

Chapter 1—An Overview of Marketing

MULTIPLE CHOICE

1. What is the definition of marketing?
 - a. planning sales campaigns
 - b. selling
 - c. advertising and promotion activities
 - d. a philosophy that stresses customer satisfaction

ANS: D PTS: 1 DIF: Definition REF: p. 4
OBJ: 1 BLM: Remember

2. A business is concerned with many day-to-day activities. Some of the most important are the planning and conception of the product or service, its pricing policy, and the distribution strategy. What are these activities part of?
 - a. human resources
 - b. production
 - c. marketing
 - d. accounting

ANS: C
This description contains three of the four main activities included in the marketing function. Many students may mistakenly believe that marketing is concerned only with promotion.

PTS: 1 DIF: Comprehension REF: p. 4
OBJ: 1 BLM: Remember

3. Which of the following is a set of activities used to implement a management orientation that stresses customer satisfaction?
 - a. a control system
 - b. customer management
 - c. planning strategy
 - d. marketing

ANS: D PTS: 1 DIF: Definition REF: p. 4
OBJ: 1 BLM: Remember

4. Marketing is an organizational function and a set of processes for creating, communicating, and delivering which one of the following to customers?
 - a. sales
 - b. benefits
 - c. satisfaction
 - d. value

ANS: D PTS: 1 DIF: Definition REF: p. 4
OBJ: 1 BLM: Remember

5. The idea that people give up something in order to receive something that they would rather have is a key ingredient in marketing. What is this called?
- exchange
 - synergy
 - reciprocity
 - promotion

ANS: A PTS: 1 DIF: Definition REF: p. 4
OBJ: 1 BLM: Remember

6. What must happen in order for exchange to occur?
- Each party must have something of value to the other party.
 - A profit-oriented organization must be involved.
 - Organized marketing activities must also occur.
 - Money or other legal tender is required.

ANS: A
Exchange involves the trade of items of value, but does not necessarily involve formal organizations, profit, or money/legal tender.

PTS: 1 DIF: Comprehension REF: p. 4
OBJ: 1 BLM: Remember

7. For an exchange to take place, what must happen?
- At least one person must have something of value.
 - Each party must feel obligated to accept the offer.
 - Money must be present.
 - There must be at least two parties.

ANS: D PTS: 1 DIF: Comprehension
REF: p. 4 OBJ: 1 BLM: Remember

8. Why is the concept of exchange important to marketing?
- Marketing activities help to create exchange.
 - Money is the only medium of exchange for business marketers.
 - Exchange provides money to marketers.
 - Marketing activities are a requirement for exchange to take place.

ANS: A
Marketing activities help the exchange to take place, but marketing can occur without an exchange.

PTS: 1 DIF: Comprehension REF: p. 4
OBJ: 1 BLM: Remember

9. Kurt Meyer wants to sell a Model T Ford that he inherited from his grandfather. A preliminary investigation has shown many people would be interested in this type of automobile. He has taken out an advertisement in his local auto trade paper and provided customers with a toll-free number to make an appointment to drive the car. He has also read in the auto trade papers that similar cars to the one that he owns are selling for about \$4,000. Before selling his Model T, what else should Meyer find out?
- whether the car can meet the demands of potential customers
 - how to promote the car to generate significant visibility for the ad
 - where the car should be located to secure optimum drive-up business
 - how to price the car so that customers will seek out his vehicle

ANS: A

For an exchange to take place, each party must have something the other values, the parties must be able to communicate, and each party must believe that it is appropriate to deal with the other.

PTS: 1 DIF: Application REF: p. 4 OBJ: 1
BLM: Higher order

10. If the local chapter of the Canadian Diabetes Association (CDA) sponsors a free lifesaving course, city residents will not have to pay to take the class. Why will an exchange take place?
- The CDA does not have to communicate with class participants.
 - People who take the course have to give nothing of value in return.
 - Both the CDA and the people taking the course will trade something of value.
 - People can decide the course has no value.

ANS: C

If the course has no value, then an exchange cannot occur. Without communication, the exchange of knowledge for time and energy cannot occur. In an exchange, each participant has something of value to the other. For an exchange to occur, each party must believe it is desirable.

PTS: 1 DIF: Application REF: p. 4 OBJ: 1
BLM: Higher order

11. Four competing philosophies strongly influence the role of marketing and marketing activities within an organization. Which of the following is a marketing management philosophy?
- accounting orientation
 - sales orientation
 - profitability orientation
 - social networking orientation

ANS: B PTS: 1 DIF: Comprehension
REF: p. 5 OBJ: 2 BLM: Remember

12. Firms with which of the following orientations focus on the internal capabilities of the firm rather than on the desires and needs of the marketplace?
- a. production
 - b. customer
 - c. marketing
 - d. sales

ANS: A PTS: 1 DIF: Definition REF: p. 5
OBJ: 2 BLM: Remember

13. A company that sets its goals and strategies based on what the current plant equipment can produce, what products engineering can design, and what the company itself can do best, has which of the following types of orientation?
- a. exchange
 - b. sales
 - c. market
 - d. production

ANS: D PTS: 1 DIF: Definition REF: p. 5
OBJ: 2 BLM: Remember

14. Researchers at PPG Industries spent considerable time, effort, and money developing a bluish windshield that would let in filtered sunlight but block out heat. Little market research was done, but the scientists were convinced that this new product would be significantly better than existing windshields even though they were more expensive and of a different colour than the current models on the market. What type of orientation does PPG most likely have?
- a. sales
 - b. customer
 - c. production
 - d. promotion

ANS: C

The questions asked before starting their new product were “What can we do best?” and “What can we make with the equipment we already own?” This is a production orientation.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Higher order

15. The owner of a company that produces copy paper once said, “People buy whatever copy paper is the cheapest, so I spend my time trying to find ways I can cut my price.” What kind of orientation toward marketing does this owner have?
- a. production
 - b. sales
 - c. discount
 - d. customer

ANS: A

A focus on lowering costs and prices is typical of a production orientation.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Higher order

16. In which of the following situations is a firm with a production orientation most likely to survive?
- a. when supply for the product it produces exceeds demand
 - b. when demand for the product it produces exceeds supply
 - c. when there are many small competitors in the marketplace
 - d. when needs of the marketplace are shifting

ANS: B

The production orientation can survive in the short term under a variety of conditions; however, if market needs change, long-term survival is difficult.

PTS: 1
OBJ: 2

DIF: Comprehension
BLM: Higher order

REF: p. 5

17. Which of the following orientations to marketing fails to consider whether what the firm produces most efficiently also meets the needs of the marketplace?
- a. customer
 - b. production
 - c. market
 - d. product

ANS: B

The production orientation forces a company to build whatever it builds best, that is, whatever it has the experience and expertise in doing.

PTS: 1
OBJ: 2

DIF: Comprehension
BLM: Remember

REF: p. 5

18. Mimi Couturier is a design company that specializes in formalwear for women. The company's fashion innovators use computer-assisted design software to create what they think women should wear. The company regularly hires industry experts to examine construction work areas to find waste and inefficiencies that can be eliminated. However, for the last two years Mimi Couturier has lost money, and it has had to lay off some of its work force. What should the company do to avoid this occurrence in future?
- a. increase its sales force to find more potential customers for the firm
 - b. hire more retail efficiency experts to trace down any production problems
 - c. have someone to study its target market to see what needs and wants should be met by Mimi Couturier
 - d. cut prices so that its prices are at least 10 percent below those of its competitors

ANS: C

Mimi Couturier has been production oriented. It should develop a marketing orientation, which means the firm will produce only those items needed by its target market.

PTS: 1
BLM: Higher order

DIF: Application REF: p. 5

OBJ: 2

19. Which orientation assumes that people are resistant to buying products that are not absolutely necessary?
- sales
 - marketing
 - customer
 - production

ANS: A

The sales orientation assumes that aggressive selling is what is needed to increase demand.

PTS: 1 DIF: Comprehension REF: p. 5
OBJ: 2 BLM: Remember

20. Which orientation of people will buy more goods and services if aggressive marketing techniques are used?
- sales
 - production
 - customer
 - marketing

ANS: A PTS: 1 DIF: Definition REF: p. 5
OBJ: 2 BLM: Remember

21. Lawler Landscaping Company sells all kinds of ornamental plants. Lawler's management believes that its customers will buy more plants if its salespeople use aggressive marketing techniques because ornamental plants are nonessential items for most homeowners. What type of orientation does Lawler have?
- production
 - marketing
 - sales
 - customer

ANS: C

Only the sales orientation assumes that aggressive sales techniques will sell more product, regardless of customer desires and needs.

PTS: 1 DIF: Definition REF: p. 5 OBJ: 2
BLM: Higher order

22. If a company uses a sales orientation, what will consumer complaints most likely result in?
- attempts to cut production costs
 - product reinvention
 - continuous market research
 - a modification of the sales presentation

ANS: D

The sales orientation relies on aggressive sales techniques to fuel business.

PTS: 1 DIF: Comprehension REF: p. 5
OBJ: 2 BLM: Remember

23. Which of the following statements about a typical sales-oriented business is true?
- a. The company directs its products to specific groups of people.
 - b. The company is in business to satisfy customers' wants and needs and deliver superior value.
 - c. The company invests the majority of its resources in promoting its products and services.
 - d. The primary goal of the company is profit through customer satisfaction.

ANS: C PTS: 1 DIF: Comprehension
REF: p. 5 OBJ: 3 BLM: Remember

24. For many years, Procter & Gamble (P&G) viewed its Ivory soap as just plain old soap—and not as a cleansing product that could provide other benefits as well. When it came to Ivory soap, P&G focused on how well it made the soap and not on what customers wanted from a bar of soap. What sort of orientation did P&G have?
- a. customer
 - b. product
 - c. sales
 - d. market

ANS: C PTS: 1 DIF: Application REF: p. 5
OBJ: 2 BLM: Higher order

25. Because organizations that sell unsought products, such as cemetery plots, are marketing products that most people do not want, which sort of orientation might the companies adopt?
- a. product
 - b. customer
 - c. marketing
 - d. sales

ANS: D
Aggressive selling is sometimes used by companies that sell products their customers do not want to buy.

PTS: 1 DIF: Application REF: p. 5 OBJ: 2
BLM: Remember

26. For years, the slogan used in all the advertising done by British Airways was “Putting people first.” In this short phase, what did British Airways capture the idea of?
- a. the marketing concept
 - b. the societal concept
 - c. Maslow's hierarchy of needs
 - d. the sales orientation philosophy

ANS: A
The marketing concept justifies a company's existence by its ability to satisfy customers.

PTS: 1 DIF: Application REF: p. 6 OBJ: 2
BLM: Higher order

27. When a homeowner visited The Home Depot to buy what he thought he needed to fix a leaking toilet, he gathered up materials totalling almost \$70. On his way to checkout, an employee asked him what was he trying to fix. After some discussion, the employee convinced the homeowner that a \$5.99 replacement part would fix the problem better than the materials he thought he needed and with less trouble. This sort of discussion between employees and customers is commonplace at The Home Depot. What sort of orientation does the retail store have?
- a. market
 - b. sales
 - c. production
 - d. product

ANS: A PTS: 1 DIF: Application REF: p. 6
OBJ: 2 BLM: Higher order

28. World Wrestling Entertainment (formerly the World Wrestling Federation) is very focused on what its fans want in terms of product licensing and, more importantly, in terms of plot lines and character development. All of the company's activities are integrated so that no employee ever loses sight of the company's desire to satisfy its fans. What sort of orientation does World Wrestling Entertainment have?
- a. sales
 - b. production
 - c. product
 - d. market

ANS: D PTS: 1 DIF: Application REF: p. 6
OBJ: 2 BLM: Higher order

29. What does achieving a market orientation involve?
- a. implementing actions to provide satisfaction for employees
 - b. determining how to deliver superior customer value
 - c. doing research on suppliers and competitors
 - d. establishing and maintaining mutually satisfying relationships with suppliers

ANS: B PTS: 1 DIF: Comprehension
REF: p. 6 OBJ: 2 BLM: Remember

30. Walmart has become the leading discount retailer in Canada and the world by focusing on the customer's needs and wants. This philosophy is at the heart of which orientation?
- a. production
 - b. market
 - c. sales
 - d. retail

ANS: B PTS: 1 DIF: Application REF: p. 6
OBJ: 2 BLM: Remember