Chapter 12

Dimensions of Marketing Strategy

True / False Questions

1. Products can be goods, services, and ideas.
   True   False

2. A majority of products introduced in the market every year succeed and become popular.
   True   False

3. New product ideas can come from customers.
   True   False

4. Consumers spend very little time planning where to buy shopping products.
   True   False

5. Raw materials are natural products taken from the earth and are a subset of business products.
   True   False

6. Profits are negative in the growth stage of the product life cycle.
   True   False

7. The perceived value of a product by consumers is an important consideration when pricing that product.
   True   False

8. Price is the least flexible variable in the marketing mix.
   True   False

9. Pricing objectives are influenced solely by marketing mix decisions.
   True   False
10. Price skimming is the strategy of charging a low price to help a product enter the market and gain market share rapidly.
   True  False

11. Penetration pricing is less flexible than price skimming.
   True  False

12. The assumption behind penetration pricing is that higher prices reflect high quality.
   True  False

13. Organizations that bridge the gap between a product's manufacturer and the ultimate consumer are called middlemen, or intermediaries.
   True  False

14. Retailers generally buy from producers or from other wholesalers and sell to other retailers but not ultimate consumers.
   True  False

15. Distribution channels for consumer products and business products are the same.
   True  False

16. Whether to distribute a product intensively, selectively, or exclusively depends on buyer behavior, the nature of the target market, and the competition.
   True  False

17. Exclusive distribution makes a product available in as many outlets as possible.
   True  False

18. The role of promotion is to communicate with individuals, groups, and organizations to facilitate an exchange directly or indirectly.
   True  False

19. Promotion is used only to sell products.
   True  False

20. Advertising is direct, two-way communication with buyers and potential buyers.
   True  False
21. Factors such as characteristics of the intended audience, the objective, and the platform used can all affect how an advertising campaign is constructed and its message.

   True   False

22. The Internet is not a valid advertising medium.

   True   False

23. Marketers are blurring the lines between television ads and the Internet by directing consumers to a website for more information.

   True   False

24. The use of a pull strategy means that marketers attempt to motivate middlemen to make a product available to their customers.

   True   False

25. Stimulating demand is especially important when a firm is using a pull strategy.

   True   False

Multiple Choice Questions

26. During which of the following stages of the product development process are most new product ideas rejected because they seem inappropriate for an organization?

   A. Idea development
   B. Business analysis
   C. Test marketing
   D. Product development
   E. Idea screening

27. If a nationwide sandwich shop introduces a new sandwich in the Midwest to try out its marketing strategy before offering the product across the country, it is in the _____ stage of the product development process.

   A. idea screening
   B. commercialization
   C. concept testing
   D. business analysis
   E. test marketing
28. During which stage of the product development process does a firm gear up for full-scale production, distribution, and promotions of its products?

A. Idea development  
B. Commercialization  
C. Product development  
D. Test marketing  
E. Idea screening

29. A gallon of milk is an example of a:

A. convenience product.  
B. shopping product.  
C. specialty product.  
D. generic product.  
E. difficult-to-obtain product.

30. Magazines located next to the checkout counter at a grocery store would probably be classified as:

A. shopping products.  
B. convenience products.  
C. processed materials.  
D. specialty products.  
E. accessory equipment.

31. Products such as furniture, audio equipment, bicycles, and clothing are generally classified as:

A. convenience products.  
B. specialty products.  
C. capital products.  
D. luxury products.  
E. shopping products.

32. A light bulb used to provide light for workers on an assembly line would be classified as a _____ product.

A. specialty  
B. technical  
C. business  
D. convenience  
E. consumer
33. Industrial products such as lumber, cotton, and iron ore are classified as:

A. major equipment.
B. supplies.
C. accessory equipment.
D. raw materials.
E. component parts.

34. 7-UP, Cherry 7-UP Antioxidant, and Diet 7-UP are products in Dr. Pepper Snapple Group’s:

A. 7-UP product line.
B. 7-UP marketing mix.
C. 7-UP product position.
D. 7-UP product width.
E. 7-UP product innovation.

35. If a product is experiencing negative profits and the company is spending a great deal of money on advertising to make consumers aware of the product, the product is most likely in the _____ stage of the product life cycle.

A. growth
B. decline
C. introduction
D. maturity
E. intermediate

36. During the _____ stage of the product life cycle, a product's profits peak and then start to decline.

A. death
B. decline
C. maturity
D. growth
E. introduction

37. If a company is eliminating certain models of a product and cutting back on expenditures, the product is most likely in the _____ stage of the product life cycle.

A. growth
B. intermediate
C. introduction
D. decline
E. maturity
38. Diet Coke is a:

A. generic brand.
B. private distributor brand.
C. shopping product.
D. brand name.
E. specialty product.

39. Private distributor brands:

A. are identified by a manufacturer from the point of production to the point of purchase.
B. are used to reduce the efficiency of production.
C. are owned and controlled by a wholesaler or retailer.
D. are owned and controlled by a manufacturer.
E. are characterized by the absence of a brand name.

40. The financial value placed on an object involved in an exchange between a buyer and a seller is known as its:

A. price.
B. discount.
C. comparable value.
D. negotiated value.
E. nominal value.

41. Due to the fact that buyers have limited ____, buyers must allocate those resources to obtain the products they desire the most.

A. resources
B. time
C. patience
D. ideas
E. attention span

42. Price is an important factor in the marketing mix for all of the following reasons, EXCEPT that:

A. it affects product image.
B. it is very flexible.
C. it directly affects revenue and profits.
D. it is the most visible element in a firm’s marketing mix.
E. the ability to set a price depends in large part on the supply and demand for a product.
43. Which of the following elements is the most flexible variable in the marketing mix?

A. Product  
B. Production  
C. Distribution  
D. Promotion  
E. Price

44. Which of the following is NOT a common pricing objective?

A. Maintaining the status quo  
B. Boosting market share  
C. Maximizing profits and sales  
D. Survival  
E. Outsourcing

45. The pricing policy that allows a company to generate much-needed revenue to help offset the costs of research and development is known as:

A. penetration pricing.  
B. price discounting.  
C. psychological pricing.  
D. price skimming.  
E. emotional pricing.

46. Dynamix Computers initially charged a low price for its new computer and then raised the price after gaining a large market share. Which of the following pricing strategies did Dynamix Computers use in this scenario?

A. Prestige pricing  
B. Symbolic pricing  
C. Psychological pricing  
D. Price skimming  
E. Penetration pricing

47. When a company sets a low price for a new product to discourage competition from entering the market, it is using the _____ strategy.

A. even/odd pricing  
B. price skimming  
C. psychological pricing  
D. penetration pricing  
E. symbolic pricing
48. _____ encourages consumers to make purchases based on emotion, rather than rational considerations about the price.

A. Price skimming
B. Discount Pricing
C. Penetration pricing
D. Seasonal discount pricing
E. Psychological pricing

49. If a cosmetics company is selling an eye shadow priced at $11.99 rather than $12, it is using:

A. price skimming.
B. penetration pricing.
C. psychological pricing.
D. rational pricing.
E. discount pricing.

50. If a company's goal is to develop an image of having very high-quality luxury products, it should employ a(n):

A. penetration pricing strategy.
B. price discounting strategy.
C. even/odd pricing strategy.
D. prestige pricing strategy.
E. inclusive pricing strategy.

51. Because consumers associate a drug's price with potency, some pharmaceutical companies use the _____ strategy to price their over-the-counter drugs.

A. penetration pricing
B. even/odd pricing
C. symbolic/prestige pricing
D. discounting
E. price dipping

52. A marketing channel includes all of the following, EXCEPT:

A. producers.
B. retailers.
C. wholesalers.
D. ultimate consumers.
E. secondary stakeholders.
53. 47 Avenue buys shoes for men, women, and children from a large producer and sells them directly to end-users. In this scenario, 47 Avenue is a(n) ____.

A. manufacturer
B. retailer
C. financier
D. wholesaler
E. customer

54. If a company buys televisions from a manufacturer and then sells them to department stores, it is probably a ____.

A. retailer
B. producer
C. consumer
D. wholesaler
E. marketer

55. An example of a product distributed from the producer to the consumers through the retailer, is:

A. a chair from Target.
B. an automobile.
C. office supplies for use at a business.
D. soft drinks.
E. candy.

56. Which of the following distribution channels would most likely be used for fruits and vegetables sold at a roadside stand or farmer's markets?

A. Agent to wholesaler to retailer
B. Producer to consumer
C. Retailer to consumer
D. Merchant to wholesaler
E. Middleman to producer

57. As services are generally produced and consumed simultaneously, they are usually distributed through:

A. direct marketing channels.
B. indirect channels.
C. a wholesaler.
D. an agent.
E. a retailer and a wholesaler.
58. Convenience products such as bread, milk, and chewing gum would probably be marketed:

A. selectively.
B. intensively.
C. weakly.
D. exclusively.
E. sporadically.

59. Selective distribution:

A. combines planned distribution systems under one management.
B. makes a product available in as many outlets as possible.
C. gives a middleman the sole right to sell a product in a defined geographic territory.
D. uses only a small proportion of all available outlets to expose products.
E. works best for the distribution of convenience products.

60. High-quality items such as musical instruments, sailboats, and airplanes would probably use a(n) _____ distribution coverage.

A. selective
B. intensive
C. relaxed
D. exclusive
E. sporadic

61. Inventory control, transportation, and warehousing are all examples of activities of:

A. commercialization.
B. operationalization.
C. physical distribution.
D. Channel D marketing.
E. departmentalization.

62. Which of the following modes of transportation offers speed and a high degree of dependability but is the most expensive?

A. Railroads
B. Trucking
C. Air transport
D. Shipping
E. Pipelines
63. _____ are specifically noted for their flexibility in terms of reachability and packaging requirements for transporting products.

A. Pipelines  
B. Airplanes  
C. Trucks  
D. Railroads  
E. Ships

64. All of the following activities are associated with warehousing, EXCEPT:

A. receiving.  
B. identifying.  
C. producing.  
D. dispatching.  
E. storing.

65. The form of communication that attempts to facilitate a marketing exchange by influencing people, groups, or organizations is known as:

A. branding.  
B. promotion.  
C. pricing.  
D. distribution.  
E. merchandising.

66. The process of coordinating the promotion mix elements and synchronizing promotion as a unified effort is known as _____.

A. integrated marketing communications  
B. assimilated promotion  
C. unified advertising campaign  
D. cohesive marketing strategy  
E. test marketing campaign

67. When Viera, an automobile company, pays a television network to air its commercial, it is using:

A. publicity.  
B. advertising.  
C. personal selling.  
D. sales promotion.  
E. packaging.
68. Which of the following promotion mix variables is best for promoting expensive products with specialized uses, such as houses?

A. Publicity  
B. Advertising  
C. Personal selling  
D. Sales promotion  
E. Packaging

69. Venn Networks recently unveiled its new smartphone at a press conference. There was a news release about the new smartphone and all the members of the company’s top management interacted with the media during this conference. Venn Networks is using the promotional strategy of _____ in this scenario.

A. test marketing  
B. publicity  
C. personal selling  
D. advertising  
E. distribution

70. When GK, a company producing razors and shaving accessories for men, asks supermarkets to give its new razors shelf space and special displays, it is using a:

A. push strategy.  
B. pull strategy.  
C. publicity campaign.  
D. price discounting.  
E. positioning strategy.

71. Colors, a company manufacturing cosmetics and body care products, offers retailers a special incentive to carry its new line of shower gels and body lotions. Which of the following promotion strategies is being applied by Colors in this scenario?

A. Pull strategy  
B. Advertising  
C. Publicity  
D. Integrated marketing communications  
E. Push strategy
72. When Energia, a soft drink company, seeks to use viral ads on the Internet to introduce its new beverage to consumers before introducing it to supermarkets, it uses a:

A. push strategy.
B. pull strategy.
C. publicity campaign.
D. point-of-purchase promotion.
E. skimming strategy.

73. When a company uses advertising and sales promotion to inform consumers about a product, so that the consumers will ask retailers to stock it, which of the following promotion strategies is being used?

A. Test marketing strategy
B. Push strategy
C. Pull strategy
D. Skimming strategy
E. Pricing strategy

74. Effective promotional positioning uses promotion to:

A. create and maintain an image of a product in buyers' minds.
B. create an image of a product that appeals to multiple market segments.
C. expedite product delivery.
D. avoid focusing on small market segments.
E. stabilize sales.

75. Bart's Beer targets its 1964 beer at those who want to drink beer without consuming many calories. This best exemplifies:

A. institutional advertising.
B. promotional positioning.
C. a push strategy.
D. a pull strategy.
E. publicity.

Essay Questions
76. Explain the new idea screening phase of the product development process.

77. "Into the Wild" is a company that produces a wide range of goods for people interested in adventure sports. Recently, one of the employees in its research division devised a plan for a new product called Superbag. The Superbag will be designed such that all needs of an adventure enthusiast—tents, sleeping bags, tools, batteries, and shoes etc.—will be provided in an extremely lightweight and ergonomically designed bag. The product had already passed the idea screening process. What would be the next step for the management of "Into the Wild" as it develops this product?

78. How are products classified according to their use?
79. Identify and describe the four stages in the product life cycle.

80. What identifies products and distinguishes them from other products?

81. What are pricing objectives and what are the different factors to be considered while determining the price of a product?
82. Ajax Computers is launching its new laptop which is capable of highly sophisticated sound and multimedia functions. The company reportedly spent millions of dollars in developing this laptop which will be targeted especially at those users who are gaming enthusiasts, avid movie watchers, or work in the area of designing. Which of the two pricing strategies used for new products will be suitable for Ajax Computers in this scenario?

83. Why is psychological pricing used? What are the different forms of psychological pricing?

84. Discuss price discounting.

85. What are the activities that retailers perform as a part of a marketing channel?
86. Why are wholesalers an important part of many marketing channels?

87. How does supply chain management create alliances between channel members in a distribution system?

88. In the context of marketing channels for consumer products, what is Channel C marketing?

89. What are the different levels of market coverage intensity, and for what products is each level best suited?
90. What is physical distribution?

91. Why do companies own and operate their own private warehouses?

92. Discuss the factors that affect an advertising campaign.

93. Explain the difference between advertising and publicity.
94. Describe the difference between a push and a pull promotional strategy.

95. What is promotional positioning?