

# Chapter 1

## What Is Marketing?

### Section 1: Defining Marketing

#### True/False Questions

1. According to the American Marketing Association, marketing consists of five components.  
**False; Moderate**
2. Marketing is defined by the American Marketing Association as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.  
**True; Easy**
3. One of the components of marketing involves the process of collaborating with suppliers and customers to create offerings that have value.  
**True; Moderate**
4. Value is what the customer gets out of the purchase and consumption of the company's offering.  
**True; Easy**
5. The value of an offering is determined by the company marketing it.  
**False; Moderate**
6. The determination of value will vary for each customer.  
**True; Moderate**
7. The marketing concept requires that marketers seek to satisfy customer wants and needs.  
**True; Moderate**
8. Market-oriented firms seek to satisfy customers' needs at the expense of making a profit.  
**False; Easy**
9. Successful communication in today's marketplace assumes dialog in which consumers can interact directly with the company.  
**True; Easy**
10. Exchanging involves getting offerings to the consumer in a way that optimizes value.  
**False; Easy**
11. The four Ps fail to capture all the activities of marketing.  
**True; Moderate**
12. The focus of marketing has changed from a mix of product, price, place, and promotion to an emphasis on creating, communicating, delivering, and exchanging value.  
**True; Moderate**

### Multiple Choice Questions

1. In marketing, \_\_\_\_\_ involves collaboration with suppliers and customers in order to generate offerings of value to customers.
  - a. creating
  - b. exchanging
  - c. promoting
  - d. communicating
  - e. delivering**a; Easy**
  
2. According to the AMA's definition of marketing, \_\_\_\_\_ is a component of marketing which involves describing offerings and learning from customers.
  - a. delivering
  - b. creating
  - c. exchanging
  - d. innovating
  - e. communicating**e; Easy**
  
3. Tom goes to the department store and buys some detergent. Which component of marketing does this describe?
  - a. Delivering
  - b. Promoting
  - c. Communicating
  - d. Exchanging
  - e. Creating**d; Easy**
  
4. Which element of the marketing mix would involve delivering offering to a retail store where they may be purchased?
  - a. Profit
  - b. Product
  - c. Price
  - d. Place
  - e. Promotion**d; Easy**
  
5. Which element of the marketing mix would include advertising and sales?
  - a. Profit
  - b. Product
  - c. Price
  - d. Place
  - e. Promotion**e; Easy**
  
6. Which is the correct association between the AMA's definition of marketing and the corresponding element of the marketing mix?
  - a. Creating offerings → Product

- b. Communicating offerings → Product
  - c. Delivering offerings → Price
  - d. Exchanging offerings → Place
  - e. Providing offerings → Profit
- a; Moderate**
7. The Elliott Corporation decides to exhibit its products in an industry trade show. Which marketing activity is the company performing?
- a. Creating offerings
  - b. Communicating offerings
  - c. Delivering offerings
  - d. Exchanging offerings
  - e. Providing offerings
- b; Moderate**
8. Which of the following describes the personal value equation of a customer?
- a. Value = Benefits offered + [Price - Hassle]
  - b. Value = [Price + Hassle] + Benefits received
  - c. Value = Price - [Benefits offered + Hassle]
  - d. Value = Benefits received - [Price + Hassle]
  - e. Value = [Price - Hassle] + Benefits received
- d; Easy**
9. A \_\_\_\_\_ era refers to an approach to business that recognizes that consumers want value no matter how it is delivered, whether it's via a product, a service, or a combination of the two.
- a. service-dominant logic
  - b. one-to-one
  - c. price-driven
  - d. selling
  - e. demand-based
- a; Moderate**
10. Which activity would be considered part of the communicating component of marketing?
- a. An online ordering form
  - b. A salesperson trying to sell products door-to-door
  - c. Moving the product from the distribution center to a retail location
  - d. Working with suppliers
  - e. Providing a warranty
- b; Moderate**
11. Bill lives on a farm. If Bill wants to buy an iPad, he would have to drive six hours to the nearest city that has an Apple Store. According to the personal value equation, which of the following statements would be true, if Bill were to buy an iPad?
- a. The benefits received from purchasing the iPad would decrease.
  - b. The value of the iPad, as determined by Bill, would increase.
  - c. The price of the iPad would increase.
  - d. The value of the iPad, as determined by Bill, would decrease.
  - e. The hassle for purchasing the iPad would be low.
- d; Moderate**
12. \_\_\_\_\_ refers to the actual transportation and storage of materials and products.

- a. Logistics
  - b. Product orientation
  - c. Product placement
  - d. Value
  - e. Direct marketing
- a; Moderate**
13. How might a marketer increase a consumer's personal value equation?
- a. Decrease the benefits offered and associated with the exchange
  - b. Increase the price associated with the exchange
  - c. Reduce the hassle and increase the benefits associated with the exchange
  - d. Increase the hassle and the price associated with the exchange
  - e. Decrease the hassle and the benefits offered with the exchange
- c; Moderate**
14. According to the personal value equation, which of the following would cause the value of an offering to decrease?
- a. An increase in benefits received and a decrease in hassle.
  - b. An increase in price and an increase in benefits received
  - c. An increase in price and a decrease in the benefits received
  - d. A decrease in both price and hassle
  - e. An increase in hassle and a decrease in benefits received
- e; Moderate**
15. Which of the following examples best illustrates the marketing concept?
- a. A mail-order company begins using less expensive packing material to increase profits per sale.
  - b. A manufacturing firm opens a new distribution facility closer to the factory.
  - c. A catering firm decides to expand its hours of operations to better serve working mothers.
  - d. An automobile manufacturer installs a new assembly chain that increases output by 20 percent.
  - e. A food company puts nutritional information on its packages in accordance with government regulations.
- c; Hard**
16. Tom and Jim go to the same sushi bar and order the same entrée. Tom feels that the sushi is terrible and over-priced. Jim enjoys the sushi and decides to regularly patronize the restaurant. Which of the following statements about Tom and Jim is true?
- a. Jim is not a good judge of sushi.
  - b. Tom and Jim derived different values from the same entrée.
  - c. Tom likes sushi more than Jim.
  - d. Tom and Jim derived the same value from the entrée.
  - e. Tom was incorrect in judging the value of the entrée.
- b; Moderate**
17. Organizations and functions that mine, make, assemble, or deliver materials and products from manufacturer to consumer are referred to as \_\_\_\_\_.
- a. the supply chain
  - b. the marketing planners
  - c. the value equation
  - d. the marketing environment

- e. the logistics channel
- a; Easy**

18. \_\_\_\_\_ refers to a philosophy that products must be pushed through selling and advertising in order for a firm to compete successfully.
- a. Production orientation
  - b. Product orientation
  - c. Market-oriented
  - d. Selling orientation
  - e. Service-dominant logic
- d; Easy**

19. \_\_\_\_\_ refers to a philosophy that focuses on competing through product innovation.
- a. Market orientation
  - b. Product development
  - c. Product orientation
  - d. Product differentiation
  - e. Selling orientation
- c; Easy**

20. The current era of marketing can be described as a time when the focus on serving customers more completely is changing complete companies into new forms and core products, known as the \_\_\_\_\_.
- a. transformative era
  - b. offerings era
  - c. selling era
  - d. product era
- a; Easy**

21. The Apple Watch NikePlus Run Club is an example of \_\_\_\_\_ customers to create better offerings.
- a. selling to
  - b. communicating with
  - c. exchanging products with
  - d. delivering products to
- b; Easy**

22. The ability to deliver offerings to customers is changing for some products because \_\_\_\_\_ allows the continual delivery of new or upgraded value offerings to the customer.
- a. infrastructure
  - b. consumption
  - c. the supply chain
  - d. technology
- d; Easy**

23. Over the years, the marketing focus has changed from the early 1950s which emphasized \_\_\_\_\_ to a current emphasis on \_\_\_\_\_.
- a. price, customers
  - b. the four Ps; value
  - c. the four Cs, product
  - d. the four Ps; the four Cs

**b; Easy**

24. \_\_\_\_\_ refers to a belief that the way to compete is a function of product innovation and reducing production costs, as good products appropriately priced sell themselves.
- Product orientation
  - Selling orientation
  - Market-oriented
  - Marketing concept
  - Production oriented
- e; Easy**

**Fill in the Blanks**

- According to the concept of the four Ps, \_\_\_\_\_ refers to goods and services.  
**product; Easy**
- According to the concept of the four Ps, \_\_\_\_\_ refers to the process of getting the product to a point at which the customer can purchase it.  
**place; Moderate**
- \_\_\_\_\_ refers to describing the value of offerings to customers.  
**Communication; Easy**
- \_\_\_\_\_ is at the center of all marketing activities.  
**Value; Moderate**
- According to the personal value equation, value is equal to \_\_\_\_\_ minus the sum of price and hassle.  
**benefits received; Moderate**
- Firms operating under the philosophy that marketers must seek to satisfy customer wants and needs are called \_\_\_\_\_.  
**Market-oriented; Easy**
- \_\_\_\_\_ is a component of the marketing that corresponds to the price element of the marketing mix.  
**Exchanging; Easy**
- \_\_\_\_\_ refers to a period running from the 1920s to until after World War II in which the selling orientation dominated the way firms competed.  
**Selling era; Easy**
- In the \_\_\_\_\_ era companies compete by building relationships with customers one at a time.  
**one-to-one; Easy**
- The entire bundle of tangible goods, intangible services, and the price is the company's \_\_\_\_\_.  
**offering; Easy**
- Value is delivered through the \_\_\_\_\_, which includes organizations and functions that mine, make, assemble, or deliver materials and products from a manufacturer to consumers.

**supply chain; Easy**

12. \_\_\_\_\_ is a primary component of supply chain management.  
**Logistics; Easy**
13. A marketing plan is a mix of four components (4Ps) referred to as the \_\_\_\_\_.  
**marketing mix; Easy**
14. The four activities of the marketing mix provides \_\_\_\_\_ to consumers.  
**value; Easy**
15. The personal value equation includes benefits received minus \_\_\_\_\_ plus \_\_\_\_\_. **price, hassle; Moderate**
16. Regarding the personal value equation, hassle is comprised of \_\_\_\_\_ and \_\_\_\_\_. **effort, time; Moderate.**

**Essay Questions**

1. Using the personal value equation, provide an example of how value is achieved for a consumer.  
The benefit of getting a soft drink at a vending machine when one is in need of caffeine is a benefit that overrides the negative aspect of a higher price point than a consumer can get at a grocery store. There is less hassle involved with the vending machine versus driving to the store, so ultimately the value of convenience and immediate benefit outweighs the high monetary cost.  
**Moderate**
2. What are the key components of marketing as defined by the American Marketing Association?  
Creating—The process of collaborating with suppliers and customers to create offerings that have value  
Communicating—Describing those offerings, as well as learning from customers  
Delivering—Getting those offerings to the consumer in a way that optimizes value  
Exchanging—Trading value for those offerings  
**Easy**
3. How are the elements of the marketing mix (the four Ps) connected to the key components or activities of marketing?  
1) Product is associated with creating offerings.  
2) Promotion is related to communication.  
3) Place is similar to delivering value.  
4) Price is correlated to the exchange.  
**Easy**
4. What are some methods marketers can use to communicate value to customers?  
Marketers can use social media, television commercials, print advertisements, radio ads, billboards, and press releases.

## Easy

### Section 2: Who Does Marketing?

#### True/False Questions

1. For-profit companies can be categorized by the nature of their customers.  
**True; Moderate**
2. Government agencies engage in marketing activities.  
**True; Easy**
3. Because their activities do not generate monetary benefits for the organization, non-profit organizations do not employ marketing.  
**False; Moderate**

#### Multiple Choice Questions

1. If the U.S. Department of Homeland Security mails free packaging guidelines to airline travelers, it is:
  - a. engaged in marketing as a for-profit company.
  - b. not engaged in marketing because they are a government agency.
  - c. not engaged in marketing because travelers are not charged for the guidelines.
  - d. engaged in marketing to specific individuals but do not offer value.
  - e. engaged in marketing as a non-profit organization.**e; Hard**
2. A company that seeks to provide free bikes to underprivileged kids might put flyers in bike stores, asking for customers to donate their old bikes. This is an example of \_\_\_\_\_.
  - a. bribery
  - b. for-profit marketing
  - c. fundraising
  - d. non-profit marketing**d; Easy**
3. Which of these would be an example of an individual marketing themselves in order to get a job?
  - a. Operating a food truck
  - b. Building a profile on LinkedIn
  - c. Throwing your business card in the free lunch raffle
  - d. Updating your status on Facebook**b; Easy**
4. Which of the following represents good marketing?
  - a. Focusing on production because increased supply will drive up demand.
  - b. Making an offering that encourages poor choices so consumers will buy again.
  - c. Yielding a positive value for the consumer and a profitable transaction for the company.
  - d. Offering value to customers at the expense of profit for the company.
  - e. Trying to sell goods or services which do not offer any value to customers.**c; Moderate**



5. When non-profit organizations try to convince people that global warming is a real threat, it is an example of \_\_\_\_\_.
  - a. logistics marketing
  - b. event marketing
  - c. production orientation marketing
  - d. value marketing
  - e. social marketing

**e; Moderate**

#### **Fill in the Blanks**

1. \_\_\_\_\_ refers to marketing activities conducted to meet the goals of nonprofit organizations.  
**Nonprofit marketing; Easy**
2. \_\_\_\_\_ is conducted in an effort to achieve social change.  
**Social marketing; Moderate**
3. Creating a resume when applying for a job is a way of \_\_\_\_\_ value to prospective employers.  
**communicating; Easy**

#### **Essay Questions**

1. Nonprofit organizations, such as the American Heart Association, do not directly benefit monetarily from their marketing endeavours. Explain what (if any) exchange exists for nonprofit organizations.  
Though nonprofit organizations do not always receive monetary donations or money for employee benefit, nonprofit organizations do engage in marketing. This is because in the marketing exchange, participants exchange something of value, which does not necessarily mean money. Nonprofit organizations often have awareness or personal change as their ultimate mission. Thus, the distribution of information can suffice in completing the marketing exchange.  
**Moderate**
2. Provide examples of how for-profit, nonprofit, and individuals utilize marketing.  
For-profit companies utilize the marketing mix to launch new products. This includes creating new offerings, establishing price points, communicating the value of the good, and getting it to customers in time for consumption. Nonprofit companies utilize marketing to educate people about their cause and to raise money via donations. Individuals utilize marketing when creating resumes or during a date.  
**Moderate**

#### **Section 3: Why Study Marketing?**

##### **True/False Questions**

1. Good marketing focuses primarily on making a profit for the corporation.  
**False; Easy**

2. Marketing benefits society by promoting a higher quality of life in two ways: through job creation and through consumers' ability to make more informed decisions.  
**True; Easy**
3. Good social marketing induces consumers to buy products so that companies can increase their profit.  
**False; Moderate**
4. Marketing is the interface between producers and distributors.  
**False; Easy**
5. Marketing careers in product development involve meeting with customers, determining value, proposing offerings, and making sure that the customer is satisfied.  
**False; Easy**
6. Personnel in marketing research are responsible for studying markets in order to understand what strategies or tactics might work best.  
**True; Easy**

### Multiple Choice Questions

1. Telemarketers call consumers at their homes to sell their products. This is an example of \_\_\_\_\_.
  - a. product development
  - b. advertising
  - c. direct marketing
  - d. event marketing
  - e. non-profit marketing**c; Moderate**
2. Opponents argue that marketing costs do not benefit society. Marketers counter this by stating these costs result in the creation of \_\_\_\_\_.
  - a. better products
  - b. lower prices
  - c. better informed consumers
  - d. less government supervision
  - e. more competition**c; Moderate**
3. Which marketing career involves meeting with customers, determining value, proposing offerings, and making sure that the customer is satisfied?
  - a. Marketing research
  - b. Merchandising
  - c. Advertising
  - d. Direct marketing
  - e. Sales**e; Moderate**
4. Tony's work involves meeting with potential customers, determining their needs, and offering products that may meet those needs. He also keeps tabs on those customers to

ascertain their level of satisfaction and obtain feedback. In which of the following areas of marketing does Tony work?

- a. Merchandising
- b. Marketing research
- c. Digital media
- d. Sales
- e. Non-profit marketing

**d; Moderate**

5. Personnel in \_\_\_\_\_ are responsible for studying markets and customers in order to understand what strategies or tactics might work best for firms.

- a. marketing research
- b. merchandising
- c. advertising
- d. direct marketing
- e. sales

**a; Moderate**

6. Martin has incorporated several features customers have suggested into a new model of his company's vacuum cleaners. Martin is involved in which of the following areas of the marketing profession?

- a. Product development
- b. Marketing research
- c. Event marketing
- d. Direct marketing
- e. Sales

**a; Moderate**

7. The best practices in marketing allow a company to \_\_\_\_\_ customers to make better choices and gain the most value from the product.

- a. upsell
- b. coerce
- c. deceive
- d. educate

**d; Moderate**

8. One of the benefits marketing offers society is an opportunity for \_\_\_\_\_.

- a. productive marketing jobs in good organizations
- b. increased purchasing power for consumers
- c. monetary gains with little effort for companies
- d. more products and higher levels of consumerism

**a; Moderate**

9. A concern of marketing professionals are the false advertising promises that some companies make as well as \_\_\_\_\_ that creates a demand among consumers for products they don't really need.

- a. plagiarism
- b. consumerism
- c. transactionalism
- d. devaluation

**b; Moderate**

10. The professionals who analyze data from social media and provide insights about customers are in \_\_\_\_\_.
- merchandising
  - digital marketing
  - marketing analytics
  - event marketing
- c; Easy**
11. As part of an organization that works to raise awareness about the environment, Beth's work involves creating flyers and pamphlets that provide information about global warming and climate change. Which of the following areas of marketing is Beth engaged in?
- Sales
  - Non-profit marketing
  - Product development
  - Merchandising
  - Direct marketing
- b; Moderate**

**Fill in the Blanks**

1. Personnel involved in \_\_\_\_\_ are responsible for developing strategies regarding what products wholesalers should carry to sell to retailers.  
**merchandising; Easy**
2. Professionals in \_\_\_\_\_ communicate directly with customers about a company's product offerings via channels such as e-mail, chat lines, telephone, or direct mail.  
**direct marketing; Easy**
3. \_\_\_\_\_ professionals combine advertising, direct marketing, and other areas of marketing to communicate directly with customers via social media, the web, and mobile media.  
**Digital media; Easy**
4. People in \_\_\_\_\_ are responsible for identifying and creating features that meet the needs of a firm's customers.  
**product development; Easy**
12. Marketing professionals who plan concerts, expositions, and trade shows are involved in \_\_\_\_\_.  
**event marketing; Easy**
13. The job of marketing is to ensure that the product delivered provides \_\_\_\_\_ to consumers.  
**value; Easy**
14. \_\_\_\_\_ is often largest expense associated with creating a product.  
**Marketing; Easy**
15. People involved in \_\_\_\_\_ determine the strategies and tactics that might work best for the firm by studying markets and customers.  
**marketing research; Moderate**

16. A major criticism of marketing is that it contributes to \_\_\_\_\_.  
**consumerism; Moderate**

### Essay Questions

1. How does this marketing course or text provide value to you as a consumer?  
This course will provide a value in the form of education. The principles can be applied to my future endeavors to obtain a job, or the implementation of marketing functions for a new business.  
**Easy**
2. Name three examples of positions available to someone interested in a career in marketing. Those interested in marketing can become market researchers, event marketers, or sales people.  
**Easy**
3. Describe the type of marketing that is involved in digital media.  
Digital media professionals combine advertising, direct marketing, and other areas of marketing to communicate directly with customers via social media, the web, and mobile media (including texts). They also work with statisticians in order to determine which consumers receive which message, and IT professionals to create the right look and feel of digital media.  
**Easy**

### Section 4: Themes and Organization of this Book

#### True/False Questions

1. Marketing activities, such as developing a marketing strategy, do not occur separately from the rest of the company.  
**True; Moderate**
2. A mission statement that reflects a production orientation is based on the premise that success is due to great products and that simply creating supply will lead to demand.  
**True; Moderate**
3. A corporate strategy is developed once a company has decided what business it is in and has created a mission statement.  
**True; Easy**
4. Marketing strategists use the corporate strategy, combined with an understanding of the market, to create the mission statement of the firm.  
**False; Hard**
5. Marketing has changed from a static set of four Ps to a set of processes that engage marketing professionals as well as many others in the organization.  
**True; Easy**
6. Ethics require companies to actively seek to improve the lot of others.  
**False; Moderate**

7. A service-dominant logic means engaging in practices that do not diminish the earth's resources.  
**False; Moderate**
8. The company's strategic plan and the marketing plan both begin with a focus on customers.  
**True; Easy**

### Multiple Choice Questions

1. Marketing strategists use the corporate strategy and mission combined with an understanding of the market to develop the company's \_\_\_\_\_.  
a. profit goals  
b. sustainability  
c. value  
d. marketing plan  
e. merchandise  
**d; Moderate**
2. Rhonda owns a small publishing business. She recently implemented a policy that mandates the use of recycled paper to publish all books. In this instance, Rhonda is engaging in \_\_\_\_\_.  
a. nonethical business practices  
b. service-dominant logic  
c. sustainability  
d. product differentiation  
e. merchandising  
**c; Moderate**
3. Typically once a company has decided what business it is in and expressed that in a mission statement, the firm then develops a \_\_\_\_\_.  
a. corporate strategy  
b. marketing plan  
c. logo  
d. brand name  
e. vision  
**a; Moderate**
4. When a marketing department plans a new strategy, they typically will \_\_\_\_\_.  
a. develop the plan and then share it with the rest of the company  
b. tie the strategy to the company's overall strategy  
c. rely on the sale team to direct them  
d. create a plan in unity with finance, sales and the company's overall strategy  
**d; Easy**
5. Which of these is NOT a trend in the changing market environment?  
a. Big data  
b. Service-dominant logic  
c. Product development  
d. Global environment  
**b; Easy**

6. When designing a marketing plan, companies should start with \_\_\_\_\_.
  - a. the supply chain
  - b. profit goals
  - c. customers
  - d. marketing research
  - e. competitive analysis

**c; Easy**

### Fill in the Blanks

1. The strategy for implementing the components of marketing is known as the \_\_\_\_\_.  
**marketing plan; Easy**
2. Once an offering is designed, the company must be able to make it and get it to the market; this is known as the delivery of \_\_\_\_\_.  
**value; Easy**
3. When marketers are \_\_\_\_\_, they are making consumers aware of the value its offerings.  
**communicating value; Moderate**
4. \_\_\_\_\_ requires that a firm must actively seek to improve the lot of others.  
**Social responsibility; Easy**
5. \_\_\_\_\_ involves engaging in practices that do not diminish the earth's resources.  
**Sustainability; Easy**
6. An approach to business that recognizes that customers do not distinguish between the tangible and the intangible aspects of a good or service is known as \_\_\_\_\_.  
**service-dominant logic; Moderate**
7. All firms are influenced by \_\_\_\_\_.  
**global issues; Moderate**

### Essay Questions

1. Use examples to describe how relevant themes (e.g., ethics, sustainability, the global environment) challenge marketers beyond satisfying customer needs. Customers may want the best product for their money, but companies must consider the ethics involved in producing their goods (e.g., wages), the sustainability of their raw materials, and the impact of business on the global business community. Doing what the company feels is responsible may result in higher costs for the end user.  
**Moderate**
2. What elements of marketing strategy should be addressed in a marketing plan? The marketing plan is a document that is designed to communicate the marketing strategy for an offering. The purpose of the plan is to influence executives, suppliers, distributors, and other important stakeholders of the firm so they will invest money, time, and effort to ensure the plan is a success. is the strategy for implementing the components of marketing: creating, communicating, delivering, and exchanging value. Once a company has decided what

business it is in and expressed that in a mission statement, the firm then develops a corporate strategy. Marketing strategists subsequently use the corporate strategy and mission and combine that with an understanding of the market to develop the company's marketing plan.

**Easy**

3. Why should marketing plans begin with the consumer?

A marketing plan should always begin with the consumer because the firm must provide value to the customer.

**Easy**