

Customer-Driven Marketing

True / False Questions

1. Marketing activities create value by allowing individuals and organizations to obtain what they need and want.

True False

2. Creating an innovative product that meets many users' needs is sufficient in today's volatile global marketplace.

True False

3. An exchange does not necessarily take place just because buyers and sellers have something of value to exchange.

True False

4. The exchange process is expedited through selling.

True False

5. Unlike transporting, storing is not part of the physical distribution of products.

True False

6. The customer value of a product refers to anything a buyer must give up to obtain the benefits the product provides.

True False

7. A nonmonetary cost associated with products is risk, which can be reduced by offering good basic warranties for an additional charge.

True False

8. According to the marketing concept, a business must first develop the good, service, or idea and then find out what consumers desire.

True False

9. Trying to determine customers' true needs is increasingly difficult because no one fully understands what motivates people to buy things.

True False

10. During the sales orientation period of the marketing concept, demand for manufactured goods was stronger than their supply.

True False

11. The marketing era, one of marketing orientation, was characterized by mass-production as the primary means of increasing profits.

True False

12. To effectively develop and carry out a market orientation, nonmarketing managers must actively communicate with marketing managers to share information important to understanding the customer.

True False

13. In the context of a market orientation, it is more efficient and less expensive for a company to find new customers than to retain existing customers.

True False

14. By providing multiple points of interactions with customers—that is, websites, telephone, fax, e-mail, and personal contact—companies can personalize customer relationships.

True False

15. Marketing managers may define a target market as a relatively small number of people within a larger market, but not as the total market.

True False

16. Sellers of cars, wristwatches, and holiday packages use a total-market approach because everyone is a potential consumer of these products.

True False

17. A market segment is a collection of individuals, groups, or organizations that have distinctly different product needs and desires.

True False

18. In the total-market approach, a company develops multiple marketing strategies for a single market segment.

True False

19. The concentration approach to market segmentation is highly effective when a firm can identify and develop products for a segment ignored by other companies in the industry.

True False

20. A company that sells expensive sulphate-free shampoos to meet the needs of a small percentage of elite customers is most likely practicing niche marketing.

True False

21. Demographic segmentation is primarily based on the personality characteristics—motives and lifestyles—of intended customers.

True False

22. Primary data is information that is compiled inside or outside an organization for some purpose other than changing the current situation.

True False

23. Buying behavior includes the behavior of both consumers purchasing products for personal or household use as well as organizations buying products for business use.

True False

24. The external forces in the marketing environment are sometimes called uncontrollables because a marketing manager has no influence over these variables.

True False

25. It is necessary for nonprofits, government institutions, and even people to market themselves to spread awareness and achieve desired outcomes.

True False

Multiple Choice Questions

26. _____ is best described as a group of activities designed to expedite transactions by creating, distributing, pricing, and promoting goods, services, and ideas.

- A. Auditing
- B. Marketing
- C. Recruiting
- D. Bootstrapping
- E. Brainstorming

27. Marketing activities best create value by:
- A. focusing exclusively on selling and advertising.
 - B. using unsystematic approaches to satisfying consumers.
 - C. manipulating consumers to get them to buy products they do not want.
 - D. allowing individuals and organizations to obtain what they need and want.
 - E. working independently of other functional areas of business—such as operations.
28. _____ is the only business function that is directly responsible for creating sales and revenue.
- A. Accounting
 - B. Recruitment
 - C. Operations
 - D. Marketing
 - E. Finance
29. Which of the following has most likely taken place when a customer at a bakery hands a cashier \$5 for a loaf of bread?
- A. Collusion
 - B. Monopoly
 - C. Donation
 - D. Exchange
 - E. Coercion
30. Ryan has produced 1000 jars of pickled oranges using the oranges in his orchard. By concentrating his efforts on advertising and publicity, he is trying to encourage people to notice and buy his product. Through his promotional activities, Ryan is primarily engaging in the marketing function of _____.
- A. financing
 - B. grading
 - C. warehousing
 - D. buying
 - E. selling

31. Burgerama Inc., a popular fast food chain, is famous for its French fries and hash browns. It is one of the few fast food chains to exclusively use the potatoes from its own farms. However, its potatoes can be harvested for only three months of the year. Which of the following marketing functions can Burgerama employ to achieve time utility and satisfy year-round demand for its exclusively grown French fries and hash browns?
- A. Grading
 - B. Selling
 - C. Storing
 - D. Buying
 - E. Financing
32. When a packer in the frozen foods section of a grocery store labels a meat steak with little or no fat as "AA" and another meat steak with more fat as "AB," the packer is primarily engaging in the marketing function of ____.
- A. buying
 - B. grading
 - C. scoring
 - D. storing
 - E. financing
33. ____ is the chance of loss associated with marketing decisions.
- A. Value
 - B. Utility
 - C. Liability
 - D. Risk
 - E. Cost
34. A customer's subjective assessment of benefits relative to costs in determining the worth of a product is known as ____.
- A. risk
 - B. value
 - C. cost
 - D. price
 - E. profit

35. Which of the following is a nonmonetary cost associated with purchasing a car?
- A. The interest rates on the car loan
 - B. The registration of the car
 - C. The excise taxes paid on the car
 - D. The recurring monthly installments for the car
 - E. The time taken to test drive various car models
36. Which of the following statements is NOT true of the marketing concept philosophy?
- A. A business must continually alter, adapt, and develop products to keep pace with changing consumer needs and wants.
 - B. An organization sells ideas, benefits, philosophies, and experiences—not just goods and services.
 - C. A business must also achieve its own goals, such as boosting productivity, or reducing costs, along with customer satisfaction.
 - D. A business should view the customer's perception of value as the ultimate measure of work performance and improving value.
 - E. A business must first develop its product, service, or idea and then find out what consumers desire.
37. _____ is the goal of the marketing concept.
- A. Product orientation
 - B. Productivity boosting
 - C. Customer satisfaction
 - D. Asset turnover
 - E. Sales orientation
38. Which of the following is an ineffective practice to follow while implementing the marketing concept?
- A. Using the customer's perception of value as the ultimate measure of work performance
 - B. Striking a balance between achieving organizational objectives and satisfying customers
 - C. Adopting a product orientation instead of a consumer orientation to deliver the right good or service
 - D. Involving the entire organization instead of only the marketing department, in achieving customer satisfaction
 - E. Adapting products and services according to the changing consumer needs and wants

39. In the context of the evolution of the marketing concept, the era of production orientation was characterized by ____.
- A. the development of new technologies that made it possible to manufacture goods with ever increasing efficiency
 - B. a belief that sales were the primary means of increasing profits
 - C. the view adopted by businesspeople that advertising and personal selling were the primary means of increasing profits
 - D. the realization of entrepreneurs that they must first determine what customers want and then produce it
 - E. a belief that it was more effective to retain existing customers than it was to find new ones
40. During the period of ____ orientation, the supply of manufactured goods caught up with and then exceeded demand, which made businesspeople believe that extensive promotion was the only way to persuade customers to buy their products.
- A. production
 - B. trade
 - C. sales
 - D. market
 - E. demand
41. Which of the following requires organizations to gather information about customer needs, share that information throughout the firm, and use it to help build long-term relationships with customers?
- A. Marketing concept
 - B. Production orientation
 - C. Sales orientation
 - D. Market orientation
 - E. Customer-relationship orientation
42. During the ____ orientation phase of the marketing concept, businesses found that they must first determine what customers want and then produce it, rather than making the products first and then trying to persuade customers that they need them.
- A. trade
 - B. production
 - C. sales
 - D. market
 - E. demand

43. Which of the following is most likely the primary focus of a business that adopts a market orientation?

- A. Limiting marketing activities to the marketing department
- B. Using advertising and personal selling to persuade customers
- C. Mass producing goods and services to increase profits
- D. Attracting new customers rather than retaining the current ones
- E. Building long-term relationships with customers

44. The first step in developing a marketing strategy is:

- A. cultivating effective customer relationships.
- B. attracting new customers.
- C. selecting a target market.
- D. developing an appropriate marketing mix.
- E. conducting a SWOT analysis.

45. A(n) _____ is best described as a group of people who have a need, purchasing power, and the desire and authority to spend money on goods, services, and ideas.

- A. market
- B. focus group
- C. command group
- D. target market
- E. market segment

46. Ferava Inc. is a company that markets its products—luxury wristwatches—exclusively to high-income individuals and celebrities. Thus, high-income individuals and celebrities are most likely Ferava Inc.'s _____.

- A. target market
- B. control group
- C. reference group
- D. market
- E. market segment

47. Red Unicorn Inc. is a company that manufactures wooden planks for construction. It has categorized its customers on the basis of their product requirements into construction companies, wholesalers, and government institutions. Which of the following marketing strategies is best illustrated in this scenario?

- A. Mass production
- B. Market segmentation
- C. Market positioning
- D. Product differentiation
- E. Product diversification

48. True Pharmaceuticals Inc. manufactures and sells a variety of drugs for a large market consisting of people of different genders, ages, educational backgrounds, lifestyles, geographic locations, and income levels. It assumes that all buyers have similar medical needs and wants. In this scenario, True Pharmaceuticals Inc. is best demonstrating a _____ approach to marketing.

- A. niche market
- B. total-market
- C. concentration
- D. differentiated market
- E. multisegment

49. Which of the following products is most suitable for selling through a total-market approach?

- A. Luxury cars
- B. Anti-aging creams
- C. Salt and sugar
- D. Milk and cookies
- E. Consumer electronics

50. In the _____ approach to market segmentation, a company develops one marketing strategy for a single market segment.

- A. mass market
- B. total-market
- C. differentiated
- D. multisegment
- E. concentration

51. Electronica Inc. is the first mobile phone retailer to sell smart phones to high-school students at easily affordable prices. The company has one marketing strategy for the entire market of high-school students and focuses all its efforts on this one segment. In this scenario, Electronica Inc. is most likely using the _____ approach for marketing its smart phones.
- A. total-market
 - B. differentiated
 - C. multisegment
 - D. concentration
 - E. mass market
52. Kemmen Foods Inc., a company that manufactures and sells breakfast cereals, has customized its cereal flavors to suit different lifestyles, personal tastes, and age groups. For example, it makes organic cereals for its health-conscious customers, and it makes colorful cereals with cartoon characters for children. Which of the following market segment approaches is Kemmen Foods Inc. using in this scenario?
- A. Niche market approach
 - B. Mass market approach
 - C. Total-market approach
 - D. Concentration approach
 - E. Multisegment approach
53. In _____ marketing, all marketing efforts are on one small, narrow, well-defined market segment that has a unique, specific set of needs.
- A. niche
 - B. mass
 - C. differentiated
 - D. total
 - E. multisegment
54. If a company develops an advertising campaign exclusively for a segment of consumers with a certain income and education, which of the following segmentation variables is the company using?
- A. Behavioristic
 - B. Demographic
 - C. Psychographic
 - D. Geographic
 - E. Ethnographic

55. Which of the following is a basis for the psychographic segmentation of markets?
- A. Religion
 - B. Income
 - C. Education
 - D. Lifestyle
 - E. Gender
56. Gear Power Inc., an automobile company, manufactures different cars for different market segments. It markets SUVs for customers who live in the mountains, sedans for customers in the coastal plains, and smaller hatchback cars for those in big cities. In this scenario, Gear Power Inc. is primarily using _____ variables of market segmentation.
- A. demographic
 - B. psychographic
 - C. geographic
 - D. behavioristic
 - E. ethnographic
57. Coral Soul Inc. manufactures a range of body care products. It has separate product lines dedicated to men and women, and each product line has its own range of shower gels, shampoos, and cosmetics. Which of the following bases of market segmentation has Coral Soul Inc. adopted?
- A. Demographic
 - B. Ethnographic
 - C. Geographic
 - D. Behavioristic
 - E. Psychographic
58. Which of the following bases for market segmentation pertains to some characteristic of the consumer's actions toward the product—a characteristic that commonly involves some aspect of product use.
- A. Demographic
 - B. Psychographic
 - C. Geographic
 - D. Behavioristic
 - E. Ethnographic

59. Which of the following is NOT one of the four marketing activities of the marketing mix?

- A. Price
- B. Distribution
- C. Promotion
- D. Product
- E. Profit

60. In businesses, the _____ is an important variable—often the central focus—of the marketing mix, based on which the other variables are adjusted.

- A. price
- B. distribution
- C. promotion
- D. product
- E. process

61. Gift Nation Inc. is deciding whether to sell its products through vending machines outside subway stations or in stores at popular malls. Which of the following elements in the marketing mix does this decision most relate to?

- A. Price
- B. Place
- C. Promotion
- D. Product
- E. Process

62. Prism Phones Inc. is targeting college students and young professionals. The company has therefore decided to advertise its cell phones over social networking and other popular websites. Relative to television advertising, this strategy will help Prism Phones save costs, allowing the firm to sell its phones at a more competitive price. Prism Phones' decision to advertise via different vehicles than other firms illustrates the _____ activities of the marketing mix.

- A. price
- B. distribution
- C. promotion
- D. product
- E. profit

63. Global Mart Inc., a multinational chain of supermarkets, wants to open a new store in a country called Alheroni. Before launching itself in the new market, the management of Global Mart Inc. wants to collect primary data about Alheroni's market. Which of the following sources of information will it most likely use?

- A. The information collected by the census bureau of Alheroni
- B. The data collected by government agencies in Alheroni
- C. The data collected from anonymous surveys conducted in malls in Alheroni
- D. Its own internal records and reports on operations in Alheroni
- E. Information about Alheroni from the databases of marketing research firms

64. _____ refers to the decision processes and actions of people who purchase and use products.

- A. Buying behavior
- B. Distributing
- C. Franchising
- D. Entrepreneurship
- E. Market orientation

65. In the context of the psychological variables of buying behavior, _____ is the process by which a person selects, organizes, and interprets information received from his or her senses.

- A. conditioning
- B. perception
- C. self-actualization
- D. motivation
- E. mediation

66. Which of the following is a psychological variable of buying behavior?

- A. Social roles
- B. Attitude
- C. Reference groups
- D. Social classes
- E. Culture

67. Anna is an environmental activist who never buys paper-based products unless they are made from recycled paper. Which of the following psychological factors is primarily responsible for Anna's buying behavior in this scenario?

- A. Attitude
- B. Social role
- C. Social class
- D. Culture
- E. Self-efficacy

68. Derek has always disliked shopping for branded clothes because he claims that they are a waste of money. However, now that Derek has children, he buys them only branded clothes because he believes that these clothes are much higher in quality. In this scenario, Derek's change in buying behavior is most likely related to his:

- A. span of control.
- B. social role.
- C. social class.
- D. political orientation.
- E. ethical dissonance.

69. _____ are commonly determined by ranking people into higher or lower positions of respect.

- A. Social classes
- B. Social roles
- C. Reference groups
- D. Market segments
- E. Functional teams

70. Jennifer is highly influenced by actresses in movies and advertisements. She wishes to dress like them and adopt their lifestyle. When she is shopping, these celebrities are her point of comparison. In this scenario, actresses in movies and advertisements are Jennifer's _____.

- A. social class
- B. focus group
- C. reference group
- D. social role
- E. market segment

71. Each time David wants to change his cell phone, he surveys the opinions of his colleagues and friends to decide which phone to buy. Thus, David's colleagues and friends are his _____.
- A. social class
 - B. social role
 - C. target market
 - D. reference group
 - E. resource pool
72. Which of the following is least likely to be a competitive or economic force in the marketing environment?
- A. The purchasing power of people in a geographic market
 - B. The rate of unemployment in a country
 - C. The laws related to employment in a country
 - D. The level of inflation in a country
 - E. The per capita income in a less developed nation
73. Due to the increasing purchasing power and per capita income of the population of United Nombavia, True Couture Inc. decided to launch its premium line of clothing and bags in the country. Which of the following environmental forces primarily helped True Couture Inc. make this decision?
- A. Technological forces
 - B. Legal forces
 - C. Competitive forces
 - D. Political forces
 - E. Economic forces
74. Which of the following best exemplifies regulatory forces in a marketing environment?
- A. Political actions of interest groups
 - B. Opinions and attitudes of the public
 - C. Economic conditions in a country
 - D. Purchasing power of people
 - E. Computers and technological advances in a country

75. According to the foreign trade policy of the country of Cambria, multinational companies can enter its market only by merging with a local business partner. Which of the following environmental forces does this best reflect?

- A. Political
- B. Social
- C. Civil
- D. Technological
- E. Ethical

Essay Questions

76. What is marketing? What is it not?

77. Describe the exchange relationship. What are the conditions required for an exchange?

78. Briefly describe the functions of marketing.

79. What does customer value mean? Expand on the elements involved in customer value.

80. It is inaccurate to equate marketing with a sales orientation. Elaborate on this statement.

81. Why is customer relationship management important in a market orientation?

82. What is a marketing strategy? List its two major components.

83. Differentiate a total-market approach from market segmentation with the help of examples.
84. Define market segmentation. What are the two common approaches to segmenting markets?
85. Electronva Inc., a consumer electronics company, wants to implement a multisegment approach to market segmentation. What requirements must be met to ensure that the strategy is successful?
86. What is meant by niche marketing? Explain with the help of an example.

87. Discuss the bases for segmenting markets.

88. Discuss the elements of a marketing mix.

89. Differentiate between marketing research and a marketing information system.

90. In the context of marketing research and information systems, what is primary data?
Explain with an example.

91. How can social networks be used to obtain useful information from customers?

92. Delineate the psychological variables of buying behavior.

93. Describe the social variables of buying behavior.

94. What are the external forces that directly or indirectly influence the development of marketing strategies?

95. How do businesses and the society benefit from marketing?

