a market segment based on _____.
a. location
b. Age
c. gender
d. income

ANS: D DIF: 2 REF: Market Segmentation
NAT: AACSB Reflective Thinking MSC: AP

55. Desmond is developing several different marketing strategies based on target markets that differ in terms of lifestyles. He is segmenting the overall market by _____.
a. demographics
b. end-use
c. psychographics
d. product

ANS: C DIF: 2 REF: Market Segmentation
NAT: AACSB Reflective Thinking MSC: AP

56. Amazon.com keeps track of goods its customers have ordered. When a returning customer logs onto Amazon.com, the site creates a list of recommendations based on the customer's purchasing history. How is Amazon.com segmenting the market?
a. By psychographics
b. By product
c. By demographics
d. By end-use

ANS: B DIF: 2 REF: Market Segmentation
NAT: AACSB Reflective Thinking MSC: AP

57. All of the following are methods of segmenting the business market EXCEPT _____.
a. psychographics
b. demographics
c. geographic

d. end-use

ANS: A DIF: 2

REF: Market Segmentation

NAT: AACSB Analytic

MSC: KN

58. Gwen's mid-size company designs specialty lenses for a camera manufacturer. Her design specifications are based on the camera's performance, design, and price. What type of business market is Gwen engaged in?
- a. Product-related segmentation
 - b. End-use segmentation
 - c. Buyer behavior
 - d. Product usage rate

ANS: B DIF: 3

REF: Market Segmentation

NAT: AACSB Reflective Thinking

MSC: AP

59. _____ refers to the actions of consumers directly involved in obtaining, consuming, and disposing of products, and the decision processes that precede and follow these actions.
- a. Buyer behavior
 - b. Consumer behavior
 - c. Marketing management
 - d. The marketing mix

ANS: B DIF: 1

REF: Consumer Behavior

NAT: AACSB Analytic

MSC: KN

60. Interpersonal determinants of consumer behavior include all of the following EXCEPT _____ influences.
- a. motivational
 - b. cultural
 - c. social
 - d. family

ANS: A DIF: 1

REF: Consumer Behavior

NAT: AACSB Analytic

MSC: KN

61. Which of the following is an interpersonal determinant of consumer behavior?
- a. Perceptions
 - b. Attitudes
 - c. Family influences
 - d. Learned experiences

ANS: C DIF: 1

REF: Consumer Behavior

NAT: AACSB Analytic

MSC: KN

62. Personal determinants in the buying decision include all of the following EXCEPT _____.
- a. needs and motives
 - b. perception and attitudes
 - c. learning and self-concept
 - d. cultural experiences

ANS: D DIF: 2

REF: Consumer Behavior

NAT: AACSB Analytic

MSC: KN

63. Bailey seeks out cleaning products that are environmentally friendly and is willing to pay extra for a "green" brand. What is the main factor for Bailey's purchase?

- a. Interpersonal determinants
- b. Relationship marketing
- c. Personal determinants
- d. End-use segmentation

ANS: C DIF: 2 REF: Consumer Behavior
 NAT: AACSB Reflective Thinking MSC: AP

64. Charlotte wants to purchase a new printer for her computer. She decides to stick with the brand she knows because of her experience with its efficiency and reliability. This is an example of a(n) _____.

- a. interpersonal determinant
- b. personal determinant
- c. buying behavior
- d. recognition of a problem or opportunity

ANS: B DIF: 2 REF: Consumer Behavior
 NAT: AACSB Reflective Thinking MSC: AP

65. Aidan is tired of doing his laundry at the local laundromat and would like to buy a washer and dryer for his apartment. In the Saturday paper he notices that a retail store is having a half-price sale. Aidan is at what step of the consumer behavior process?

- a. Evaluation of alternatives
- b. Searching for alternatives
- c. Purchase decision
- d. Purchase act

ANS: B DIF: 2 REF: Consumer Behavior
 NAT: AACSB Reflective Thinking MSC: AP

66. Personal and interpersonal determinants affect which steps in the consumer behavior process?

- a. Recognition of problem or opportunity
- b. Purchase decision
- c. Purchase act
- d. Each step in the consumer behavior process

ANS: D DIF: 1 REF: Consumer Behavior
 NAT: AACSB Analytic MSC: KN

67. Developing and maintaining long-term, cost-effective exchange relationships with individual customers, suppliers, employees, and other partners for mutual benefit characterizes _____.

- a. relationship management
- b. customer satisfaction
- c. relationship marketing
- d. interpersonal consumer relationships

ANS: C DIF: 2 REF: Relationship Marketing
 NAT: AACSB Analytic MSC: KN

68. Fiona has initiated a project to establish a company Web site for interactive electronic commerce that encourages customers to provide the company with information on their purchase decision factors, post-purchase evaluations, lifestyles, and future expectations for service. Fiona plans to use the Internet for _____.

- a. market segmentation
- b. relationship marketing

- c. organization marketing
- d. end-use segmentation

ANS: B DIF: 3 REF: Relationship Marketing
NAT: AACSB Reflective Thinking MSC: AP

69. Which of the following is NOT consistent with relationship marketing?
- a. Focusing on attaining new customers, even at the expense of losing long-term ones
 - b. Developing partnerships with suppliers
 - c. Developing partnerships with customers
 - d. Supporting other businesses where that support is beneficial to the company's goals

ANS: A DIF: 2 REF: Relationship Marketing
NAT: AACSB Analytic MSC: KN

70. Approximately how much more does it cost to attract one new customer than to keep an existing one?
- a. Twice as much
 - b. Three times as much
 - c. Five times as much
 - d. About the same

ANS: C DIF: 3 REF: Relationship Marketing
NAT: AACSB Analytic MSC: KN

71. When customers scan their “preferred cards” at a grocery store, the list of items is computed, and the store can offer coupons that are personalized to customer preferences. This is an example of _____.
- a. consumer behavior
 - b. affinity program
 - c. frequency marketing
 - d. product-related segmentation

ANS: C DIF: 2 REF: Relationship Marketing
NAT: AACSB Reflective Thinking MSC: AP

72. Subaru offers a version of its Outback called the L.L. Bean edition. This is an example of _____.
- a. a comarketed product
 - b. supplier-producer cooperation
 - c. a marketing mix
 - d. a cobranded product

ANS: D DIF: 2 REF: Relationship Marketing
NAT: AACSB Reflective Thinking MSC: AP

73. A university offers alumni a special Visa card with the university's logo printed on the front. Each time the cardholder uses the card, the university receives a small percentage of the amount charged. This is an example of _____.
- a. cobranding
 - b. comarketing
 - c. a frequency marketing program
 - d. an affinity program

ANS: D DIF: 2 REF: Relationship Marketing
NAT: AACSB Reflective Thinking MSC: AP

74. When McDonald’s sold Beanie Babies in their Happy Meals, both companies profited from the _____ arrangement.

- a. comarketing
- b. cobranding
- c. affinity program
- d. transaction marketing

ANS: A DIF: 2
 NAT: AACSB Reflective Thinking

REF: Relationship Marketing
 MSC: AP

TRUE/FALSE

1. Marketing is basically a form of selling.

ANS: F PTS: 1 DIF: 1
 NAT: AACSB Analytic MSC: KN

REF: What is Marketing?

2. When the American Lung Association distributes pamphlets on the dangers of smoking, they are using marketing as an educational tool.

ANS: T PTS: 1 DIF: 2
 NAT: AACSB Reflective Thinking MSC: AP

REF: What is Marketing?

3. The only thing marketing cannot sell is a viewpoint or idea.

ANS: F PTS: 1 DIF: 2
 NAT: AACSB Analytic MSC: KN

REF: What is Marketing?

4. An important aspect of marketing is the ability to anticipate consumers' needs before they surface.

ANS: T PTS: 1 DIF: 2
 NAT: AACSB Reflective Thinking MSC: AP

REF: What is Marketing?

5. Throughout the marketing process, a successful organization focuses on building customer relationships.

ANS: T PTS: 1 DIF: 1
 NAT: AACSB Analytic MSC: KN

REF: What is Marketing?

6. Marketing creates form, time, place, and ownership utility.

ANS: F PTS: 1 DIF: 2
 NAT: AACSB Analytic MSC: KN

REF: What is Marketing?

7. Ownership utility is created by making a product available in a location and at a time convenient for customers.

ANS: F PTS: 1 DIF: 2
 NAT: AACSB Analytic MSC: KN

REF: What is Marketing?

8. Becky opened a sandwich stand near a row of corporate offices, whose employees previously had to drive several miles to get their lunch. Becky is utilizing place utility.

ANS: T PTS: 1 DIF: 1
 NAT: AACSB Reflective Thinking MSC: AP

REF: What is Marketing?

9. An outdoor store sells rafting and camping permits for a close-by national park. The store is creating time utility.

ANS: F PTS: 1 DIF: 2 REF: What is Marketing?
NAT: AACSB Reflective Thinking MSC: AP

10. The sales era in marketing gradually gave way to the relationship era.

ANS: F PTS: 1 DIF: 2 REF: Evolution of the Marketing
Concept
NAT: AACSB Analytic MSC: KN

11. The marketing concept refers to a company-wide customer orientation with the objective of achieving long-term success.

ANS: T PTS: 1 DIF: 1 REF: Evolution of the Marketing
Concept
NAT: AACSB Analytic MSC: KN

12. A seller's market is one characterized by an abundance of goods and services.

ANS: F PTS: 1 DIF: 2 REF: Evolution of the Marketing
Concept
NAT: AACSB Analytic MSC: KN

13. Marketing strategies are essential for not-for-profit organizations because they are competing for dollars just as commercial businesses are.

ANS: T PTS: 1 DIF: 1 REF: Not-for-Profit and
Nontraditional Marketing
NAT: AACSB Analytic MSC: KN

14. Efforts to promote the annual Sundance Film Festival are an example of place marketing.

ANS: F PTS: 1 DIF: 2 REF: Not-for-Profit and
Nontraditional Marketing
NAT: AACSB Reflective Thinking MSC: AP

15. Event marketing seeks to educate the public more than directly raise funds.

ANS: F PTS: 1 DIF: 2 REF: Not-for-Profit and
Nontraditional Marketing
NAT: AACSB Analytic MSC: KN

16. The use of Web sites, magazine adds, and mail sent directly to consumers to market their organizations is an example of organization marketing.

ANS: T PTS: 1 DIF: 2 REF: Not-for-Profit and
Nontraditional Marketing
NAT: AACSB Reflective Thinking MSC: AP

17. The first element of a marketing strategy is to identify a target market.

ANS: T PTS: 1 DIF: 1 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

18. Products fall into the categories of consumer or business, but not both.

ANS: F PTS: 1 DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

19. Marketing segmentation is the group of potential customers toward whom an organization directs its marketing efforts.

ANS: F PTS: 1 DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

20. When Foot Locker opened Lady Footlocker, the company was directing its efforts at a target market.

ANS: T PTS: 1 DIF: 1 REF: Developing a Marketing Strategy
NAT: AACSB Reflective Thinking MSC: AP

21. A firm's marketing success depends on the individual strategies developed for each of the four elements of its marketing mix.

ANS: F PTS: 1 DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

22. "Find a need and fill it" is the simplest explanation of the two elements of a marketing strategy.

ANS: T PTS: 1 DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

23. One of the most difficult areas of marketing decision making is pricing.

ANS: T PTS: 1 DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

24. Standardization works well for steel and chemicals in other countries.

ANS: T PTS: 1 DIF: 1 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

25. Consumer products usually require adaptation since they tend to be culture dependent.

ANS: T PTS: 1 DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

26. Mass customization attempts to blend unique features into standardized goods and services.

ANS: T PTS: 1 DIF: 2 REF: Developing a Marketing Strategy
NAT: AACSB Analytic MSC: KN

27. A researcher who needs to gather timely, current information might be frustrated working with secondary data.

ANS: T PTS: 1 DIF: 2 REF: Marketing Research
NAT: AACSB Reflective Thinking MSC: AP

28. External data refer to data about other organizations.

ANS: F PTS: 1 DIF: 1 REF: Marketing Research
NAT: AACSB Analytic MSC: KN

29. Primary data refer to data collected firsthand through such methods as observation and surveys.

ANS: T PTS: 1 DIF: 1 REF: Marketing Research
NAT: AACSB Analytic MSC: KN

30. Most government data can now be accessed over the Internet.

ANS: T PTS: 1 DIF: 1 REF: Marketing Research
NAT: AACSB Analytic MSC: KN

31. A focus group is a type of survey method for collecting secondary data.

ANS: F PTS: 1 DIF: 2 REF: Marketing Research
NAT: AACSB Analytic MSC: KN

32. Market segmentation is the process of dividing a total market into several relatively diverse groups.

ANS: F PTS: 1 DIF: 1 REF: Market Segmentation
NAT: AACSB Analytic MSC: KN

33. Market segmentation attempts to isolate the traits that distinguish a certain group of consumers from the overall market.

ANS: T PTS: 1 DIF: 1 REF: Market Segmentation
NAT: AACSB Analytic MSC: KN

34. The most common method of market segmentation is demographic segmentation.

ANS: T PTS: 1 DIF: 2 REF: Market Segmentation
NAT: AACSB Analytic MSC: KN

35. Demographic segmentation divides consumer markets into groups with similar values and lifestyles.

ANS: F PTS: 1 DIF: 2 REF: Market Segmentation
NAT: AACSB Analytic MSC: KN

36. Income is perhaps the most volatile factor in demographic segmentation in the United States.

ANS: F PTS: 1 DIF: 2 REF: Market Segmentation
NAT: AACSB Analytic MSC: KN

37. Attitudes and opinions are psychographic characteristics.

ANS: T PTS: 1 DIF: 1 REF: Market Segmentation
NAT: AACSB Analytic MSC: KN

38. The 80/20 principle states that 80 percent of a product's revenue comes from only about 20 percent of its users.

ANS: T PTS: 1 DIF: 2 REF: Market Segmentation
NAT: AACSB Analytic MSC: KN

39. End-use segmentation focuses on the precise way a consumer will use a product.

ANS: F PTS: 1 DIF: 2 REF: Market Segmentation
NAT: AACSB Analytic MSC: KN

40. Personal factors that influence consumer behavior include cultural, social, and family influences.

ANS: F PTS: 1 DIF: 1 REF: Consumer Behavior
NAT: AACSB Analytic MSC: KN

41. Business buyers face a variety of organizational influences in addition to their own preferences.

ANS: T PTS: 1 DIF: 1 REF: Consumer Behavior
NAT: AACSB Analytic MSC: KN

42. Family factors have been shown to influence consumer car buying decisions. This is an example of a personal influence on consumer behavior.

ANS: F PTS: 1 DIF: 2 REF: Consumer Behavior
NAT: AACSB Reflective Thinking MSC: AP

43. Both personal and interpersonal factors influence the way buyers behave.

ANS: T PTS: 1 DIF: 1 REF: Consumer Behavior
NAT: AACSB Analytic MSC: KN

44. The first step in the consumer behavior process is the recognition of a problem or opportunity.

ANS: T PTS: 1 DIF: 1 REF: Consumer Behavior
NAT: AACSB Analytic MSC: KN

45. Personal and interpersonal influences are strongest in only the early steps of the consumer behavior process.

ANS: F PTS: 1 DIF: 2 REF: Consumer Behavior
NAT: AACSB Reflective Thinking MSC: AP

46. The goal of completing transactions is to build long-term relationships between sellers and their customers.

ANS: F PTS: 1 DIF: 1 REF: Relationship Management
NAT: AACSB Analytic MSC: KN

47. As its ultimate goal, relationship marketing seeks to achieve customer satisfaction.

ANS: T PTS: 1 DIF: 2 REF: Relationship Management
NAT: AACSB Analytic MSC: KN

48. Building long-term relationships with a few suppliers can actually lower production costs.

ANS: T PTS: 1 DIF: 2 REF: Relationship Management
NAT: AACSB Analytic MSC: KN

49. The Internet is considered an indirect way of connecting with customers.

ANS: F PTS: 1 DIF: 2 REF: Relationship Management
NAT: AACSB Analytic MSC: KN

50. Cobranding is when a company develops a product for two or more of its customers.

ANS: F PTS: 1 DIF: 2 REF: Relationship Management
NAT: AACSB Analytic MSC: KN

51. An example of an affinity program would be credit card customers who apply for cards affiliated with their favorite charity.

ANS: T PTS: 1 DIF: 2 REF: Relationship Management
NAT: AACSB Reflective Thinking MSC: AP