Chapter 01

Strategic Planning and the Marketing Management Process

**Multiple Choice Questions**

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| 1. | Candela Inc.'s marketing and product design involves identifying customer needs and then working backwards to devise products and services to meet those needs. Which of the following statements is most likely true about Candela Inc.?

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| A.  | It does not adhere to the marketing concept. |

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| B.  | It demonstrates customer orientation. |

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| C.  | It aims to manipulate customers to increase sales. |

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| D.  | It has a production orientation. |

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| 2. | An organization's focus on devising methods to attract customers to current products is called \_\_\_\_\_.

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| A.  | customer orientation |

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| B.  | production orientation |

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| C.  | selling orientation |

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| D.  | non-profit orientation |

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| 3. | The purpose of the marketing concept is to rivet the attention of marketing managers primarily on serving broad classes of \_\_\_\_\_.

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| A.  | supplier needs |

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| B.  | employee needs |

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| C.  | management needs |

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| D.  | customer needs |

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| 4. | The crux of the marketing concept is focusing on building long-term \_\_\_\_\_, where the initial sale is viewed as the beginning step and not as the end goal.

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| A.  | mass marketing strategies |

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| B.  | product-oriented teams |

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| C.  | research capabilities |

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| D.  | customer relationships |

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| 5. | The principal task of the marketing function operating under the marketing concept is to \_\_\_\_\_.

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| A.  | focus on selling products to a particular class of customers |

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| B.  | increase the company's rate of production and devise methods to aggressively attract consumers to purchase products |

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| C.  | find effective and efficient means of making the business do what suits the interests of customers |

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| D.  | find ways to manipulate customers to do what suits the interests of the firm |

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| 6. | According to the marketing concept, the customer will be more satisfied and the firm will be more profitable when the:

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| A.  | organizations and customers have a long-term relationship. |

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| B.  | organization's marketing process is solely product-oriented. |

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| C.  | products are advertised frequently but have no clear target markets. |

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| D.  | firm operates primarily through a selling orientation in the market. |

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| 7. | Midas Corporation is a sporting goods manufacturer. Most of its energies and resources are devoted to manufacturing and selling one line of sporting shoes that has been a reasonable hit in the past. The company rarely undertakes any marketing research studies to assess consumer wants and needs and seldom devises new advertising or promotional strategies. The company is mostly exhibiting \_\_\_\_\_.

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| A.  | investor orientation |

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| --- | --- |
| B.  | market orientation |

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| --- | --- |
| C.  | customer orientation |

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| --- | --- |
| D.  | production orientation |

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| 8. | Which of the following is a guideline for implementing the marketing concept?

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| A.  | Define quality for the customers. |

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| B.  | Manage for sales volume, not profit. |

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| C.  | Target customers precisely. |

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| D.  | Make advertising the guiding star. |

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| 9. | Zest Sports Inc. manufactures sports goods and recently introduced a new line of sportswear for children between the ages of seven and ten years. The marketing team envisions an entirely new marketing strategy to create exchange for its new line of sportswear. This best exemplifies \_\_\_\_\_.

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| A.  | service marketing |

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| B.  | product marketing |

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| C.  | cause marketing |

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| D.  | place marketing |

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| 10. | The Helen Mortimer Foundation is a non-profit organization that develops marketing strategies to encourage people to stop smoking in an effort to reduce the incidence of lung cancer. This best exemplifies marketing for a(n) \_\_\_\_\_.

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| A.  | organization |

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| B.  | person |

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| C.  | cause |

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| D.  | service |

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| 11. | Run With Scissors Inc., a hair salon, advertises its trendy and affordable offerings primarily through the use of social media. The type of strategy the hair salon uses can best be classified as marketing for a(n) \_\_\_\_\_.

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| A.  | product |

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| B.  | service |

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| --- | --- |
| C.  | cause |

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| --- | --- |
| D.  | organization |

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| 12. | Run for the Cure is an annual marathon that raises money for conducting research on breast cancer. Marketers advertise through the local media to attract participants and volunteers for the event. Which of the following types of marketing is depicted in this scenario?

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| A.  | Place marketing |

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| B.  | Product marketing |

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| C.  | Organization marketing |

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| D.  | Service marketing |

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| 13. | An organization's mission, objectives, strategies, and portfolio plan are the four major components of its \_\_\_\_\_.

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| A.  | marketing mix |

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| B.  | cooperative environment |

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| C.  | strategic plan |

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| D.  | code of ethics |

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| 14. | Which of the following is the first component of the strategic plan?

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| A.  | Organizational objectives |

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| B.  | Organizational strategies |

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| C.  | Organizational mission |

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| D.  | Organizational portfolio plan |

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| 15. | Which of the following changes in an organization's environment will most likely result in the organization becoming a drifting organization?

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| A.  | The organization hires new management executives who are expected to uphold and maintain the organization's mission. |

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| B.  | The organization has started manufacturing low-cost products as opposed to the luxury products that were a part of its original plan. |

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| C.  | The organization has successful operations in ten different countries and has decided to open market in two additional countries. |

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| D.  | The organization has decided to promote efficient employees that adhere to the company's mission statement instead of hiring managers. |

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| 16. | Mealtimes was started as a fine dining restaurant serving the most exotic European dishes in the city. The meals ran into several courses and the restaurant was frequented by people looking for a fancy and leisurely meal. However, with changing times and needs of consumers, the restaurant altered its offerings to incorporate fast food like pizzas, burgers, and hot dogs. The company had to venture into new and different markets to maintain profitability. These new conditions and a redundant mission statement would most likely make the restaurant a \_\_\_\_\_.

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| A.  | matrix organization |

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| B.  | static organization |

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| C.  | drifting organization |

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| D.  | multidomestic organization |

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| 17. | Which of the following defines the direction in which an organization is heading and is typically determined in the first stage of strategic planning?

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| A.  | Mission statement |

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| B.  | Employee manual |

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| C.  | Annual plan |

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| D.  | Code of ethics |

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| 18. | The things that an organization does so well that they give it an advantage over similar organizations represent that organization's \_\_\_\_\_.

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| A.  | competitive parity |

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| B.  | distinctive competencies |

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| C.  | external opportunities |

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| D.  | vendor analysis variables |

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| 19. | Formulating a strategy based on distinctive competencies provides an organization with a unique benefit that allows the organization to \_\_\_\_\_.

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| A.  | gain advantage over its competitors |

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| B.  | retain its product-oriented focus for growth |

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| C.  | rely on the critical characteristics and events of the past |

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| D.  | focus on selling rather than on customer satisfaction |

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| 20. | When completed, an effective mission statement will be primarily focused on the:

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| A.  | markets rather than the products. |

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| B.  | internal problems of the organization. |

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| C.  | product that the organization is offering. |

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| D.  | narrow class of employee needs. |

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| 21. | An organization's mission statement is described as not ruling out any opportunity management might wish to pursue. This mission statement is most likely to be \_\_\_\_\_.

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| A.  | too distinctive |

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| B.  | incomplete |

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| C.  | too broad |

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| --- | --- |
| D.  | too specific |

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| 22. | In determining its mission statement, an organization must:

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| A.  | look at the business from the inside, from the point of view of the employee and the management. |

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| B.  | ensure that the name of the product or service it is producing is an essential part of the organization's name. |

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| C.  | reflect a market-driven approach by targeting a broad class of needs and segmented target markets. |

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| D.  | state the mission in terms of serving a generic group of clients or customers and meeting generic, not specific, needs. |

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| 23. | The mission statement of a company should primarily have a(n) \_\_\_\_\_.

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| A.  | product focus |

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| B.  | external focus |

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| --- | --- |
| C.  | internal focus |

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| --- | --- |
| D.  | selling focus |

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| 24. | Which of the following statements about an organization's mission statement is true?

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| A.  | Even though no one denies the importance of the mission statement, it is the least used of all of the management tools. |

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| B.  | An effective mission statement takes an internal organizational focus. |

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| C.  | It should focus on the physical product or service that the organization is offering at present. |

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| D.  | It should focus on the broad class of needs that the organization is seeking to satisfy. |

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| 25. | Winter Head is a firm that manufactures woolen blankets. The manufacturer claimed its blankets made from the softest wool and were so finely stitched that consumers wanted to include them in their inheritance. The company was proud of its product quality and formulated its mission statement based on it. What could potentially be wrong with such a mission statement?

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| A.  | The firm had an external focus. |

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| B.  | The firm focused on the market for its high-quality products. |

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| C.  | The firm focused on the product rather than on its market. |

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| D.  | The firm defined the company in terms of its marketing capabilities. |

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| 26. | It is important for a mission statement to be \_\_\_\_\_ because it provides a shared sense of purpose outside the various activities taking place within the organization.

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| A.  | internally-focused |

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| --- | --- |
| B.  | product-oriented |

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| --- | --- |
| C.  | motivational |

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| D.  | generic |

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| 27. | Identify the accurate statement regarding an effective mission statement.

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| A.  | It should focus on the physical product that the organization is offering at present, not on the external forces that the organization is seeking to satisfy. |

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| B.  | It should focus on public relations as its primary purpose. |

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| C.  | It should not consider the critical characteristics and events of the past. |

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| D.  | It should provide guidance to employees and managers in geographically dispersed units. |

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| 28. | An organization's mission statement must be \_\_\_\_\_ to be able to provide direction and guidelines to management when they are choosing between alternative courses of action.

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| A.  | challenging |

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| B.  | broad |

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| --- | --- |
| C.  | generic |

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| D.  | specific |

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| 29. | In the context of strategic planning, the \_\_\_\_\_ must be specific, measurable, action commitments by which the mission of the organization is to be achieved.

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| A.  | organizational portfolio plan |

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| B.  | organizational strategies |

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| C.  | organizational objectives |

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| D.  | organizational mission |

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| 30. | Which of the following statements is true of organizational objectives?

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| A.  | Organizational objectives should reflect the organization's finances, rather than its commitment to the customers. |

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| B.  | Organizational objectives are not considered to be dominant necessities to carry out the organizational mission. |

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| C.  | Organizational objectives are specific, measurable, action commitments on the part of the organization. |

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| D.  | Organizational objectives are distilled to arrive at a specific and achievable organization mission. |

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| 31. | A company has the following organizational objective: "To maintain levels of employee satisfaction consistent with our own and similar industries." Such an objective most likely focuses on which of the following areas of performance?

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| A.  | Market standing |

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| B.  | Worker performance and attitude |

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| C.  | Manager performance and responsibility |

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| D.  | Productivity |

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| 32. | Which of the following statements is true regarding market penetration strategies?

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| A.  | They involve the creation of new products for a market. |

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| B.  | They involve encouraging present customers to purchase more of a product. |

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| C.  | They involve diversifying into an unrelated business. |

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| D.  | They involve marketing to new customers. |

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| 33. | Chello Inc., the largest smartphone manufacturing company has been selling the world's cheapest smartphone called Zing. Recently, to increase its sales, Chello reduced the price of the phone even further. The marketing slogan for the Zing series is "The cheapest way to get smart." Chello Inc. is most likely using a \_\_\_\_\_ in this scenario.

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| A.  | product diversification strategy |

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| --- | --- |
| B.  | market penetration strategy |

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| C.  | product development strategy |

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| D.  | market integration strategy |

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| 34. | When weekend gardeners think of mulch to put around their plants and keep away the weeds, they tend to think in terms of pine bark, wood chips, or pine straw. Slatescape has developed mulch made out of crushed slate rock. The company first targeted landscape businesses and was successful in marketing to these businesses and to government agencies. However, in order to expand its business, the company must now educate consumers about its product. Slatescape will be implementing a \_\_\_\_\_.

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| A.  | market penetration strategy |

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| --- | --- |
| B.  | market differentiation strategy |

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| --- | --- |
| C.  | diversification strategy |

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| D.  | market development strategy |

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| 35. | Market development strategies involve:

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| A.  | increasing the sale of existing products to present customers. |

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| B.  | finding new customers for its present products. |

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| C.  | directing new products to present customers. |

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| D.  | leading an organization into entirely new and unrelated businesses. |

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| 36. | A product development strategy:

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| A.  | involves creating new products for customers not currently being served. |

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| B.  | offers an new and improved version of an existing product to its present customers. |

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| C.  | involves merely introducing a product to a new market. |

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| D.  | deals with developing a production plan for a product. |

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| 37. | Hilton Brews is a company producing instant mixes for all kinds of beverages. It notices that the market for tea has risen due to its potential health benefits. Therefore, Hilton Brews introduces a new line of organically grown and processed teas like green tea or tea with various herb extracts and additional antioxidants. Which of the following organizational growth strategies has been used by Hilton Brews?

|  |  |
| --- | --- |
| A.  | Product development |

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| --- | --- |
| B.  | Diversification |

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| --- | --- |
| C.  | Market penetration |

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| --- | --- |
| D.  | Market development |

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| 38. | A diversification strategy involves:

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| A.  | marketing new products to an existing customer base. |

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| B.  | seeking new customers for existing products. |

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| C.  | increasing the sale of present products to present customers. |

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| D.  | seeking new products for customers not currently being served. |

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| 39. | Beryl Toys makes toys for children of ages three and above, while Lobster-Price makes toys for infants. In 1999, Beryl Toys acquired Lobster-Price for $1.1 billion. This acquisition gave Beryl Toys a new product line aimed at the younger siblings of its current target market. In this scenario, Beryl Toys has most likely implemented a \_\_\_\_\_ strategy.

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| A.  | diversification |

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| --- | --- |
| B.  | product differentiation |

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| --- | --- |
| C.  | market development |

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| --- | --- |
| D.  | market penetration |

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| 40. | Which of the following organizational growth strategies aims to find new customers for its present products?

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| A.  | Customer retention strategy |

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| --- | --- |
| B.  | Product differentiation strategy |

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| --- | --- |
| C.  | Market development strategy |

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| --- | --- |
| D.  | Market penetration strategy |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 41. | Which of the following organizational growth strategies involves the creation of new products?

|  |  |
| --- | --- |
| A.  | Diversification strategy |

|  |  |
| --- | --- |
| B.  | Cost leadership strategy |

|  |  |
| --- | --- |
| C.  | Market development strategy |

|  |  |
| --- | --- |
| D.  | Market penetration strategy |

 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 42. | Which of the following is an organizational strategy based on competitive advantage?

|  |  |
| --- | --- |
| A.  | Cost leadership strategy |

|  |  |
| --- | --- |
| B.  | Market differentiation strategy |

|  |  |
| --- | --- |
| C.  | Market diversification strategy |

|  |  |
| --- | --- |
| D.  | Product development strategy |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 43. | Using a competitive advantage strategy based on \_\_\_\_\_, a firm seeks to be unique in its industry or market segment along particular dimensions that the customers value.

|  |  |
| --- | --- |
| A.  | market penetration |

|  |  |
| --- | --- |
| B.  | cost leadership |

|  |  |
| --- | --- |
| C.  | market development |

|  |  |
| --- | --- |
| D.  | product differentiation |

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|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 44. | PureFruit Inc. prices its products higher than most of its competing brands in the packaged fruit juice industry. However, it still enjoys higher returns than its competitors because it is the only brand that can rightfully claim the use of fresh fruits and no added sugar. What kind of organizational strategy based on competitive advantage does PureFruit most likely use?

|  |  |
| --- | --- |
| A.  | A strategy based on market development |

|  |  |
| --- | --- |
| B.  | A strategy based on differentiation |

|  |  |
| --- | --- |
| C.  | A strategy based on cost leadership |

|  |  |
| --- | --- |
| D.  | A strategy based on diversification |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 45. | Healthline is a brand of incontinence products. Healthline products sell for $5 less than their rival brand, Depends. According to Michael Porter's model, Healthline is most likely using a \_\_\_\_\_ strategy to market its products.

|  |  |
| --- | --- |
| A.  | differentiation |

|  |  |
| --- | --- |
| B.  | product development |

|  |  |
| --- | --- |
| C.  | market development |

|  |  |
| --- | --- |
| D.  | cost leadership |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 46. | When using a cost leadership strategy, a firm is most likely to offer:

|  |  |
| --- | --- |
| A.  | a standard, no-frills product. |

|  |  |
| --- | --- |
| B.  | a highly-differentiated product. |

|  |  |
| --- | --- |
| C.  | a prestige product. |

|  |  |
| --- | --- |
| D.  | an expensive product of superior design and quality. |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 47. | If a firm chooses to succeed by building long-term relationships with the firm's customers by offering either the best price, best product, or best service, it implies that the firm's organizational strategy is:

|  |  |
| --- | --- |
| A.  | based on competitive parity. |

|  |  |
| --- | --- |
| B.  | based on value. |

|  |  |
| --- | --- |
| C.  | based on products and markets. |

|  |  |
| --- | --- |
| D.  | based on selling. |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 48. | While choosing an appropriate strategy to establish competitive advantage, management should choose an organizational strategy that:

|  |  |
| --- | --- |
| A.  | allows the organization to practice the strategy of differentiation, rather than cost leadership. |

|  |  |
| --- | --- |
| B.  | try to succeed by following all strategies and trying to be all things to all people. |

|  |  |
| --- | --- |
| C.  | bears consistency with the organization's mission and capitalizes on its distinctive competencies. |

|  |  |
| --- | --- |
| D.  | empowers the organization to grow without creating new products or entering new markets. |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 49. | A firm has chosen to create an organizational strategy based on differentiation. Which of the following is the firm's next step in the strategic planning process?

|  |  |
| --- | --- |
| A.  | Identifying the marketing mix |

|  |  |
| --- | --- |
| B.  | Creating an organizational mission |

|  |  |
| --- | --- |
| C.  | Setting organizational objectives |

|  |  |
| --- | --- |
| D.  | Formulating an organizational portfolio plan |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 50. | Which of the following represents the final phase of the strategic planning process?

|  |  |
| --- | --- |
| A.  | Creating an organizational mission |

|  |  |
| --- | --- |
| B.  | Formulating an organizational portfolio plan |

|  |  |
| --- | --- |
| C.  | Setting organizational objectives |

|  |  |
| --- | --- |
| D.  | Creating organizational strategies |

 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 51. | Which of the following observations pertains to strategic business units (SBUs)?

|  |  |
| --- | --- |
| A.  | They are provided resources from outside the organization to which they belong. |

|  |  |
| --- | --- |
| B.  | They have centralized management, no competitors, and little autonomy. |

|  |  |
| --- | --- |
| C.  | They are organizations that have come together to achieve a common goal. |

|  |  |
| --- | --- |
| D.  | They can be planned independently of the other businesses of the total organization. |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 52. | Bates Inc. is an enterprise comprising three parts. Its biotech section, which is working to develop crops that are pest and disease-resistant, provides about half of its sales. Pharmaceuticals from its B.D. Feller subsidiary contribute a third of its revenues; and food products, dominated by the artificial sweetener NutroSweet, make up less than fifteen percent of its total revenue. These three divisions represent Bates's \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | strategic business units |

|  |  |
| --- | --- |
| B.  | buying centers |

|  |  |
| --- | --- |
| C.  | venture teams |

|  |  |
| --- | --- |
| D.  | cross-functional units |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 53. | \_\_\_\_\_ are methods used to determine how resources should be allocated among the various strategic business units (SBUs) in an organization.

|  |  |
| --- | --- |
| A.  | Portfolio models |

|  |  |
| --- | --- |
| B.  | Matrix models |

|  |  |
| --- | --- |
| C.  | Variable models |

|  |  |
| --- | --- |
| D.  | Vector models |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 54. | \_\_\_\_\_ is the step of the marketing management process that involves analyzing the position of the marketing division of the firm in terms of its past, present, and future condition.

|  |  |
| --- | --- |
| A.  | Situation analysis |

|  |  |
| --- | --- |
| B.  | Vendor analysis |

|  |  |
| --- | --- |
| C.  | Post-hoc segmentation analysis |

|  |  |
| --- | --- |
| D.  | New product analysis |

 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 55. | The cooperative environment includes:

|  |  |
| --- | --- |
| A.  | all firms and individuals who have a vested interest in accomplishing the firm's objectives. |

|  |  |
| --- | --- |
| B.  | primarily other firms in the industry that rival the organization for both resources and sales. |

|  |  |
| --- | --- |
| C.  | the attitudes and reactions of the general public, social, and business critics. |

|  |  |
| --- | --- |
| D.  | the marketing department's past, present, and future situations. |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 56. | Which of the following is most likely to comprise the cooperative environment of a firm?

|  |  |
| --- | --- |
| A.  | A rival firm |

|  |  |
| --- | --- |
| B.  | A non-profit organization that the firm donates funds to |

|  |  |
| --- | --- |
| C.  | A government that is imposing restrictions on trade and commerce |

|  |  |
| --- | --- |
| D.  | A supplier who has been chosen as the firm's single source |

 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 57. | The \_\_\_\_\_ for a soft drink manufacturer would include other manufacturers of soft drinks, fruit juices, bottled water, sports drinks, caffeine-free colas, and dairy beverages.

|  |  |
| --- | --- |
| A.  | competitive environment |

|  |  |
| --- | --- |
| B.  | technological environment |

|  |  |
| --- | --- |
| C.  | cooperative environment |

|  |  |
| --- | --- |
| D.  | economic environment |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 58. | Elite Inc. began as a brand of luxury clothing and accessories targeted at affluent working women. However, it altered its offerings to include a large proportion of standard clothes at cheaper prices when the country was faced with severe recessionary pressures. In this scenario, which of the following did Elite primarily respond to by changing its offerings?

|  |  |
| --- | --- |
| A.  | The legal environment |

|  |  |
| --- | --- |
| B.  | The competitive environment |

|  |  |
| --- | --- |
| C.  | The cooperative environment |

|  |  |
| --- | --- |
| D.  | The economic environment |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 59. | Since September 11, 2001, the number of people attending church and looking toward religion to provide solace has increased. As a result, Bible publishers have developed the Starting Point Study Bible, that explains what they are reading, and includes a dictionary of biblical terms. In this scenario, the changes in the \_\_\_\_\_ have led to the publication of the Starting Point Study Bible.

|  |  |
| --- | --- |
| A.  | social environment |

|  |  |
| --- | --- |
| B.  | competitive environment |

|  |  |
| --- | --- |
| C.  | cooperative environment |

|  |  |
| --- | --- |
| D.  | economic environment |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 60. | The \_\_\_\_\_ includes the attitudes and reactions of the general public, social and business critics, and other organizations, such as the Better Business Bureau.

|  |  |
| --- | --- |
| A.  | competitive environment |

|  |  |
| --- | --- |
| B.  | political environment |

|  |  |
| --- | --- |
| C.  | social environment |

|  |  |
| --- | --- |
| D.  | legal environment |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 61. | The removal of tariffs on the import of Canadian lumber will adversely affect the U.S. lumber industry because Canada is able to produce lumber much more inexpensively than the U.S. This tariff removal is an example of how the \_\_\_\_\_ environment can affect businesses.

|  |  |
| --- | --- |
| A.  | cooperative |

|  |  |
| --- | --- |
| B.  | functional |

|  |  |
| --- | --- |
| C.  | social |

|  |  |
| --- | --- |
| D.  | legal |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 62. | Which of the following is the first step in marketing planning?

|  |  |
| --- | --- |
| A.  | Stating standards of performance or tasks to be achieved by given dates |

|  |  |
| --- | --- |
| B.  | Selecting the groups or segments of potential customers the firm is going to serve |

|  |  |
| --- | --- |
| C.  | Analyzing the different elements of the marketing mix |

|  |  |
| --- | --- |
| D.  | Identifying the market with the greatest potential |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 63. | Once the marketing objectives have been established during marketing planning, the next step is the \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | selection of the target market |

|  |  |
| --- | --- |
| B.  | identification of investors' needs |

|  |  |
| --- | --- |
| C.  | identification of the competing firms in the market |

|  |  |
| --- | --- |
| D.  | determination of the marketing mix |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 64. | The final step of marketing planning is \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | selecting the target market |

|  |  |
| --- | --- |
| B.  | developing the market mix |

|  |  |
| --- | --- |
| C.  | establishing objectives based on the organizational mission |

|  |  |
| --- | --- |
| D.  | determining performance objectives for individual members of the marketing team |

 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 65. | The \_\_\_\_\_ involves a set of controllable variables that must be managed to satisfy the target market and achieve organizational objectives.

|  |  |
| --- | --- |
| A.  | demographic profile |

|  |  |
| --- | --- |
| B.  | mission statement |

|  |  |
| --- | --- |
| C.  | organizational history |

|  |  |
| --- | --- |
| D.  | marketing mix |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 66. | The first step in controlling an implemented marketing plan is:

|  |  |
| --- | --- |
| A.  | comparing the results of the marketing plan with the objectives. |

|  |  |
| --- | --- |
| B.  | deciding whether the marketing plan is achieving the objectives. |

|  |  |
| --- | --- |
| C.  | formulating a new marketing plan. |

|  |  |
| --- | --- |
| D.  | measuring the results of the marketing plan. |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 67. | The final step in controlling an implemented marketing plan is:

|  |  |
| --- | --- |
| A.  | performing marketing tasks. |

|  |  |
| --- | --- |
| B.  | comparing results of the marketing plan with objectives. |

|  |  |
| --- | --- |
| C.  | measuring the results of the marketing plan. |

|  |  |
| --- | --- |
| D.  | deciding whether the marketing plan is achieving objectives. |

 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 68. | A cross-functional team responsible for the creation of its company's marketing plan had to make adjustments to the marketing plan since the plan failed to meet the determined objectives. This implies that the cross-functional team is:

|  |  |
| --- | --- |
| A.  | controlling the marketing plan. |

|  |  |
| --- | --- |
| B.  | redefining the organizational mission. |

|  |  |
| --- | --- |
| C.  | implementing the marketing plan. |

|  |  |
| --- | --- |
| D.  | altering the organizational portfolio plan. |

 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 69. | Which of the following statements is true of strategic planning in well-managed institutions?

|  |  |
| --- | --- |
| A.  | Strategic planning is clearly a top management responsibility and does not require the active participation of marketing managers. |

|  |  |
| --- | --- |
| B.  | Planning done in the functional areas of the organization should be independent of the strategic plan. |

|  |  |
| --- | --- |
| C.  | There is no direct relationship between strategic planning and the planning done by marketing team. |

|  |  |
| --- | --- |
| D.  | Marketing executives are involved in the strategic planning process as they influence the process by providing important inputs. |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 70. | Which of the following statements best describes the role of marketing executives in the strategic planning process?

|  |  |
| --- | --- |
| A.  | The marketing executives must always be aware of what the process of strategic planning involves as well as the results. |

|  |  |
| --- | --- |
| B.  | The marketing executives should make plans that are independent of the strategic plan. |

|  |  |
| --- | --- |
| C.  | The marketing executives receive suggestions from the strategic planning team and implement the suggestions relating to customers, products, and middlemen. |

|  |  |
| --- | --- |
| D.  | The marketing executives are not involved in the strategic planning process because this process is the sole responsibility of top management. |

 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 71. | Employees from different departments such as marketing, production, finance, and human resources are brought together to form a team responsible for creating a strategic plan to serve customers. This is an example of a \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | cross-cultural team |

|  |  |
| --- | --- |
| B.  | cross-functional team |

|  |  |
| --- | --- |
| C.  | traditional team |

|  |  |
| --- | --- |
| D.  | top-management team |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 72. | Which of the following is the greatest advantage of strategic planning with a cross-functional team?

|  |  |
| --- | --- |
| A.  | It ensures that strategic planning remains exclusively a top-management responsibility. |

|  |  |
| --- | --- |
| B.  | It helps the organization arrive at a strategic plan directly from the functional area plans. |

|  |  |
| --- | --- |
| C.  | It allows the team members to consider a situation from a number of viewpoints. |

|  |  |
| --- | --- |
| D.  | It improves the cross-cultural relations between employees. |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 73. | The strategic plan at Steve Walden Inc. helps in the creation of functional area plans for the production, human resource, finance, and technology functions. This best demonstrates the process of:

|  |  |
| --- | --- |
| A.  | market diversification. |

|  |  |
| --- | --- |
| B.  | product-related diversification. |

|  |  |
| --- | --- |
| C.  | cross-functional strategic planning. |

|  |  |
| --- | --- |
| D.  | marketing planning. |

 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 74. | What is indicated by the cross-functional perspective in strategic planning?

|  |  |
| --- | --- |
| A.  | Management action in all functional areas of an organization provide a blueprint for strategic planning. |

|  |  |
| --- | --- |
| B.  | All functional area plans should be derived from the strategic plan while at the same time contributing to the achievement of it. |

|  |  |
| --- | --- |
| C.  | Objectives and strategies identified in the strategic plan are not related to other objectives and strategies at higher and lower levels of the organization. |

|  |  |
| --- | --- |
| D.  | Objectives and strategies from the functional areas in an organization should be translated into objectives and strategies for the strategic plan. |

 |

Chapter 01 Strategic Planning and the Marketing Management Process Answer Key

**Multiple Choice Questions**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1.*(p. 4)* | Candela Inc.'s marketing and product design involves identifying customer needs and then working backwards to devise products and services to meet those needs. Which of the following statements is most likely true about Candela Inc.?

|  |  |
| --- | --- |
| A.  | It does not adhere to the marketing concept. |

|  |  |
| --- | --- |
| **B.**  | It demonstrates customer orientation. |

|  |  |
| --- | --- |
| C.  | It aims to manipulate customers to increase sales. |

|  |  |
| --- | --- |
| D.  | It has a production orientation. |

Candela Inc. demonstrates customer orientation. The purpose of the marketing concept is to rivet the attention of marketing managers on serving broad classes of customer needs (customer orientation). Effective marketing starts with the recognition of customer needs and then works backward to devise products and services to satisfy these needs. |

|  |
| --- |
| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: The Marketing Concept* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2.*(p. 4)* | An organization's focus on devising methods to attract customers to current products is called \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | customer orientation |

|  |  |
| --- | --- |
| B.  | production orientation |

|  |  |
| --- | --- |
| **C.**  | selling orientation |

|  |  |
| --- | --- |
| D.  | non-profit orientation |

An organization's focus on devising methods to attract customers to current products is called selling orientation. |

|  |
| --- |
| *AACSB: AnalyticBlooms: RememberLevel of Difficulty: 1 EasyTopic: The Marketing Concept* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 3.*(p. 4)* | The purpose of the marketing concept is to rivet the attention of marketing managers primarily on serving broad classes of \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | supplier needs |

|  |  |
| --- | --- |
| B.  | employee needs |

|  |  |
| --- | --- |
| C.  | management needs |

|  |  |
| --- | --- |
| **D.**  | customer needs |

The purpose of the marketing concept is to rivet the attention of marketing managers on serving broad classes of customer needs. Thus, effective marketing starts with the recognition of customer needs and then works backward to devise products and services to satisfy these needs. |

|  |
| --- |
| *AACSB: AnalyticBlooms: RememberLevel of Difficulty: 1 EasyTopic: The Marketing Concept* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 4.*(p. 4)* | The crux of the marketing concept is focusing on building long-term \_\_\_\_\_, where the initial sale is viewed as the beginning step and not as the end goal.

|  |  |
| --- | --- |
| A.  | mass marketing strategies |

|  |  |
| --- | --- |
| B.  | product-oriented teams |

|  |  |
| --- | --- |
| C.  | research capabilities |

|  |  |
| --- | --- |
| **D.**  | customer relationships |

The marketing concept means that an organization should seek to make a profit by serving the needs of customer groups. This means that organizations should focus on building long-term customer relationships in which the initial sale is viewed as a beginning step in the process, not as an end goal. |

|  |
| --- |
| *AACSB: AnalyticBlooms: RememberLevel of Difficulty: 1 EasyTopic: The Marketing Concept* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 5.*(p. 4)* | The principal task of the marketing function operating under the marketing concept is to \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | focus on selling products to a particular class of customers |

|  |  |
| --- | --- |
| B.  | increase the company's rate of production and devise methods to aggressively attract consumers to purchase products |

|  |  |
| --- | --- |
| **C.**  | find effective and efficient means of making the business do what suits the interests of customers |

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| --- | --- |
| D.  | find ways to manipulate customers to do what suits the interests of the firm |

The principal task of the marketing function operating under the marketing concept is not to manipulate customers to do what suits the interests of the firm, but rather to find effective and efficient means of making the business do what suits the interests of customers. |

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| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: The Marketing Concept* |

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| 6.*(p. 4)* | According to the marketing concept, the customer will be more satisfied and the firm will be more profitable when the:

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| **A.**  | organizations and customers have a long-term relationship. |

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| B.  | organization's marketing process is solely product-oriented. |

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| C.  | products are advertised frequently but have no clear target markets. |

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| D.  | firm operates primarily through a selling orientation in the market. |

Organizations should focus on building long-term customer relationships in which the initial sale is viewed as a beginning step in the process, not as an end goal. As a result, the customer will be more satisfied and the firm will be more profitable. |

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| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: The Marketing Concept* |

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| 7.*(p. 4)* | Midas Corporation is a sporting goods manufacturer. Most of its energies and resources are devoted to manufacturing and selling one line of sporting shoes that has been a reasonable hit in the past. The company rarely undertakes any marketing research studies to assess consumer wants and needs and seldom devises new advertising or promotional strategies. The company is mostly exhibiting \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | investor orientation |

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| --- | --- |
| B.  | market orientation |

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| --- | --- |
| C.  | customer orientation |

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| --- | --- |
| **D.**  | production orientation |

The company is mostly exhibiting a production orientation because it focuses on an existing line of products. Production orientation is orientation towards the firm's current products rather than on the firm's customer needs. |

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| *AACSB: Reflective ThinkingBlooms: ApplyLevel of Difficulty: 3 HardTopic: The Marketing Concept* |

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| 8.*(p. 5)* | Which of the following is a guideline for implementing the marketing concept?

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| A.  | Define quality for the customers. |

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| B.  | Manage for sales volume, not profit. |

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| **C.**  | Target customers precisely. |

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| D.  | Make advertising the guiding star. |

One of the guidelines for implementing the marketing concept is to target customers precisely. |

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| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: The Marketing Concept* |

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| 9.*(p. 6)* | Zest Sports Inc. manufactures sports goods and recently introduced a new line of sportswear for children between the ages of seven and ten years. The marketing team envisions an entirely new marketing strategy to create exchange for its new line of sportswear. This best exemplifies \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | service marketing |

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| --- | --- |
| **B.**  | product marketing |

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| --- | --- |
| C.  | cause marketing |

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| D.  | place marketing |

Zest Sports Ltd. manufactures sports goods, which are tangible products. Marketing designed to create exchange for tangible products is called product marketing. |

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| *AACSB: Reflective ThinkingBlooms: ApplyLevel of Difficulty: 2 MediumTopic: What is Marketing?* |

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| 10.*(p. 6)* | The Helen Mortimer Foundation is a non-profit organization that develops marketing strategies to encourage people to stop smoking in an effort to reduce the incidence of lung cancer. This best exemplifies marketing for a(n) \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | organization |

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| --- | --- |
| B.  | person |

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| --- | --- |
| **C.**  | cause |

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| --- | --- |
| D.  | service |

Helen Mortimer Foundation develops strategies to encourage people to stop smoking, an undesirable behavior. Marketing for a cause involves marketing designed to create support for ideas, causes, or issues to get people to change undesirable behavior. |

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| *AACSB: Reflective ThinkingBlooms: ApplyLevel of Difficulty: 2 MediumTopic: What is Marketing?* |

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| 11.*(p. 6)* | Run With Scissors Inc., a hair salon, advertises its trendy and affordable offerings primarily through the use of social media. The type of strategy the hair salon uses can best be classified as marketing for a(n) \_\_\_\_\_.

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| A.  | product |

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| **B.**  | service |

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| --- | --- |
| C.  | cause |

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| D.  | organization |

Run With Scissors Inc. offers services that are intangible. Marketing for a service involves marketing designed to create exchanges for intangible products. |

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| *AACSB: Reflective ThinkingBlooms: ApplyLevel of Difficulty: 2 MediumTopic: What is Marketing?* |

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| 12.*(p. 6)* | Run for the Cure is an annual marathon that raises money for conducting research on breast cancer. Marketers advertise through the local media to attract participants and volunteers for the event. Which of the following types of marketing is depicted in this scenario?

|  |  |
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| A.  | Place marketing |

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| B.  | Product marketing |

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| --- | --- |
| **C.**  | Organization marketing |

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| D.  | Service marketing |

Run for the Cure is advertising in order to attract participants and volunteers. Marketing designed to attract donors, members, participants or volunteers is called organization marketing. |

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| *AACSB: Reflective ThinkingBlooms: ApplyLevel of Difficulty: 3 HardTopic: What is Marketing?* |

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| 13.*(p. 7)* | An organization's mission, objectives, strategies, and portfolio plan are the four major components of its \_\_\_\_\_.

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| A.  | marketing mix |

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| --- | --- |
| B.  | cooperative environment |

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| --- | --- |
| **C.**  | strategic plan |

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| --- | --- |
| D.  | code of ethics |

The organization's mission, objectives, strategies, and its portfolio plan are the four major components of its strategic plan. |

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| *AACSB: AnalyticBlooms: RememberLevel of Difficulty: 1 EasyTopic: What is Strategic Planning?* |

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| 14.*(p. 7)* | Which of the following is the first component of the strategic plan?

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| --- | --- |
| A.  | Organizational objectives |

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| B.  | Organizational strategies |

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| **C.**  | Organizational mission |

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| D.  | Organizational portfolio plan |

The output of the strategic planning process is the development of a strategic plan. The four components of a strategic plan are the mission, objectives, strategies, and portfolio plan. |

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| 15.*(p. 8)* | Which of the following changes in an organization's environment will most likely result in the organization becoming a drifting organization?

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| A.  | The organization hires new management executives who are expected to uphold and maintain the organization's mission. |

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| **B.**  | The organization has started manufacturing low-cost products as opposed to the luxury products that were a part of its original plan. |

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| C.  | The organization has successful operations in ten different countries and has decided to open market in two additional countries. |

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| D.  | The organization has decided to promote efficient employees that adhere to the company's mission statement instead of hiring managers. |

The organization will become a drifting organization if it starts manufacturing low-cost products as opposed to the luxury products that were a part of its original plan. If an organization's original purpose becomes irrelevant as the organization expands into new products, new markets, and even new industries the organization can become a drifting organization. Luxury products are marked by high cost and cater to a different market that differs in the market of low-cost products. |

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| *AACSB: Reflective ThinkingBlooms: ApplyLevel of Difficulty: 3 HardTopic: What is Strategic Planning?* |

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| 16.*(p. 8)* | Mealtimes was started as a fine dining restaurant serving the most exotic European dishes in the city. The meals ran into several courses and the restaurant was frequented by people looking for a fancy and leisurely meal. However, with changing times and needs of consumers, the restaurant altered its offerings to incorporate fast food like pizzas, burgers, and hot dogs. The company had to venture into new and different markets to maintain profitability. These new conditions and a redundant mission statement would most likely make the restaurant a \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | matrix organization |

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| --- | --- |
| B.  | static organization |

|  |  |
| --- | --- |
| **C.**  | drifting organization |

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| --- | --- |
| D.  | multidomestic organization |

The new conditions and Mealtime's redundant mission statement makes it a drifting organization. A "drifting" organization is without a clear mission, vision, or purpose to guide critical decisions. If an organization's original purpose becomes irrelevant as the organization expands into new products, new markets, and even new industries the organization can become a drifting organization. |

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| *AACSB: Reflective ThinkingBlooms: ApplyLevel of Difficulty: 3 HardTopic: What is Strategic Planning?* |

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| 17.*(p. 8)* | Which of the following defines the direction in which an organization is heading and is typically determined in the first stage of strategic planning?

|  |  |
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| **A.**  | Mission statement |

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| B.  | Employee manual |

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| C.  | Annual plan |

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| D.  | Code of ethics |

The mission statement defines the direction in which the organization is heading and how it will succeed in reaching its desired goal. |

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| 18.*(p. 9)* | The things that an organization does so well that they give it an advantage over similar organizations represent that organization's \_\_\_\_\_.

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| --- | --- |
| A.  | competitive parity |

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| --- | --- |
| **B.**  | distinctive competencies |

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| --- | --- |
| C.  | external opportunities |

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| D.  | vendor analysis variables |

Distinctive competencies are things that an organization does well—so well in fact that they give it an advantage over similar organizations. |

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| 19.*(p. 9)* | Formulating a strategy based on distinctive competencies provides an organization with a unique benefit that allows the organization to \_\_\_\_\_.

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| **A.**  | gain advantage over its competitors |

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| --- | --- |
| B.  | retain its product-oriented focus for growth |

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| --- | --- |
| C.  | rely on the critical characteristics and events of the past |

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| D.  | focus on selling rather than on customer satisfaction |

Distinctive competencies are things that an organization does so well that they give it an advantage over similar organizations. No matter how appealing an opportunity may be, to gain advantage over competitors, the organization must formulate strategy based on distinctive competencies. |

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| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: What is Strategic Planning?* |

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| 20.*(p. 9)* | When completed, an effective mission statement will be primarily focused on the:

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| **A.**  | markets rather than the products. |

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| B.  | internal problems of the organization. |

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| C.  | product that the organization is offering. |

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| D.  | narrow class of employee needs. |

When completed, an effective mission statement will be focused on markets rather than products, achievable, motivating, and specific. |

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| 21.*(p. 10)* | An organization's mission statement is described as not ruling out any opportunity management might wish to pursue. This mission statement is most likely to be \_\_\_\_\_.

|  |  |
| --- | --- |
| A.  | too distinctive |

|  |  |
| --- | --- |
| B.  | incomplete |

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| --- | --- |
| **C.**  | too broad |

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| D.  | too specific |

An organization's mission statement that is characterized as not ruling out any opportunity management might wish to pursue is most likely too broad. |

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| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: What is Strategic Planning?* |

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| 22.*(p. 10)* | In determining its mission statement, an organization must:

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| A.  | look at the business from the inside, from the point of view of the employee and the management. |

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| B.  | ensure that the name of the product or service it is producing is an essential part of the organization's name. |

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| **C.**  | reflect a market-driven approach by targeting a broad class of needs and segmented target markets. |

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| D.  | state the mission in terms of serving a generic group of clients or customers and meeting generic, not specific, needs. |

The mission statement should focus on the broad class of needs that the organization is seeking to satisfy (external focus), not on the physical product or service that the organization is offering at present (internal focus). Such market-driven firms stand out in their ability to continuously anticipate market opportunities and respond before their competitors. |

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| 23.*(p. 10)* | The mission statement of a company should primarily have a(n) \_\_\_\_\_.

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| A.  | product focus |

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| --- | --- |
| **B.**  | external focus |

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| --- | --- |
| C.  | internal focus |

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| --- | --- |
| D.  | selling focus |

The mission statement should focus on the broad class that an organization is seeking to satisfy (external focus), not on the physical products or services that an organization is offering at present (internal focus). |

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| 24.*(p. 10)* | Which of the following statements about an organization's mission statement is true?

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| A.  | Even though no one denies the importance of the mission statement, it is the least used of all of the management tools. |

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| B.  | An effective mission statement takes an internal organizational focus. |

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| C.  | It should focus on the physical product or service that the organization is offering at present. |

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| **D.**  | It should focus on the broad class of needs that the organization is seeking to satisfy. |

The mission statement should focus on the broad class of needs that the organization is seeking to satisfy. |

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| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: What is Strategic Planning?* |

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| 25.*(p. 10)* | Winter Head is a firm that manufactures woolen blankets. The manufacturer claimed its blankets made from the softest wool and were so finely stitched that consumers wanted to include them in their inheritance. The company was proud of its product quality and formulated its mission statement based on it. What could potentially be wrong with such a mission statement?

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| --- | --- |
| A.  | The firm had an external focus. |

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| --- | --- |
| B.  | The firm focused on the market for its high-quality products. |

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| --- | --- |
| **C.**  | The firm focused on the product rather than on its market. |

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| D.  | The firm defined the company in terms of its marketing capabilities. |

Winter Head's mission statement had an internal focus since it focused on its physical product, the woolen blankets. A mission statement should focus on the broad class of needs that the organization is seeking to satisfy (external focus), not on the physical product or service that the organization is offering at present (internal focus). |

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| 26.*(p. 10)* | It is important for a mission statement to be \_\_\_\_\_ because it provides a shared sense of purpose outside the various activities taking place within the organization.

|  |  |
| --- | --- |
| A.  | internally-focused |

|  |  |
| --- | --- |
| B.  | product-oriented |

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| --- | --- |
| **C.**  | motivational |

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| --- | --- |
| D.  | generic |

A mission statement that is motivational provides guidance to employees and managers working in geographically dispersed units and on independent tasks. It provides a shared sense of purpose outside the various activities taking place within the organization. |

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| *AACSB: AnalyticBlooms: RememberLevel of Difficulty: 1 EasyTopic: What is Strategic Planning?* |

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| 27.*(p. 10)* | Identify the accurate statement regarding an effective mission statement.

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| A.  | It should focus on the physical product that the organization is offering at present, not on the external forces that the organization is seeking to satisfy. |

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| --- | --- |
| B.  | It should focus on public relations as its primary purpose. |

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| --- | --- |
| C.  | It should not consider the critical characteristics and events of the past. |

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| --- | --- |
| **D.**  | It should provide guidance to employees and managers in geographically dispersed units. |

One of the side (but very important) benefits of a well-defined mission is the guidance it provides employees and managers working in geographically dispersed units and on independent tasks. It provides a shared sense of purpose outside the various activities taking place within the organization. |

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| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: What is Strategic Planning?* |

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| 28.*(p. 10)* | An organization's mission statement must be \_\_\_\_\_ to be able to provide direction and guidelines to management when they are choosing between alternative courses of action.

|  |  |
| --- | --- |
| A.  | challenging |

|  |  |
| --- | --- |
| B.  | broad |

|  |  |
| --- | --- |
| C.  | generic |

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| --- | --- |
| **D.**  | specific |

An organization's mission statement must be specific to provide direction and guidelines to management when they are choosing between alternative courses of action. |

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| *AACSB: AnalyticBlooms: RememberLevel of Difficulty: 1 EasyTopic: What is Strategic Planning?* |

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| 29.*(p. 11)* | In the context of strategic planning, the \_\_\_\_\_ must be specific, measurable, action commitments by which the mission of the organization is to be achieved.

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| --- | --- |
| A.  | organizational portfolio plan |

|  |  |
| --- | --- |
| B.  | organizational strategies |

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| --- | --- |
| **C.**  | organizational objectives |

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| D.  | organizational mission |

In the context of strategic planning, the organizational objectives must be specific, measurable, action commitments by which the mission of the organization is to be achieved. |

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| 30.*(p. 11)* | Which of the following statements is true of organizational objectives?

|  |  |
| --- | --- |
| A.  | Organizational objectives should reflect the organization's finances, rather than its commitment to the customers. |

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| --- | --- |
| B.  | Organizational objectives are not considered to be dominant necessities to carry out the organizational mission. |

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| **C.**  | Organizational objectives are specific, measurable, action commitments on the part of the organization. |

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| D.  | Organizational objectives are distilled to arrive at a specific and achievable organization mission. |

Organizational objectives must be specific, measurable, action commitments by which the mission of the organization is to be achieved. |

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| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: What is Strategic Planning?* |

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| 31.*(p. 11)* | A company has the following organizational objective: "To maintain levels of employee satisfaction consistent with our own and similar industries." Such an objective most likely focuses on which of the following areas of performance?

|  |  |
| --- | --- |
| A.  | Market standing |

|  |  |
| --- | --- |
| **B.**  | Worker performance and attitude |

|  |  |
| --- | --- |
| C.  | Manager performance and responsibility |

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| --- | --- |
| D.  | Productivity |

Organizational objectives are necessary in all areas that may influence the performance and long-run survival of the organization. "To maintain levels of employee satisfaction consistent with our own and similar industries," is an organization objective that focuses on worker performance and attitude. |

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| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: What is Strategic Planning?* |

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| 32.*(p. 13)* | Which of the following statements is true regarding market penetration strategies?

|  |  |
| --- | --- |
| A.  | They involve the creation of new products for a market. |

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| --- | --- |
| **B.**  | They involve encouraging present customers to purchase more of a product. |

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| --- | --- |
| C.  | They involve diversifying into an unrelated business. |

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| D.  | They involve marketing to new customers. |

Market penetration strategies focus primarily on increasing the sale of present products to present customers. This involves encouraging present customers to purchase more of a product. |

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| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: What is Strategic Planning?* |

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| 33.*(p. 13)* | Chello Inc., the largest smartphone manufacturing company has been selling the world's cheapest smartphone called Zing. Recently, to increase its sales, Chello reduced the price of the phone even further. The marketing slogan for the Zing series is "The cheapest way to get smart." Chello Inc. is most likely using a \_\_\_\_\_ in this scenario.

|  |  |
| --- | --- |
| A.  | product diversification strategy |

|  |  |
| --- | --- |
| **B.**  | market penetration strategy |

|  |  |
| --- | --- |
| C.  | product development strategy |

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| D.  | market integration strategy |

Market penetration strategies focus primarily on increasing the sale of present products to present customers. Tactics used to implement a market penetration strategy might include price reductions, advertising that stresses the many benefits of the product, packaging the product in different-sized packages, or making it available at more locations. In this case, Chello Inc. has lowered the price of its product in order to boost sales. |

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| 34.*(p. 14)* | When weekend gardeners think of mulch to put around their plants and keep away the weeds, they tend to think in terms of pine bark, wood chips, or pine straw. Slatescape has developed mulch made out of crushed slate rock. The company first targeted landscape businesses and was successful in marketing to these businesses and to government agencies. However, in order to expand its business, the company must now educate consumers about its product. Slatescape will be implementing a \_\_\_\_\_.

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| A.  | market penetration strategy |

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| --- | --- |
| B.  | market differentiation strategy |

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| --- | --- |
| C.  | diversification strategy |

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| **D.**  | market development strategy |

Slatescape is trying to gain new customers for its mulch by educating customers. Pursuing growth through market development, an organization would seek to find new customers for its present products. Also, sometimes companies spend large sums of money simply to educate consumers as to why they should consider buying the product. |

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| 35.*(p. 14)* | Market development strategies involve:

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| A.  | increasing the sale of existing products to present customers. |

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| **B.**  | finding new customers for its present products. |

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| C.  | directing new products to present customers. |

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| D.  | leading an organization into entirely new and unrelated businesses. |

Market development strategies pursue growth through market development and finding new customers for its present products. Before deciding on marketing techniques such as advertising and packaging, companies often find they must establish a clear position in the market, sometimes spending large sums of money simply to educate consumers as to why they should consider buying the product. |

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| 36.*(p. 14)* | A product development strategy:

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| A.  | involves creating new products for customers not currently being served. |

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| **B.**  | offers an new and improved version of an existing product to its present customers. |

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| C.  | involves merely introducing a product to a new market. |

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| D.  | deals with developing a production plan for a product. |

With a product development strategy, the new products developed would be directed primarily to present customers. |

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| 37.*(p. 14)* | Hilton Brews is a company producing instant mixes for all kinds of beverages. It notices that the market for tea has risen due to its potential health benefits. Therefore, Hilton Brews introduces a new line of organically grown and processed teas like green tea or tea with various herb extracts and additional antioxidants. Which of the following organizational growth strategies has been used by Hilton Brews?

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| **A.**  | Product development |

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| --- | --- |
| B.  | Diversification |

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| --- | --- |
| C.  | Market penetration |

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| D.  | Market development |

Product development is the growth strategy used by Hilton Brews. With a product development strategy, the new products developed would be directed primarily to present customers. |

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| 38.*(p. 14)* | A diversification strategy involves:

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| A.  | marketing new products to an existing customer base. |

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| B.  | seeking new customers for existing products. |

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| C.  | increasing the sale of present products to present customers. |

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| **D.**  | seeking new products for customers not currently being served. |

Diversification can lead the organization into entirely new and even unrelated businesses. It involves seeking new products (often through acquisitions) for customers not currently being served. |

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| 39.*(p. 14)* | Beryl Toys makes toys for children of ages three and above, while Lobster-Price makes toys for infants. In 1999, Beryl Toys acquired Lobster-Price for $1.1 billion. This acquisition gave Beryl Toys a new product line aimed at the younger siblings of its current target market. In this scenario, Beryl Toys has most likely implemented a \_\_\_\_\_ strategy.

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| **A.**  | diversification |

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| --- | --- |
| B.  | product differentiation |

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| --- | --- |
| C.  | market development |

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| --- | --- |
| D.  | market penetration |

Diversification can lead the organization into entirely new and even unrelated businesses. It involves seeking new products (often through acquisitions) for customers not currently being served. Beryl Toys has acquired a company in a different market and is introducing a product line in the new market. |

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| 40.*(p. 14)* | Which of the following organizational growth strategies aims to find new customers for its present products?

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| A.  | Customer retention strategy |

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| --- | --- |
| B.  | Product differentiation strategy |

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| --- | --- |
| **C.**  | Market development strategy |

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| --- | --- |
| D.  | Market penetration strategy |

The two growth strategies aimed at finding new customers are the market development strategy and the diversification strategy. The market development strategy focuses on finding new customers for a company's existing products. |

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| 41.*(p. 14)* | Which of the following organizational growth strategies involves the creation of new products?

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| **A.**  | Diversification strategy |

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| --- | --- |
| B.  | Cost leadership strategy |

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| --- | --- |
| C.  | Market development strategy |

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| D.  | Market penetration strategy |

The two growth strategies that involve the creation of new products are the diversification strategy and the product development strategy. Diversification involves the creation of new products for a new market. |

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| 42.*(p. 14)* | Which of the following is an organizational strategy based on competitive advantage?

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| --- | --- |
| **A.**  | Cost leadership strategy |

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| --- | --- |
| B.  | Market differentiation strategy |

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| --- | --- |
| C.  | Market diversification strategy |

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| --- | --- |
| D.  | Product development strategy |

Competitive advantage is an ability to outperform competitors in providing something that the market values. Porter suggests that firms should first analyze their industry and then develop either a cost leadership strategy or a strategy based on differentiation, which are the two organizational strategies based on competitive advantage. |

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| 43.*(p. 14)* | Using a competitive advantage strategy based on \_\_\_\_\_, a firm seeks to be unique in its industry or market segment along particular dimensions that the customers value.

|  |  |
| --- | --- |
| A.  | market penetration |

|  |  |
| --- | --- |
| B.  | cost leadership |

|  |  |
| --- | --- |
| C.  | market development |

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| --- | --- |
| **D.**  | product differentiation |

Using a strategy based on differentiation, a firm seeks to be unique in its industry or market segment along particular dimensions that the customers value. These dimensions might pertain to design, quality, service, variety of offerings, brand name, or some other factor. |

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| 44.*(p. 14)* | PureFruit Inc. prices its products higher than most of its competing brands in the packaged fruit juice industry. However, it still enjoys higher returns than its competitors because it is the only brand that can rightfully claim the use of fresh fruits and no added sugar. What kind of organizational strategy based on competitive advantage does PureFruit most likely use?

|  |  |
| --- | --- |
| A.  | A strategy based on market development |

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| --- | --- |
| **B.**  | A strategy based on differentiation |

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| --- | --- |
| C.  | A strategy based on cost leadership |

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| D.  | A strategy based on diversification |

In a strategy based on differentiation, a firm seeks to be unique in its industry or market segment along particular dimensions that the customers value. These dimensions might pertain to design, quality, service, variety of offerings, brand name, or some other factor. PureFruit differentiates itself from competing brands by being the only brand that sells packaged fruit juice made from real fruits and with no sugar. |

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| 45.*(p. 14)* | Healthline is a brand of incontinence products. Healthline products sell for $5 less than their rival brand, Depends. According to Michael Porter's model, Healthline is most likely using a \_\_\_\_\_ strategy to market its products.

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| A.  | differentiation |

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| --- | --- |
| B.  | product development |

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| --- | --- |
| C.  | market development |

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| **D.**  | cost leadership |

Using a cost leadership strategy, a firm would focus on being the low-cost company in its industry. They would stress efficiency and offer a standard, no-frills product. Healthline offers its products at a lower price when compared to its rival brand, Depends. |

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| 46.*(p. 14)* | When using a cost leadership strategy, a firm is most likely to offer:

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| **A.**  | a standard, no-frills product. |

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| B.  | a highly-differentiated product. |

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| C.  | a prestige product. |

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| D.  | an expensive product of superior design and quality. |

Using a cost leadership strategy, a firm would focus on being the low-cost company in its industry. They would stress efficiency and offer a standard, no-frills product. |

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| 47.*(p. 15)* | If a firm chooses to succeed by building long-term relationships with the firm's customers by offering either the best price, best product, or best service, it implies that the firm's organizational strategy is:

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| A.  | based on competitive parity. |

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| **B.**  | based on value. |

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| C.  | based on products and markets. |

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| D.  | based on selling. |

To succeed, firms must seek to build long-term relationships with their customers by offering a unique value that only they can offer. It seems that many firms have succeeded by choosing to deliver superior customer value using one of three value strategies—best price, best product, or best service. |

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| 48.*(p. 15)* | While choosing an appropriate strategy to establish competitive advantage, management should choose an organizational strategy that:

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| A.  | allows the organization to practice the strategy of differentiation, rather than cost leadership. |

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| B.  | try to succeed by following all strategies and trying to be all things to all people. |

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| **C.**  | bears consistency with the organization's mission and capitalizes on its distinctive competencies. |

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| D.  | empowers the organization to grow without creating new products or entering new markets. |

Management should select those organizational strategies that are consistent with its mission and capitalize on the organization's distinctive competencies. This will lead to a sustainable competitive advantage. |

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| 49.*(p. 15)* | A firm has chosen to create an organizational strategy based on differentiation. Which of the following is the firm's next step in the strategic planning process?

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| A.  | Identifying the marketing mix |

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| --- | --- |
| B.  | Creating an organizational mission |

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| --- | --- |
| C.  | Setting organizational objectives |

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| **D.**  | Formulating an organizational portfolio plan |

A strategic plan consists of four components: mission, objectives, strategies, and portfolio plan. If a firm has decided on the appropriate organizational strategy, the next step is the formulation of an organizational portfolio plan. |

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| 50.*(p. 15)* | Which of the following represents the final phase of the strategic planning process?

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| A.  | Creating an organizational mission |

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| **B.**  | Formulating an organizational portfolio plan |

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| C.  | Setting organizational objectives |

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| D.  | Creating organizational strategies |

The final phase of the strategic planning process is the formulation of the organizational portfolio plan. In reality, most organizations at a particular time are a portfolio of businesses, that is, product lines, divisions, and schools. |

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| 51.*(p. 16)* | Which of the following observations pertains to strategic business units (SBUs)?

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| A.  | They are provided resources from outside the organization to which they belong. |

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| B.  | They have centralized management, no competitors, and little autonomy. |

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| C.  | They are organizations that have come together to achieve a common goal. |

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| **D.**  | They can be planned independently of the other businesses of the total organization. |

Strategic business units can be planned independently of the other businesses of the total organization. |

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| 52.*(p. 15)* | Bates Inc. is an enterprise comprising three parts. Its biotech section, which is working to develop crops that are pest and disease-resistant, provides about half of its sales. Pharmaceuticals from its B.D. Feller subsidiary contribute a third of its revenues; and food products, dominated by the artificial sweetener NutroSweet, make up less than fifteen percent of its total revenue. These three divisions represent Bates's \_\_\_\_\_.

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| **A.**  | strategic business units |

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| --- | --- |
| B.  | buying centers |

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| --- | --- |
| C.  | venture teams |

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| --- | --- |
| D.  | cross-functional units |

Bates's biotech section, the B.D. Feller subsidiary, and the NutroSweet division are Bates's strategic business units. Strategic business units (SBUs) are product lines and divisions that can be considered a "business" for the purpose of the organizational portfolio plan. In other words, SBUs are a single business or collection of related businesses. |

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| 53.*(p. 16)* | \_\_\_\_\_ are methods used to determine how resources should be allocated among the various strategic business units (SBUs) in an organization.

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| **A.**  | Portfolio models |

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| B.  | Matrix models |

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| C.  | Variable models |

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| D.  | Vector models |

Once the organization has identified and classified all of its SBUs, some method must be established to determine how resources should be allocated among the various SBUs. These methods are known as portfolio models. |

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| 54.*(p. 16)* | \_\_\_\_\_ is the step of the marketing management process that involves analyzing the position of the marketing division of the firm in terms of its past, present, and future condition.

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| **A.**  | Situation analysis |

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| B.  | Vendor analysis |

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| --- | --- |
| C.  | Post-hoc segmentation analysis |

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| D.  | New product analysis |

Situational planning is a stage of the marketing planning process involves the analysis of the past, present, likely future in six major areas of concern: (1) the cooperative environment; (2) the competitive environment; (3) the economic environment; (4) the social environment; (5) the political environment; and (6) the legal environment. |

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| 55.*(p. 16)* | The cooperative environment includes:

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| --- | --- |
| **A.**  | all firms and individuals who have a vested interest in accomplishing the firm's objectives. |

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| B.  | primarily other firms in the industry that rival the organization for both resources and sales. |

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| C.  | the attitudes and reactions of the general public, social, and business critics. |

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| D.  | the marketing department's past, present, and future situations. |

The cooperative environment includes all firms and individuals who have a vested interest in the firm's accomplishing its objectives. |

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| 56.*(p. 16)* | Which of the following is most likely to comprise the cooperative environment of a firm?

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| --- | --- |
| A.  | A rival firm |

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| --- | --- |
| B.  | A non-profit organization that the firm donates funds to |

|  |  |
| --- | --- |
| C.  | A government that is imposing restrictions on trade and commerce |

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| **D.**  | A supplier who has been chosen as the firm's single source |

The cooperative environment includes all firms and individuals who have a vested interest in the firm's accomplishing its objectives, in this case, the supplier chosen as the firm's single source. Opportunities in this environment are primarily related to methods of increasing efficiency. |

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| 57.*(p. 17)* | The \_\_\_\_\_ for a soft drink manufacturer would include other manufacturers of soft drinks, fruit juices, bottled water, sports drinks, caffeine-free colas, and dairy beverages.

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| --- | --- |
| **A.**  | competitive environment |

|  |  |
| --- | --- |
| B.  | technological environment |

|  |  |
| --- | --- |
| C.  | cooperative environment |

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| --- | --- |
| D.  | economic environment |

The competitive environment includes primarily other firms in the industry that rival the organization for both resources and sales. In the case of a soft drink manufacturer, the competitive environment would include other manufacturers of soft drinks, fruit juices, bottled water, sports drinks, caffeine-free colas, and dairy beverages. |

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| 58.*(p. 17)* | Elite Inc. began as a brand of luxury clothing and accessories targeted at affluent working women. However, it altered its offerings to include a large proportion of standard clothes at cheaper prices when the country was faced with severe recessionary pressures. In this scenario, which of the following did Elite primarily respond to by changing its offerings?

|  |  |
| --- | --- |
| A.  | The legal environment |

|  |  |
| --- | --- |
| B.  | The competitive environment |

|  |  |
| --- | --- |
| C.  | The cooperative environment |

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| **D.**  | The economic environment |

In this scenario, Elite Inc. responded to the economic environment by changing its offerings. Economic factors such as high inflation and unemployment levels can limit the size of the market that can afford to purchase a firm's top-of-the-line product. Recessionary pressures imply that there is a fall in the economy and is therefore a factor in the economic environment. |

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| 59.*(p. 18)* | Since September 11, 2001, the number of people attending church and looking toward religion to provide solace has increased. As a result, Bible publishers have developed the Starting Point Study Bible, that explains what they are reading, and includes a dictionary of biblical terms. In this scenario, the changes in the \_\_\_\_\_ have led to the publication of the Starting Point Study Bible.

|  |  |
| --- | --- |
| **A.**  | social environment |

|  |  |
| --- | --- |
| B.  | competitive environment |

|  |  |
| --- | --- |
| C.  | cooperative environment |

|  |  |
| --- | --- |
| D.  | economic environment |

The social environment includes general cultural and social traditions, norms and attitudes. While these values change slowly, such changes often bring about the need for new products and services. The development and sale of the Starting Point Study Bible has therefore been a result of the change in the social environment. |

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| 60.*(p. 18)* | The \_\_\_\_\_ includes the attitudes and reactions of the general public, social and business critics, and other organizations, such as the Better Business Bureau.

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| --- | --- |
| A.  | competitive environment |

|  |  |
| --- | --- |
| **B.**  | political environment |

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| --- | --- |
| C.  | social environment |

|  |  |
| --- | --- |
| D.  | legal environment |

The political environment includes the attitudes and reactions of the general public, social and business critics, and other organizations, such as the Better Business Bureau. |

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| 61.*(p. 19)* | The removal of tariffs on the import of Canadian lumber will adversely affect the U.S. lumber industry because Canada is able to produce lumber much more inexpensively than the U.S. This tariff removal is an example of how the \_\_\_\_\_ environment can affect businesses.

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| A.  | cooperative |

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| B.  | functional |

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| C.  | social |

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| **D.**  | legal |

In this case, tariff removal, which is directed by a country or a state's legislation, is responsible for affecting the business of the U.S. lumber industry. The legal environment includes a host of federal, state, and local legislation directed at protecting both business competition and consumer rights. This usually acts as a constraint on business behavior, but again can be viewed as providing opportunities for marketing safer and more efficient products. |

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| 62.*(p. 19)* | Which of the following is the first step in marketing planning?

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| **A.**  | Stating standards of performance or tasks to be achieved by given dates |

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| B.  | Selecting the groups or segments of potential customers the firm is going to serve |

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| C.  | Analyzing the different elements of the marketing mix |

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| D.  | Identifying the market with the greatest potential |

The first step in marketing planning is establishing objectives. Marketing objectives are usually stated as standards of performance (e.g., a certain percentage of market share or sales volume) or as tasks to be achieved by given dates. |

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| 63.*(p. 19)* | Once the marketing objectives have been established during marketing planning, the next step is the \_\_\_\_\_.

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| **A.**  | selection of the target market |

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| B.  | identification of investors' needs |

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| C.  | identification of the competing firms in the market |

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| D.  | determination of the marketing mix |

The marketing planning process can be viewed in terms of three interrelated tasks: (1) establishing marketing objectives, (2) selecting the target market, and (3) developing the marketing mix. |

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| 64.*(p. 19)* | The final step of marketing planning is \_\_\_\_\_.

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| A.  | selecting the target market |

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| --- | --- |
| **B.**  | developing the market mix |

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| C.  | establishing objectives based on the organizational mission |

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| D.  | determining performance objectives for individual members of the marketing team |

Market planning can be viewed in terms of three interrelated tasks: (1) establishing marketing objectives, (2) selecting the target market, and (3) developing the marketing mix. |

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| 65.*(p. 19)* | The \_\_\_\_\_ involves a set of controllable variables that must be managed to satisfy the target market and achieve organizational objectives.

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| A.  | demographic profile |

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| B.  | mission statement |

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| C.  | organizational history |

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| **D.**  | marketing mix |

The marketing mix is the set of controllable variables that must be managed to satisfy the target market and achieve organizational objectives. |

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| 66.*(p. 20)* | The first step in controlling an implemented marketing plan is:

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| A.  | comparing the results of the marketing plan with the objectives. |

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| B.  | deciding whether the marketing plan is achieving the objectives. |

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| C.  | formulating a new marketing plan. |

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| **D.**  | measuring the results of the marketing plan. |

Controlling the marketing plan involves three basic steps. First, the results of the implemented marketing plan are measured. Second, these results are compared with objectives. Third, decisions are made on whether the plan is achieving objectives. |

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| 67.*(p. 20)* | The final step in controlling an implemented marketing plan is:

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| A.  | performing marketing tasks. |

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| B.  | comparing results of the marketing plan with objectives. |

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| C.  | measuring the results of the marketing plan. |

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| **D.**  | deciding whether the marketing plan is achieving objectives. |

Controlling the marketing plan involves three basic steps. First, the results of the implemented marketing plan are measured. Second, these results are compared with objectives. Third, decisions are made on whether the plan is achieving objectives. |

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| 68.*(p. 20)* | A cross-functional team responsible for the creation of its company's marketing plan had to make adjustments to the marketing plan since the plan failed to meet the determined objectives. This implies that the cross-functional team is:

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| **A.**  | controlling the marketing plan. |

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| B.  | redefining the organizational mission. |

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| C.  | implementing the marketing plan. |

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| D.  | altering the organizational portfolio plan. |

Controlling the marketing plan involves three basic steps. First, the results of the implemented marketing plan are measured. Second, these results are compared with objectives. Third, decisions are made on whether the plan is achieving objectives. If serious deviations exist between actual and planned results, adjustments may have to be made to redirect the plan toward achieving objectives. |

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| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: The Strategic Plan, the Marketing Plan, and Other Functional Area Plans* |

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| 69.*(p. 21)* | Which of the following statements is true of strategic planning in well-managed institutions?

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| A.  | Strategic planning is clearly a top management responsibility and does not require the active participation of marketing managers. |

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| B.  | Planning done in the functional areas of the organization should be independent of the strategic plan. |

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| C.  | There is no direct relationship between strategic planning and the planning done by marketing team. |

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| **D.**  | Marketing executives are involved in the strategic planning process as they influence the process by providing important inputs. |

Marketing executives are involved in the strategic planning process as they influence the process by providing important inputs in the form of information and suggestions. |

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| *AACSB: AnalyticBlooms: UnderstandLevel of Difficulty: 2 MediumTopic: The Strategic Plan, the Marketing Plan, and Other Functional Area Plans* |

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| 70.*(p. 21)* | Which of the following statements best describes the role of marketing executives in the strategic planning process?

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| **A.**  | The marketing executives must always be aware of what the process of strategic planning involves as well as the results. |

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| B.  | The marketing executives should make plans that are independent of the strategic plan. |

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| C.  | The marketing executives receive suggestions from the strategic planning team and implement the suggestions relating to customers, products, and middlemen. |

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| D.  | The marketing executives are not involved in the strategic planning process because this process is the sole responsibility of top management. |

Thus, marketing executives are involved in the strategic planning process in at least two important ways: (1) They influence the process by providing important inputs in the form of information and suggestions relating to customers, products, and middlemen; and (2) they must always be aware of what the process of strategic planning involves as well as the results because everything they do—the marketing objectives and strategies they develop—must be derived from the strategic plan. |

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| 71.*(p. 21)* | Employees from different departments such as marketing, production, finance, and human resources are brought together to form a team responsible for creating a strategic plan to serve customers. This is an example of a \_\_\_\_\_.

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| A.  | cross-cultural team |

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| **B.**  | cross-functional team |

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| C.  | traditional team |

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| D.  | top-management team |

In a cross-functional team, managers and employees are brought together to participate in creating a strategic plan to serve customers. The greatest advantage of strategic planning with a cross-functional team is the ability of team members to consider a situation from a number of viewpoints. |

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| 72.*(p. 21)* | Which of the following is the greatest advantage of strategic planning with a cross-functional team?

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| A.  | It ensures that strategic planning remains exclusively a top-management responsibility. |

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| B.  | It helps the organization arrive at a strategic plan directly from the functional area plans. |

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| **C.**  | It allows the team members to consider a situation from a number of viewpoints. |

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| D.  | It improves the cross-cultural relations between employees. |

The greatest advantage of strategic planning with a cross-functional team is the ability of team members to consider a situation from a number of viewpoints. The resulting insights can help the team avoid costly mistakes and poor solutions. |

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| 73.*(p. 22)* | The strategic plan at Steve Walden Inc. helps in the creation of functional area plans for the production, human resource, finance, and technology functions. This best demonstrates the process of:

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| A.  | market diversification. |

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| B.  | product-related diversification. |

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| **C.**  | cross-functional strategic planning. |

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| D.  | marketing planning. |

This best demonstrates the process of cross-functional strategic planning. The cross-functional perspective of strategic planning indicates very clearly that all functional area plans should be derived from the strategic plan while at the same time contributing to the achievement of it. |

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| 74.*(p. 22)* | What is indicated by the cross-functional perspective in strategic planning?

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| A.  | Management action in all functional areas of an organization provide a blueprint for strategic planning. |

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| **B.**  | All functional area plans should be derived from the strategic plan while at the same time contributing to the achievement of it. |

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| C.  | Objectives and strategies identified in the strategic plan are not related to other objectives and strategies at higher and lower levels of the organization. |

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| D.  | Objectives and strategies from the functional areas in an organization should be translated into objectives and strategies for the strategic plan. |

The cross-functional nature of strategic planning refers to how objectives and strategies from the strategic plan must be translated into objectives and strategies for all functional areas including marketing. |

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