Exam

Name\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

1) Which of the following is an example of a type of market offering?

a) persons and ideas

b) information

c) experiences

d) All of the above.

e) A and B only.

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

2) Which of the following is NOT a basic core concept of marketing?

a) needs, wants and demands

b) revenue streams

c) market offerings

d) value, satisfaction and quality

e) None of the above.

Diff: 2

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

3) Which of the following is an example of a product?

a) a DVD or movie based on the life of a celebrity

b) a haircut

c) a day at Dream World theme park

d) an SUV or family sedan

e) All of the above.

Diff: 2

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

4) Which of the following is most essential to any definition of marketing?

a) demand management

b) the production concept

c) customer relationships

d) making a sale

e) making a profit

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

5) Which of the following are elements of a modern marketing system?

a) suppliers

b) company and competitors

c) marketing intermediaries

d) consumers and buyers

e) All of the above.

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

6) All of the following are accurate descriptions of modern marketing today, EXCEPT which one?

a) Marketing is the creation of value for customers.

b) Marketing is managing profitable customer relationships.

c) Selling and advertising are synonymous with marketing.

d) Marketing involves satisfying customers' needs.

e) Marketing is used by for-profit and not-for-profit organisations.

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

7) According to the simple model of the marketing process, a company needs to \_\_\_\_\_\_\_\_ before designing a customer-driven marketing strategy.

a) determine how to deliver superior value

b) build profitable relationships with customers

c) use customer relationship management to create full partnerships with key customers

d) understand the marketplace and customer needs and wants

e) construct key components of a marketing program

Diff: 2

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

8) In many instances, marketing managers try to ensure that there is a sense of excitement (or enjoyment) associated with a market offering and the marketing communication used. Which of the following factors is a key to creating excitement?

a) experiential involvement

b) emotional involvement

c) interactivity

d) All of the above.

e) A and B only.

Diff: 2

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

9) Which of the following statements is NOT correct?

a) It is always appropriate to create a sense of excitement from buying, using and experiencing products.

b) Marketing managers retain customers by ensuring that branded goods, services and experiences offer intrinsic value.

c) There are instances where creating excitement might be inappropriate.

d) All of the above.

e) None of the above.

Diff: 2

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

10) \_\_\_\_\_\_\_\_ is defined as an activity, a set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large.

a) Selling

b) Advertising

c) Bartering

d) Marketing

e) Negotiating

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

11) \_\_\_\_\_\_\_\_ refers to sellers being preoccupied with their own products and losing sight of underlying potential consumer and market needs.

a) Marketing management

b) Value proposition

c) Marketing myopia

d) The product concept

e) The production concept

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

12) The elements of the marketing mix are price, place, promotion and product.

a) True

b) False

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

13) The elements of the extended marketing mix are price, place, promotion and product.

a) True

b) False

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

14) The elements of the extended marketing mix are the 4 Ps plus people, process and physical evidence.

a) True

b) False

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

15) The twofold goal of marketing is to attract new customers by promising reasonable value and to keep current customers by delivering products and services.

a) True

b) False

Diff: 2

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

16) The twofold goal of marketing is to attract new customers by promising superior value and to keep and grow current customers by delivering satisfaction.

a) True

b) False

Diff: 2

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

17) Demands are human wants that are backed up by buying power.

a) True

b) False

Diff: 2

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

18) If a product's performance falls short of the customer's expectations, the buyer will be dissatisfied.

a) True

b) False

Diff: 2

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

19) Marketing is an activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings that have \_\_\_\_\_\_\_\_ for customers, clients, partners and society at large.

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

20) Marketing is an activity, set of institutions and processes for creating, communicating, delivering and exchanging offerings to customers, clients, partners and society at large while ensuring long-term \_\_\_\_\_\_\_\_\_\_ for the firm.

Diff: 3

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication/ Ethical Reasoning

21) Human \_\_\_\_\_\_\_\_ are states of felt deprivation.

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

22) Human needs take the form of \_\_\_\_\_\_\_\_ as they are shaped by culture and individual personality.

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

23) \_\_\_\_\_\_\_\_ are human wants backed by buying power.

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

24) A market offering is called a(n) \_\_\_\_\_\_\_\_, defined as 'some combination of goods, services and experiences that can be offered to a market to satisfy a need or a want'.

Diff: 2

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

25) Customer-perceived \_\_\_\_\_\_\_\_ is the difference between a) the values the customer gains from owning and using a product, and b) the costs of obtaining the product.

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

26) If exchange is the core concept of marketing, then a(n) \_\_\_\_\_\_\_\_ is marketing's core unit of measurement.

Diff: 2

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

27) A(n) \_\_\_\_\_\_\_\_ is the set of all actual and potential buyers of a product.

Diff: 1

Learning Obj.: 1.1 Define marketing, and outline the steps in the marketing process. pp. 4-5

AACSB: Communication

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

28) When backed by purchasing power, wants become \_\_\_\_\_\_\_\_.

a) social needs

b) demands

c) physical needs

d) self-esteem needs

e) exchanges

Diff: 1

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

29) \_\_\_\_\_\_\_\_ is the act of obtaining a desired object from someone by offering something in return.

a) A value proposition

b) Exchange

c) Bribery

d) Value

e) Donation

Diff: 1

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

30) \_\_\_\_\_\_\_\_ is the set of actual and potential buyers of a product.

a) A market

b) An audience

c) A group

d) A segment

e) An exchange

Diff: 1

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

31) Consumer research, product development, communication, distribution, pricing, and service are all most accurately described as core \_\_\_\_\_\_\_\_ activities.

a) exchange

b) marketing

c) management

d) production

e) customer relationship management

Diff: 1

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

32) When many customers share a strong need that cannot be satisfied by any existing products or services, this is known as \_\_\_\_\_\_\_\_.

a) full demand

b) unwholesome demand

c) latent demand

d) overfull demand

e) irregular demand

Diff: 1

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

33) Texas Instruments, one of the first producers of hand-held calculators, put a great deal of effort into expanding production of calculators to drive down the cost and thus expand the market. This is most indicative of the \_\_\_\_\_\_\_\_ concept.

a) production

b) product

c) customer

d) marketing

e) societal

Diff: 2

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

34) The Apex Corporation has sold the same product since its entry into the marketplace. Each time the sales of its product have slipped, the firm has responded by cutting prices and increasing promotions. In spite of its efforts, sales continued to decline. Apex's 'product-focused' response is evidence of \_\_\_\_\_\_\_\_.

a) a profit-maximisation philosophy

b) production myopia

c) maximisation myopia

d) marketing myopia

e) the marketing concept

Diff: 3

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Analytic Skills

35) Lenovo computers dominate the Chinese market through low labour costs, high production efficiency and mass distribution. This is most indicative of the \_\_\_\_\_\_\_\_ concept.

a) production

b) product

c) customer

d) marketing

e) societal

Diff: 2

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

36) \_\_\_\_\_\_\_\_ are human needs as shaped by individual personality and culture.

a) Deprivations

b) Wants

c) Demands

d) Values

e) Exchanges

Diff: 1

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

37) \_\_\_\_\_\_\_\_ is the act of obtaining a desired object from someone by offering something in return.

a) A value proposition

b) Exchange

c) Bribery

d) Value

e) Donation

Diff: 1

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

38) Human needs are shaped by culture and individual personality.

a) True

b) False

Diff: 2

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

39) Market offerings are limited to physical products.

a) True

b) False

Diff: 2

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

40) Market offerings can include products, services, information or experiences offered to a market to satisfy a need or want.

a) True

b) False

Diff: 1

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

41) When sellers focus on existing needs and lose sight of underlying customer wants, they suffer from marketing myopia.

a) True

b) False

Diff: 3

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication/ Ethical Reasoning

42) Marketers should look beyond the attributes of the products and services that they sell in order to also create brand experiences for consumers.

a) True

b) False

Diff: 2

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

43) There are occasions when a firm should legitimately practice demarketing in order to manage its demand levels.

a) True

b) False

Diff: 1

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

44) The difference between human needs and wants is that needs are not influenced by marketers.

a) True

b) False

Diff: 2

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

45) When backed by buying power, needs become wants.

a) True

b) False

Diff: 1

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

46) The aim of \_\_\_\_\_\_\_\_ is not to completely destroy demand, but only to reduce or shift it to another time, or even another product.

Diff: 2

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

47) The key to creating excitement in a market offering, such as sport, is \_\_\_\_\_\_\_\_ and interactivity.

Diff: 3

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

48) A marketing organisation's \_\_\_\_\_\_\_\_ proposition is the set of benefits or values it promises to deliver to consumers to satisfy their needs.

Diff: 3

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

49) Briefly compare and contrast the concepts of needs, wants and demands, giving an example of each. Discuss how these concepts relate to marketing practices.

Diff: 2

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Analytic Skills

50) In a short essay, explain how and why marketers go beyond selling a product or service to create brand experiences.

Diff: 3

Learning Obj.: 1.2 Explain the importance of understanding customers and the marketplace, and identify the five core marketplace concepts. pp. 5-9

AACSB: Communication/ Ethical Reasoning

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

51) Delighted customers, known as 'customer evangelists', are more likely to \_\_\_\_\_\_\_\_.

a) spread the word about their good experiences with a brand or product.

b) engage in repeat purchasing.

c) become willing brand partners.

d) All of the above.

e) None of the above.

Diff: 1

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

52) Which customer question is answered by a company's value proposition?

a) 'Why should I buy your brand rather than a competitor's?'

b) 'How does your brand benefit me and society?'

c) 'What are the costs and benefits of your brand?'

d) 'What kind of experience will I have with products and services associated with this brand?'

e) 'What are the benefits of being a loyal consumer of your brand?'

Diff: 2

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

53) Which of the following is the most likely result of a marketing strategy that attempts to serve all customers?

a) All customers will be delighted.

b) Customer-perceived value will be increased.

c) Customer evangelists will become unpaid salespersons for the service or product.

d) The company may need to follow up with a demarketing campaign.

e) A and B only.

Diff: 3

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

54) The marketing task known as demarketing involves \_\_\_\_\_\_\_\_.

a) reducing demand, either temporarily or permanently

b) adopting a low price position for a product or brand

c) preventing competitors from imitating a product or brand

d) reducing the value embedded in a product or brand

e) eliminating the product from the offerings

Diff: 2

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

55) The art and science of choosing target markets and building profitable relationships with them is called \_\_\_\_\_\_\_\_.

a) marketing management

b) market positioning

c) market segmentation

d) selling

e) societal marketing

Diff: 2

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

56) Selecting which segments of a population of customers to serve is called \_\_\_\_\_\_\_\_.

a) market segmentation

b) market positioning

c) customisation

d) target marketing

e) choosing a value proposition

Diff: 2

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

57) The cost of attracting new customers is thought to be \_\_\_\_\_\_\_\_ than the cost of retaining existing customers.

a) two times higher

b) five times higher

c) ten times higher

d) twenty times higher

e) twenty-five times higher

Diff: 2

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

58) Two important questions underlying marketing strategy are: 'Who is our target market?' and 'What's our value proposition?'

a) True

b) False

Diff: 3

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

59) The production concept and product concept are orientations that can lead to marketing myopia.

a) True

b) False

Diff: 3

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

60) Amy's law office has developed a new format and wording for wills. Staff believe that they offer superior quality, performance and innovative features. Her law office is practicing the production concept.

a) True

b) False

Diff: 3

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Reflective Thinking

61) The selling concept holds that consumers will not buy enough of the firm's products unless it undertakes a large-scale selling and promotion effort.

a) True

b) False

Diff: 1

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

62) Customer-driven marketing considers only existing needs for existing markets.

a) True

b) False

Diff: 2

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Analytic Skills

63) The societal marketing concept calls on marketers to balance consumer wants and desires, company profits and society's interest.

a) True

b) False

Diff: 2

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Ethical Reasoning

64) Product, price, place and promotion make up the elements of a firm's marketing mix.

a) True

b) False

Diff: 1

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

65) The \_\_\_\_\_\_\_\_ concept holds that consumers will favour products that are available and highly affordable.

Diff: 1

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

66) The \_\_\_\_\_\_\_\_ concept holds that consumers will favour products that offer the most quality, performance and innovative features.

Diff: 1

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

67) The \_\_\_\_\_\_\_\_ concept holds that achieving organisational goals depends on determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors.

Diff: 1

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

68) The \_\_\_\_\_\_\_\_ concept holds that consumers won't buy enough of the organisation's products unless it undertakes a large-scale selling effort as part of its promotional program.

Diff: 1

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

69) The \_\_\_\_\_\_\_\_ marketing concept questions whether the pure marketing concept is adequate in the age of environmental problems, resource shortages, rapid population growth, worldwide economic problems and neglected social services.

Diff: 2

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Communication

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

70) Compare the selling and marketing concepts, listing the key components of each philosophy.

Diff: 2

Learning Obj.: 1.3 Identify the key elements of a customer-driven marketing strategy, and discuss the marketing management orientations that guide marketing strategy. pp. 9-14

AACSB: Analytic Skills

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

71) Customer satisfaction is said to occur when \_\_\_\_\_\_\_\_.

a) a product's performance falls short of customer expectations

b) a product's performance matches or exceeds customer expectations

c) a product's price was heavily discounted

d) the product was well designed

e) the customer's benefits outweighed the costs of purchasing the product

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

72) You have just taken a new position in an organisation and you're learning about the job functions of your new colleagues. You observe that your marketing manager is heavily involved in the process of building and maintaining profitable customer relationships, and frequently speaks about the need to deliver superior customer value and satisfaction. Your manager is concerned with which one of the following?

a) database management

b) website hits

c) the societal marketing concept

d) not-for-profit marketing

e) customer relationship management

Diff: 1

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Reflective Thinking

73) Wendy purchased Brand X hand lotion. In comparing her perception of how the lotion performed to her expectations for such a lotion, she was measuring her level of \_\_\_\_\_\_\_\_.

a) customer perceived value

b) customer satisfaction

c) exchange

d) demand

e) customer lifetime value

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Reflective Thinking

74) A small business operator attempts to deliver customer satisfaction every day in his home entertainment installation business. The key to this goal is to match the customer-perceived performance of his products and their installation with the \_\_\_\_\_\_\_\_.

a) company-perceived performance

b) customer values

c) customer expectations

d) relationship levels

e) company expectations

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Reflective Thinking

75) Shania works hard to foster an emotional relationship between her Internet customers and the beauty products and services that she and her staff sell. By promoting a company culture that values exceptional value and service, Shania aims to create \_\_\_\_\_\_\_\_ by going beyond the expected.

a) customer delight

b) customer satisfaction

c) customer equity

d) customer value

e) customer loyalty

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Reflective Thinking

76) You are an assistant marketing manager for a firm in a market with many low-margin customers. What type of relationship would it be most profitable for you to develop with these customers?

a) full partnerships

b) basic relationships

c) club programs

d) selective relationships

e) community relationships

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Analytic Skills

77) A recent graduate of business school has a different philosophical approach than his marketing manager, who believes in keeping customers at arm's length and using mass media advertising. He knows that today few successful firms still practice this type of true \_\_\_\_\_\_\_\_, and are instead turning to selective relationship management.

a) club marketing

b) frequency marketing

c) mass marketing

d) customer satisfaction

e) marketing segmenting

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Reflective Thinking

78) Members of the sales team at Dekko International visit only prospective customers who purchase a minimum of $50,000 of insulated wire per year. Dekko is using \_\_\_\_\_\_\_\_.

a) customer profitability analysis

b) customer-managed relationships

c) a club marketing program

d) partner relationship management

e) supply chain management

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Reflective Thinking

79) A product manager strengthens her company's connections by treating suppliers of raw materials, vendors and distributors as partners in delivering customer value. What type of management is she practicing?

a) outside partnering

b) inside partnering

c) marketing

d) supply chain

e) customer development

Diff: 3

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Reflective Thinking

80) A team leader in charge of customer relationship management is planning strategies for improving the profitability of her firm's least profitable but loyal customers. She is also examining methods for 'firing' customers in this group who cannot be made profitable. To which of the following customer relationship groups do these customers belong?

a) butterflies

b) true friends

c) strangers

d) barnacles

e) None of the above.

Diff: 3

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

81) A CRM team leader aims to improve the overall firm profitability, and assesses her firm's most profitable and loyal customers. Which of the following customer relationship groups do these customers belong to?

a) butterflies

b) true friends

c) strangers

d) barnacles

e) None of the above.

Diff: 3

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Reflective Thinking

82) Of the following, which is the most important concept of modern marketing?

a) customer relationship management

b) e-mail advertising

c) mass marketing

d) properly trained sales people

e) low prices

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

83) Which of the following is determined by a customer's personal evaluation of the benefits and costs of a market offering relative to those of competing offers?

a) customer-perceived value

b) customer satisfaction

c) customer-perceived performance

d) customer relationship management

e) market segmentation

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

84) It is most accurate to say that a customer will buy from the company that offers the highest \_\_\_\_\_\_\_\_.

a) value for the dollar

b) customer-perceived value

c) level of customer satisfaction

d) company image

e) concern for society's interests

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

85) Which of the following has NOT contributed to the deeper, more interactive nature of today's customer relationships?

a) e-mail

b) websites

c) online social networks

d) traditional advertising

e) social media

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Use of IT

86) Which of the following best explains why consumers have greater power and control in today's marketplace?

a) The production concept and competition have lowered prices.

b) Implementation of the product concept has resulted in continually improving products.

c) Customer-driving marketing creates products and services that meet customers' future needs.

d) More companies are implementing societal marketing and weighing long-run costs and benefits.

e) Through new communication technologies, customers have more access to information and more methods of sharing their opinions with other customers.

Diff: 3

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Use of IT

87) Contemporary marketing practice is the responsibility of which group or groups of organisational employees?

a) marketing and finance

b) sales and customer support

c) information technology

d) general management

e) All of the above.

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

88) In the contemporary environment, many companies find that they are competing for shares of flat or fading markets, and as a consequence must work to retain existing customers. Which of the following factors does NOT explain the intense competition for share of market?

a) changing consumer demographics

b) fluctuating economic conditions

c) more sophisticated competitors

d) overcapacity in some industries

e) All of the above.

Diff: 3

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

89) Online bookseller, Amazon.com, leverages relationships with its 35 million customers by offering them music, videos, gifts, toys, consumer electronics and office products, among other product items. Based on the customer's prior purchase history, the company recommends related CDs, books or videos that might be of interest. This helps Amazon.com capture a greater \_\_\_\_\_\_\_\_.

a) value proposition

b) customer ownership

c) share of customer

d) social network

e) market share

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

90) Frequent flyer programs offered by airlines are an example of a \_\_\_\_\_\_\_\_.

a) frequency marketing program

b) basic customer relationship

c) club marketing program

d) consumer-generated marketing program

e) structural benefit provided for top customers

Diff: 1

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

91) The ultimate aim of customer relationship management is to produce \_\_\_\_\_\_\_\_.

a) high customer equity

b) high current market share

c) steady sales volume

d) a reliable database

e) higher sales volume

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

92) A highly profitable, short-term customer is a \_\_\_\_\_\_\_\_.

a) true friend

b) butterfly

c) stranger

d) barnacle

e) true believer

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

93) The text classifies customers into four relationship groups, according to the customers' profitability and projected loyalty. \_\_\_\_\_\_\_\_ are the customers with the highest profit potential and strong loyalty.

a) Barnacles

b) Strangers

c) Butterflies

d) True friends

e) Big fish

Diff: 1

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

94) \_\_\_\_\_\_\_\_ is the total combined customer lifetime values of all the company's current and potential customers.

a) Share of customer

b) Customer lifetime value

c) Customer equity

d) Profitability

e) Share of market

Diff: 1

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

95) The final step in the marketing process is \_\_\_\_\_\_\_\_.

a) capturing value from customers

b) creating customer loyalty

c) creating customer lifetime value

d) understanding the marketplace

e) designing a customer-driven marketing strategy

Diff: 1

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

96) Building and maintaining profitable value-laden relationships with customers of a company is called \_\_\_\_\_\_\_\_.

a) customer lifetime value

b) customer perceived value

c) customer relationship management

d) database marketing

e) societal marketing

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

97) When the economy tightens, customer loyalty and customer retention become \_\_\_\_\_\_\_\_ for marketers.

a) more important

b) less important

c) impossible

d) long-term but not short-term goals

e) short-term but not long-term goals

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

98) In its broadest sense, customer relationship management (CRM) is a customer data management activity.

a) True

b) False

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Use of IT

99) Delivering superior customer value and customer satisfaction are the two keys to building lasting customer relationships.

a) True

b) False

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

100) Customer-perceived value is defined as the customer's evaluation of the perceived difference between all the benefits and all the costs of a marketing offer relative to those of competing offers.

a) True

b) False

Diff: 1

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

101) Customer-perceived value depends on the product's perceived performance relative to a buyer's expectations.

a) True

b) False

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

102) A customer-centred organisation seeks to maximise customer satisfaction.

a) True

b) False

Diff: 3

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

103) New communication technologies create challenges as well as advantages for marketers.

a) True

b) False

Diff: 3

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Use of IT

104) It is cheaper for a company to acquire new customers than to maintain relationships with current customers.

a) True

b) False

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

105) The relationship segment known as 'butterflies' are profitable, but not loyal. Marketers should engage in efforts to convert butterflies into loyal customers.

a) True

b) False

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

106) Beyond offering consistently high value and satisfaction, marketers can use specific marketing tools to develop stronger bonds with consumers.

a) True

b) False

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

107) A company with many low-margin customers may seek to develop *basic relationships* with customers while companies operating in markets with few customers and high margins want to create *full partnerships* with key customers.

a) True

b) False

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

108) Specific marketing tools designed to build and enhance customer relationships include club marketing programs and frequency programs.

a) True

b) False

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

109) Today, most firms continue to practice mass marketing.

a) True

b) False

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

110) Modern thinking is that marketing is done only by marketing, sales and customer-support personnel.

a) True

b) False

Diff: 1

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

111) Partner relationship management involves building relationships with employees and customers but not suppliers.

a) True

b) False

Diff: 1

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

112) A firm has high customer equity when it has a high proportion of loyal, profitable customers.

a) True

b) False

Diff: 1

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

113) A company with many low-margin customers may seek to develop \_\_\_\_\_\_\_\_ *relationships* with customers while companies operating in markets with few customers and high margins want to create \_\_\_\_\_\_\_\_ *partnerships* with key customers.

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

114) Customer \_\_\_\_\_\_\_\_ depends on the product's perceived performance relative to a buyer's expectations.

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

115) One of the major developments in marketing can be summed up in one word: relationships. Define customer relationship management and its associated tools and levels of relationships.

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

116) Although the quest for customer delight may be a worthy marketing goal, in practice it can be difficult to sustain in the long term. Explain.

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

117) Briefly outline the advantages of customer satisfaction.

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Communication

118) In a short essay, discuss the opportunities and advantages that new communication technologies have created for marketers.

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Use of IT

119) Define customer equity and explain why it is important to a company.

Diff: 1

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Analytic Skills

120) In a short essay, describe and compare the four types of customers classified by their potential profitability to an organisation. Identify how an organisation should manage each type of customer.

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Analytic Skills

121) Explain why a supermarket owner might consider customer lifetime value when a disgruntled customer leaves the store dissatisfied.

Diff: 2

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Reflective Thinking

122) Scouts Australia is a not for profit organisation that offers young Australians, aged 6 to 25 years, fun and challenging opportunities to grow and develop through adventure and activities. While Scouts is the largest youth movement in the nation with some 68,000 members, Scouts has little difficulty attracting new members. However, for some time Scouts has been aware that it experiences difficulties retaining members for more than a few years. Member churn is especially noticeable in the older age groups to the point where it is difficult to encourage members to take up leadership positions within the organisation. Using principles of customer relationship management outlined in Chapter 1 combined with your creativity and general knowledge, suggest specific strategies that Scouts could use to improve its current member retention rates.

Diff: 3

Learning Obj.: 1.4 Discuss customer relationship management, and identify strategies for creating value for customers and capturing value from customers in return. pp. 14-21

AACSB: Analytic Skills

**MULTIPLE CHOICE. Choose the one alternative that best completes the statement or answers the question.**

123) Which of the following is most likely true of a global firm?

a) A global firm typically operates from one country.

b) A global firm engages in joint partnerships overseas.

c) A global firm sees the world as many different markets.

d) A global firm manufactures and markets goods wherever it can do the best job.

e) None of the above.

Diff: 2

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Communication

124) According to the text, the three most commonly used measures of marketing performance are \_\_\_\_\_\_\_\_.

a) sales, market share and profits

b) customer lifetime value, share of relationships and customer equity

c) share of distribution, share of voice and share of wallet

d) share of volume, share of value and brand equity

e) None of the above.

Diff: 2

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Communication

125) The first four steps of the marketing process focus on \_\_\_\_\_\_\_\_.

a) understanding the market

b) delivering customer service

c) creating value for customers

d) understanding customer demands and needs

e) capturing value from customers

Diff: 2

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Communication

126) The social-responsibility and environmental movements are expected to \_\_\_\_\_\_\_\_ in the future.

a) demand more from companies

b) demand less from companies

c) move away from sustainable marketing

d) move toward partner relationship management

e) None of the above.

Diff: 2

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Ethical Reasoning

127) A church targeting different demographic groups to increase attendance is an example of \_\_\_\_\_\_\_\_.

a) for-profit marketing

b) not-for-profit marketing

c) ethics in marketing

d) societal marketing

e) None of the above.

Diff: 2

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Communication

128) During the recent economic downturn, marketers have been emphasising the \_\_\_\_\_\_\_\_ of their products more than ever.

a) image

b) value

c) safety

d) uniqueness

e) quality

Diff: 2

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Communication

129) Income distribution generally remains constant across different types of economies.

a) True

b) False

Diff: 2

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Reflective Thinking

130) Similar consumer needs around the world suggest that a strategy of adapted global marketing is appropriate for most international firms.

a) True

b) False

Diff: 2

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Analytic Skills

131) Collectively, global brands account for the overwhelming majority of consumers' purchases.

a) True

b) False

Diff: 2

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Communication

132) The Internet is forcing companies toward more standardized international pricing.

a) True

b) False

Diff: 2

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Use of IT/ Analytic Skills

133) Global companies recruit management from many countries, buy components and supplies where they cost the least, and invest where the expected returns are greatest.

a) True

b) False

Diff: 2

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Communication/ Ethical Reasoning

134) International marketing is being greatly impacted by new technologies.

a) True

b) False

Diff: 1

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Use of IT/ Reflective Thinking

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.**

135) One of the challenges facing marketers as we move into the future is changing customer \_\_\_\_\_\_\_\_ and orientations.

Diff: 3

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Communication

136) Organisations such as universities, public museums and symphony orchestras aim to make \_\_\_\_\_\_\_\_ to continue their operations but do not seek to make profits for shareholders.

Diff: 3

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Communication

137) The key to developing a(n) \_\_\_\_\_\_\_\_ system is to identify a group of indicators that aid in managing the business and enable accurate cash flow predictions into the future.

Diff: 3

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Communication

138) One of the challenges facing marketers as we move into the future is market \_\_\_\_\_\_\_\_ in many industries.

Diff: 3

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Communication

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.**

139) What are the major factors that a company should consider when deciding which international markets to enter?

Diff: 2

Learning Obj.: 1.5 Describe the main trends and forces that are changing the marketing landscape in this age of relationships. pp. 21-29

AACSB: Analytic Skills

1) d

2) b

3) e

4) c

5) e

6) c

7) d

8) d

9) d

10) d

11) c

12) a

13) b

14) a

15) b

16) a

17) a

18) a

19) value

20) profitability

21) needs

22) wants

23) Demands

24) product

25) value

26) transaction

27) market

28) b

29) b

30) a

31) b

32) c

33) a

34) d

35) a

36) b

37) b

38) b

39) b

40) a

41) b

42) a

43) a

44) a

45) b

46) demarketing

47) involvement

48) value

49) **Suggested Answer:** Human needs are states of felt deprivation. Needs are part of the human make-up; they are not created by external forces. Humans have basic physical needs for food, clothing, warmth, shelter and safety as well as basic social needs for belonging, affection, knowledge and self-expression. Unlike needs, wants are not innate; instead, wants are needs shaped by culture, society and individual personality. For example, a person ***needs*** the nutrients provided by food but may ***want*** a Big Mac. Wants become ***demands*** when they are backed by consumers' purchasing power. Marketers conduct extensive research to understand customers' wants and demands, and then attempt to fulfil those wants and demands through their market offerings.

50) **Suggested Answer:** Sellers are most effective when they focus more on the benefits and experiences produced by their products and services, than on the specific products and services themselves. Smart marketers focus on creating a 'unique' brand experience, incorporating several products and services for their customers, which may include virtual brand experiences delivered via online interactions. By involving the customer in such a brand experience, marketers hope to increase individual customer satisfaction, creating a body of customers who will repeatedly purchase their market offerings and also recommend those market offerings to friends.

51) d

52) a

53) d

54) a

55) a

56) d

57) b

58) a

59) a

60) b

61) a

62) b

63) a

64) a

65) production

66) product

67) marketing

68) selling

69) societal

70) **Suggested Answer:** The selling concept reflects an inside-out philosophy, while the marketing concept takes an outside-in perspective. The selling concept is typically practiced when an organisation is marketing products or services that buyers do not normally think of purchasing, such as insurance or blood donation. Aggressive selling focuses on creating sales transactions rather than on building long-term relationships with customers, with the aim of selling what the company makes rather than making what the customer wants. The marketing concept, on the other hand, is based upon identifying the needs and wants of target markets and then satisfying those needs and wants better than competitors do. In contrast to the selling concept, marketing focuses on the customer, not the product, and the path to profits.

71) b

72) e

73) b

74) c

75) a

76) b

77) c

78) a

79) d

80) d

81) b

82) a

83) a

84) b

85) d

86) e

87) e

88) e

89) c

90) a

91) a

92) b

93) d

94) c

95) a

96) c

97) a

98) b

99) a

100) a

101) b

102) b

103) a

104) b

105) b

106) a

107) a

108) a

109) b

110) b

111) b

112) a

113) basic; full

114) satisfaction

115) **Suggested Answer:** Customer Relationship Management (CRM) is the process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. A company with mostly low-margin customers is likely to seek basic relationships, using brand-building advertising and sales promotion. An organisation with few customers and high margins, on the other hand, will work to create key partnerships with select customers. To create stronger bonds with customers, some marketers use tools such as financial benefits or rewards based on frequency of purchase. Other tools include social benefits, like offering key customers the opportunity to network and create communities through club marketing programs. To retain current customers and remain profitable, companies today are going beyond transactional marketing to customer relationship management. The key is to create and sustain relationships for the long term.

116) **Suggested Answer:** Customer delight occurs when the delivered performance exceeds customer expectation. It is relatively easy to increase customer satisfaction in the short term by simple strategies such as lowering its price or increasing its services. But this may result in lower profits in the long term since lower prices reduce margins and increased service levels add to operating costs.

117) **Suggested Answer:** The advantages of customer satisfaction are: that customers are more likely to make repeat purchases, more willing to engage in cross-purchasing, more likely to become loyal customers, more willing to become marketing partners or 'customer evangelists' who spread the word about their good experiences to others.

118) **Suggested Answer:** Through the Internet and related technologies, people can now interact in direct and surprisingly personal ways with large groups of others, from neighbours within a local community to people across the world. With communication technologies such as e-mail, blogs, web sites, online communities, online social networks and Twitter, today's marketers incorporate interactive approaches that help build targeted, two-way customer relationships. Marketers can create deeper consumer involvement and a sense of community surrounding a brand, making a brand a meaningful part of consumers' conversations and lives. However, while new communication tools create relationship-building opportunities for marketers, they also create challenges. They give consumers a greater voice, and therefore greater power and control in the marketplace. Today's consumers have more information about brands than ever before, and they have a wealth of platforms for airing and sharing their brand views with other consumers. This benefits companies when views of its products are positive, but can be damaging when customers share stories of negative experiences with a company's products.

119) **Suggested Answer:** Customer equity is the sum of the lifetime values of all a company's current and potential customers. Customer equity is dependent upon customer loyalty from a firm's profitable customers. Because customer equity is a reflection of a company's potential future revenue, profit and customer equity, companies must manage it carefully. Customers should be treated as assets that need to be maximised.

120) **Suggested Answer:** The four types of customers are strangers, butterflies, true friends and barnacles. ***Strangers*** have low potential profitability and loyalty. A company's offerings do not fit well with a stranger's wants and demands. Companies should not invest in building a relationship with this type of customer. Another type of customer in which a company should not invest is the 'barnacle'. ***Barnacles*** are highly loyal but not very profitable because there is a limited fit between their needs and the company's offerings. The company might be able to improve barnacles' profitability by selling them more, raising their fees or reducing service to them. However, if they cannot be made profitable, they should be 'fired'. Like strangers, ***butterflies*** are not loyal. However, they are potentially profitable because there is a good fit between the company's offerings and their needs. Like real butterflies, this type of customer will come and go without becoming a permanent, loyal consumer of a company's products. Companies should use promotional blitzes to attract these customers, create satisfying and profitable transactions with them, and then cease investing in them until the next time around. The final type of customers is ***true friends***; they are both profitable and loyal. There is a strong fit between their needs and the company's offerings, so the company should make continuous relationship investments in an effort to go beyond satisfying and to delight these customers. A company should try to delight true friends so they will tell others about their good experiences with the company.

121) **Suggested Answer:** Customer lifetime value is the entire stream of purchases a customer would make over a lifetime. If a supermarket customer is dissatisfied and decides to shop for his or her weekly groceries elsewhere, the owner does not lose only the profit from one week's worth of groceries. According to Stew Leonard, a supermarket chain owner featured in the text, the average weekly spend on groceries for 50 weeks a year is around $100 p.w., equivalent to approximately $5000 per customer per year. Over the length of time that a customer normally remains loyal to a supermarket, say 10 years, the lifetime value translates into $50,000 of potential lost revenue. When a dissatisfied customer takes their business elsewhere, the supermarket loses the profits for each and every week's worth of groceries for that customer's expected lifetime.

122) **Suggested Answer:** In order to improve member retention rates, Scouts could devise strategies that deliver improvements to the perceived value, strengthen bonds between the organisation and members and/or implement strategic partnerships that deliver increased value.

***(1) Perceived Value***. There may be relatively few opportunities to improve perceived value since the monetary cost of joining is very low and the activities offered are the most diverse of any youth group.

***(2) Strengthen Bonds.*** There may be greater opportunities to strengthen emotional or structural bonds between Scouts and individual members. For example, Scouts could offer educational scholarships to experienced members who are willing to remain with the movement and serve in leadership roles.

***(3) Strategic Partnerships.*** Scouts could also investigate strategic partnerships with retailers, especially those that offer a good fit with scouting activities and vision. For example, Scouts could form an alliance with major recreational, camping or sporting goods retail chains, with a view to having the store offer discounts to Scouts' members on presentation of a Scouts' membership or voucher. Such an alliance would offer increased value to Scouts members but would require Scouts management to negotiate a formal partnership.

123) d

124) a

125) c

126) a

127) b

128) b

129) b

130) b

131) b

132) a

133) a

134) a

135) values

136) surpluses

137) metrics

138) maturity

139) **Suggested Answer:** Before going abroad, a company should try to define its international marketing objectives and policies. It should decide what volumeof foreign sales it wants. Most companies start small when they go abroad. Some plan to stay small, seeing international sales as a small part of their business. Other companies have bigger plans, however, seeing international business as equal to or even more important than their domestic business.

The company needs to choose in how manycountries it wants to market. Companies must be careful not to spread themselves too thin or expand beyond their capabilities by operating in too many countries too soon. Next, the company needs to decide on the typesof countries to enter. A country's attractiveness depends on the product, geographical factors, income and population, political climate, and other considerations. In recent years, many major new markets have emerged, offering both substantial opportunities and daunting challenges.

After listing possible international markets, the company must carefully evaluate each one. Possible global markets should be ranked on several factors, including market size, market growth, the cost of doing business, competitive advantage, and risk level. The goal is to determine the potential of each market. Then the marketer must decide which markets offer the greatest long-run return on investment.