

Chapter 1—A Business Marketing Perspective

MULTIPLE CHOICE

1. The business market consists of the following three components:
 - a. commercial enterprises, resellers, and government.
 - b. manufacturers, institutions, and defense.
 - c. manufacturers, service organizations, and government.
 - d. commercial enterprises, service organizations, and government.
 - e. commercial enterprises, institutions, and government.

ANS: E PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

2. Concerning manufacturing customers, the business market is:
 - a. concentrated by size.
 - b. geographically concentrated.
 - c. experiencing declining growth in many large metropolitan areas.
 - d. all of the above.
 - e. (a) and (b) only.

ANS: E PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

3. Based on the volume of their purchases, _____ are the most important commercial customers in the business or industrial market.
 - a. construction companies
 - b. manufacturers
 - c. transportation companies
 - d. service firms (e.g., hotels)
 - e. health care facilities

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business function

4. Market-driven firms demonstrate:
 - a. the coordinated use of interfunctional resources (for example, research and development, manufacturing).
 - b. a set of values and beliefs among employees that places the customer's interests first.
 - c. the ability to generate, disseminate, and productively use superior information about customers and competitors.
 - d. all of the above.
 - e. (b) and (c) only.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

5. Market-driven firms spot market changes and react well in advance of their competitors. This illustrates:
- the customer-linking capability of market-driven firms.
 - the value proposition of market-driven firms.
 - the market-sensing capability of market-driven firms.
 - the value of using direct channels of distribution in the business market.
 - both (b) and (c).

ANS: C PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

6. The particular skills, abilities, and processes that an organization has developed to manage close customer relationships are referred to as:
- the customer-linking capability.
 - channel management.
 - derived demand.
 - the market-sensing capability.
 - the extended enterprise.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

7. The ability of an organization to quickly recognize changes in its market and to anticipate customer responses to marketing programs is referred to as:
- market research capability.
 - customer-linking capability.
 - competitive intelligence.
 - market-sensing capability.
 - derived demand.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

8. Motorola reduced the price of the electronic engine control that it sells to Ford by 10 percent and experienced a 15 percent increase in quantity demanded. This suggests that Ford's price elasticity of demand is:
- elastic.
 - inelastic.
 - neither elastic nor inelastic.
 - insensitive to price changes.
 - none of the above.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Pricing | R&D Knowledge of general business functions

9. Dayco increased the price of the drive belts that it sells to General Motors by 5 percent and sales of the item grew by 9 percent. Price elasticity of demand for drive belts appears to be:
- elastic.

- b. inelastic.
- c. neither elastic nor inelastic.
- d. sensitive to price changes.
- e. none of the above.

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Pricing | R&D Knowledge of general business functions

10. A diverse array of organizations make up the business market. These organizations can be broadly classified as:
- a. commercial enterprises, governmental organizations, and institutions.
 - b. commercial enterprises, users, and governmental units.
 - c. commercial enterprises, users, and original equipment manufacturers.
 - d. producers and resellers of industrial products or services.
 - e. upstream suppliers, users, and governmental units.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

11. When purchasing a high speed packaging machine, General Foods would be classified as:
- a. an original equipment manufacturer.
 - b. a user.
 - c. a distributor.
 - d. a dealer.
 - e. an institutional buyer.

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

12. Concerning the chain of suppliers involved in the creation of a Honda automobile, which of the following fall within the business marketing domain?
- a. Honda purchasing power steering components from direct suppliers.
 - b. Direct suppliers of power steering systems purchasing sheet metal from upstream suppliers.
 - c. Organizations purchasing Honda automobiles for their fleets.
 - d. all of the above.
 - e. (a) and (b) only.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Distribution | R&D Knowledge of general business functions

13. Which of the following transactions fall into the business marketing domain?
- a. Ford purchasing machine tools for their plants from Cincinnati Milacron.
 - b. Ford selling their automobiles to the fleet manager at Cincinnati Milacron for use by the sales force.
 - c. Ford purchasing power-steering systems from Motorola for use in a particular model.
 - d. all of the above.
 - e. (a) and (c) only.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Distribution | R&D Knowledge of general

business functions

14. When purchasing machine tools for their plants, American Honda is:
- an original equipment manufacturer.
 - a user.
 - a distributor.
 - an institutional buyer.
 - an upstream supplier.

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

15. Concerning the classification of customers in the business market, General Motors is a(n) ____ when purchasing a mainframe computer system from IBM, but is a(n) ____ when purchasing tires from Goodyear.
- user; original equipment manufacturer (OEM)
 - user; distributor
 - original equipment manufacturer (OEM); user
 - user; upstream supplier
 - original equipment manufacturer (OEM); downstream supplier

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

16. As an industrial customer, Ford Motor Company would be classified as:
- a user.
 - an original equipment manufacturer (OEM).
 - a user in purchasing some products, an OEM in purchasing other products.
 - a producer of facilitating goods.

ANS: C PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

17. When purchasing microprocessors from Intel Corporation to be incorporated into Dell's line of personal computers, IBM would be classified as:
- a user.
 - an original equipment manufacturer (OEM).
 - an institutional buyer.
 - a dealer.
 - a distributor.

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

18. When purchasing manufacturing equipment from General Electric, Chrysler would be classified as:
- a user.
 - an original equipment manufacturer (OEM).
 - an institutional buyer.
 - a dealer.
 - a distributor.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

19. When Armco Steel realizes a drop in the demand for steel as a result of a decline in ultimate consumer demand for automobiles, this illustrates the concept of:
- derived demand.
 - connector demand.
 - linked demand.
 - reflection demand.
 - evoked demand.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

20. The method of classifying industrial goods into meaningful categories in the business market centers on this question:
- How does the industrial good enter the production process and the cost structure of the firm?
 - How much effort are organizational buyers willing to exert in purchasing this industrial good?
 - Will organizational buyers purchase this industrial good from a distributor or directly from a manufacturer?
 - What is the weight and unit value of the industrial good?
 - How many product alternatives are organizational buyers willing to consider before making a choice?

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

21. Industrial products and services can be broadly classified as:
- upstream, downstream, and direct goods.
 - entering, manufactured, and fabricated goods.
 - entering, accessory, and manufactured goods.
 - entering, foundation, and facilitating goods.
 - foundation, accessory, and component goods.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

22. The cost of raw materials such as sheet steel is treated as:
- an expense item which is depreciated over time.
 - a capital item which is depreciated over time.
 - a fixed cost.
 - an expense item which is assigned to the manufacturing process.
 - none of the above.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

23. Some industrial products have been processed before reaching the industrial customer, but are processed further by this customer before becoming part of the finished product that you buy. These items are called:
- a. component parts.
 - b. facilitating parts.
 - c. accessory materials.
 - d. component materials.
 - e. accessory parts.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

24. Which of the following is(are) characteristic of the marketing strategy that would be appropriate for a firm like Otis Elevator, which sells installations in the business market?
- a. Personal selling is the dominant promotional tool.
 - b. Trade advertising and direct-mail advertising reinforce personal selling.
 - c. Price is the central force in marketing strategy.
 - d. All of the above.
 - e. (a) and (b) only.

ANS: E PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Promotion | R&D Knowledge of media communications & delivery

25. Mead Paper Company recently purchased a new high-speed paper machine for one of their plants. The new machine is used in manufacturing a special grade of paper at a rate of over 1500 feet per minute. This product would be classified as:
- a. a facilitating good.
 - b. an entering good.
 - c. accessory equipment.
 - d. an installation.
 - e. none of the above.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

26. The distinguishing characteristic(s) of foundation goods is(are) that they:
- a. are capital items.
 - b. are expense items.
 - c. become part of the finished product.
 - d. Both (a) and (c) are true.
 - e. All of the above are true.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

27. With little or no additional processing, _____ can be installed directly into another product.
- a. component parts
 - b. component materials
 - c. operating equipment
 - d. light factory equipment
 - e. all of the above

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

28. Bond Office Products manufactures a diverse array of office supplies and serves the business market. Which of the following characteristics is (are) associated with the marketing strategy for this category of goods?
- Personal selling is less important for supplies than it is for other categories of goods having a higher unit value, such as installations.
 - the company requires a wide variety of marketing middlemen to cover the broad and diverse market adequately.
 - Price may be critical in the marketing strategy because many office supply items are undifferentiated.
 - All of the above are true.
 - (a) and (c) only

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Managing strategy & innovation

29. When companies want to sell products to consumer and business markets, they have to:
- produce products that are not identical.
 - reorient their business strategies.
 - link customer capabilities.
 - none of the above

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer| R&D Managing decision-making processes

30. Marketers who want to serve both consumer and business market sectors should:
- develop a market oriented organizational plan.
 - become proficient in understanding customers.
 - become proficient in satisfying customers.
 - all of the above.
 - (a) and (b) only.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer| R&D Managing decision-making processes

31. Companies can demonstrate market-sensing and customer-linking capabilities by:
- sharing product movement information.
 - jointly planning promotional activities with other channel members.
 - jointly planning product changes with other channel members.
 - all of the above.
 - (a) and (b) only.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing strategy & innovation

32. A business marketer becomes a preferred supplier to major customers by:
- developing intimate knowledge of the customers operations.
 - developing a market orientation organization plan.
 - contributing unique value to a customer's business.

- d. all of the above.
- e. (a) and (c) only.

ANS: E PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

33. Business marketing strategy must be based on an assessment of the:
- a. customer.
 - b. competitor.
 - c. company.
 - d. all of the above.
 - e. (b) and (c) only.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Managing strategy & innovation

34. Functional areas other than marketing directly or indirectly affect which of the following ?
- a. Product marketing decisions
 - b. Price marketing decisions
 - c. Promotion marketing decisions
 - d. Distribution marketing decisions
 - e. All of the above are affected

ANS: E PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

35. Which type of goods are treated as an expense item because they do not enter the production process or become part of the finished product?
- a. Facilitating Goods
 - b. Foundation Goods
 - c. Entering Goods
 - d. None of the above are correct.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

36. The buying motives for major installations center on:
- a. emotional factors.
 - b. purely economic or rational considerations.
 - c. a blend of rational and emotional factors.
 - d. the initial price and cost.
 - e. projected maintenance and operating costs.

ANS: C PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

37. An implication of relationship marketing is:
- a. that sellers do not require an intimate knowledge of a customer's operations.
 - b. that a sale signals the beginning of a relationship, rather constituting the end result.
 - c. the building of one-to-one relationships.
 - d. all of the above.

e. (b) and (c) only.

ANS: E PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

38. The factors that distinguish business marketing from consumer marketing include:

- a. the importance of promotion.
- b. the intended use of the product.
- c. the nature of the customer.
- d. all of the above.
- e. (b) and (c) only.

ANS: E PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

39. Which of the following characteristics of business customers is true?

- a. A single purchase by a business customer is typically larger than that of an individual consumer.
- b. Demand for industrial products is derived from ultimate demand for consumer products.
- c. Relationships between business marketers tend to be close and enduring.
- d. All of the above characteristics are true.
- e. Only (a) and (b) are true.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

40. The skills required to identify, initiate, develop, and maintain profitable customer relationships describes:

- a. customer management relationship capabilities.
- b. market-sensing capabilities.
- c. derived demand.
- d. supply chain management.
- e. the extended enterprise.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

41. If consumers are not price sensitive in purchasing a consumer product such as Smucker's Jams, a 10% increase in the retail price of strawberry jam because of a 10% increase in the cost of strawberries from farmers will not affect demand for jam. Thus, the derived demand indicates that the demand for strawberries is:

- a. elastic
- b. inelastic
- c. unpredictable
- d. unknown
- e. none of the above

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Pricing | R&D Knowledge of general business functions

42. Which of the following would be classified as foundation goods?
- a. fixed equipment
 - b. operating supplies
 - c. buildings and land rights
 - d. maintenance and repair services
 - e. both (a) and (c)

ANS: E PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

43. The use of a goods classification system can be extremely valuable to business marketers because:
- a. a marketing strategy appropriate for one category of goods may be entirely unsuitable for another.
 - b. a marketing strategy that works for consumer products will often work for products sold in business markets.
 - c. the physical nature of the industrial good and its intended use by the organizational customer affects the marketing program's requirements.
 - d. all of the above are true.
 - e. only (a) and (c) are true.

ANS: E PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

44. Market-driven firms attempt to match their resources, skills, and capabilities with:
- a. competitive intelligence.
 - b. customers needs that are not currently being served adequately.
 - c. derived demand.
 - d. the needs of upstream suppliers.

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

45. Which of the following statements about major installations is true?
- a. Personal selling or account management is the dominant promotional tool.
 - b. Initial price, distribution, and advertising play lesser roles.
 - c. Only economic factors matter as buying motives.
 - d. All of the above are true.
 - e. Only (a) and (b) are true.

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

46. Business marketers that define their business markets with a horizon that stretches beyond the boundaries of the United States to include foreign markets for industrial goods and services employ:
- a. a global market perspective.
 - b. a target market perspective.
 - c. a market orientation perspective.
 - d. an ethnocentric perspective.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model International perspective | R&D Knowledge of

general business functions

47. Marketing activities directed toward establishing, developing, and maintaining successful exchanges with customers is:
- relationship marketing.
 - global marketing.
 - cross-functional marketing.
 - supply chain management.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

48. The technique for linking a manufacturer's operations with those of all its strategic suppliers and its key intermediaries and customers to enhance efficiency and effectiveness is called:
- relationship marketing.
 - supply chain management.
 - global marketing.
 - consumer marketing.

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Distribution | R&D Managing logistics & technology

49. Achieving the goals of supply chain management requires:
- information sharing.
 - joint planning.
 - shared technology.
 - shared benefits.
 - all of the above.

ANS: E PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Distribution | R&D Managing logistics & technology

50. Which of the following would qualify as facilitating goods?
- Fixed equipment.
 - Component materials.
 - Raw materials.
 - Operating supplies.
 - Office equipment.

ANS: D PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

51. The use of law firms or advertising agencies by business marketers constitutes what type of industrial good?
- Facilitating goods.
 - Entering goods.
 - Foundation goods.
 - Installations.

ANS: A PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business

functions

52. Markets for products and services, local to international, bought by businesses, government bodies, and institutions for consumption, for use or for resale are:
- consumer markets.
 - business markets.
 - global markets.
 - target markets.

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

53. Developing a marketing program that reaches the ultimate consumer directly for a product that incorporates your product, such as DuPont advertising to consumers to increase the sales of carpeting which incorporates their product is known as:
- demand elasticity.
 - stimulating demand.
 - fluctuating demand.
 - price sensitivity.

ANS: B PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

TRUE/FALSE

1. The intended use of the product and the intended consumer distinguishes business marketing from consumer-goods marketing.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

2. The demand for industrial products is derived from the ultimate demand for consumer products.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

3. A close examination of a market-driven firm will reveal two important capabilities: market sensing and customer linking.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

4. Firms operating in the business market must respond not to a single consumer but to a much wider group of buying influentials, all of whom may bring different criteria to bear on the purchase decision.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

5. Planning in the business marketing setting requires more functional interdependence and a closer relationship to total corporate strategy than does planning in the consumer goods sector.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Managing strategy & innovation

6. A particular industrial customer might be properly classified as a user by some business marketers and an original equipment manufacturer by other business marketers.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

7. Industrial goods are classified on the basis of how organizational buyers shop for particular products and services.

ANS: F PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

8. In contrast to raw materials, manufactured materials and parts would be classified as capital items.

ANS: F PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

9. As foundation goods are used up or worn out, a portion of their original cost is assigned to the production process as a depreciation expense.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

10. Personal computers and light factory equipment such as portable drills provide examples of industrial goods that would be classified as accessory equipment.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

11. A marketing strategy that works well for selling entering goods should be equally successful for facilitating goods.

ANS: F PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Managing strategy & innovation

12. Price may be critical in the marketing strategy for supplies because many supply items are undifferentiated.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Pricing | R&D Managing strategy & innovation

13. Other functional areas affect all business marketing decisions, either directly or indirectly.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

14. The "compatibility" of a cross-functional working relationship can be defined as the common ground or shared goals that can unite managers who represent different functional areas.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

15. Due to downturns in the economy, the demand for many consumer products tends to fluctuate more than the demand for industrial products.

ANS: F PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

16. None of the products purchased by customers in the business market are the same as those purchased by ultimate consumers.

ANS: F PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Product | R&D Knowledge of general business functions

17. Customers in the business market can be broadly classified into three categories: (1) commercial enterprises; (2) government; and (3) institutions.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Customer | R&D Managing decision-making processes

18. Supply chain management requires Information sharing, shared technologies, and shared benefits.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Distribution | R&D Managing logistics & technology

19. Personal selling is less important for supplies than it is for other categories of goods, such as installations.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Promotion | R&D Knowledge of media communications & delivery

20. Relationships between business marketers tend to be close and enduring.

ANS: T PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

SHORT ANSWER

1. Business market customers can be broadly classified into these three categories:

ANS:

1. Business commercial enterprises
2. Institutions
3. Government

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

2. The value elements that contain essentially the same performance characteristics as the next best alternative and the value elements that render the supplier's offering either superior or inferior to the next best alternative are known respectively as:

ANS:

Points of parity and points of difference

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Managing strategy & innovation

3. Because demand in business markets is derived from consumer markets, business must carefully monitor demand patterns and changing consumer buying preferences. Because of these changes, the demand for many industrial products can be described as:

ANS:

Fluctuating demand

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

4. Those that have the power in the business buying process are referred to as:

ANS:

Key buying influentials

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Managing decision-making processes

5. This type of equipment is generally less expensive and is short-lived compared with installations, and is not considered part of the fixed plant:

ANS:

Accessory equipment

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

6. Like supplies, business services are considered expense items. Business services can be classified as:

ANS:

Maintenance and repair support and advisory support

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Knowledge of general business functions

ESSAY

1. Using a product of your choice, illustrate the concept of the supply chain and indicate which elements or exchange relationships fall into the business versus the consumer-goods marketing domain.

ANS:

n/a

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Marketing Plan | R&D Knowledge of general business functions

2. Carefully compare and contrast the marketing strategy patterns and buying considerations for a \$3 million air conditioning system to be used in a large factory versus photocopying paper for use in an office.

ANS:

n/a

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Strategic & systems skills

3. Conrad Spring produces manufactured materials and parts for diverse customer groups in the business market, ranging from automobile manufacturers and household appliance producers to toy makers and medical equipment specialists. Describe the nature of marketing strategy for industrial goods of this type.

ANS:

n/a

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Strategic & systems skills

4. Dell Computer has excelled with a fast-paced build-to-order approach that involves taking customer orders online, orchestrating production tailored to each customer, and forging a one-to-one relationship with the customer after the sale. Some auto industry executives have turned to Michael Dell, the company founder, for advice concerning how to make their businesses look like his. Senior executives at Ford, for example, envision a future where customers will order online and factories will build to order, eliminating billions of dollars of inventory costs (for example, large stocks of vehicles on hand). All of those mass produced cars sitting for weeks on dealer lots represent a massive investment that yields no return until a buyer comes along.
 - a. Evaluate the feasibility of a build-to-order system for an automaker like Ford and outline the key requirements that Ford must meet to make the strategy work for a potential customer like you.
 - b. How would a build-to-order system alter the way in which suppliers (business marketers) would serve Ford as a customer?

ANS:

n/a

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Strategic & systems skills

5. Consider some leading-edge consumer product manufacturers like Procter & Gamble, Gillette, or Coca Cola. What major differences would you expect to find in comparing the marketing strategy patterns employed by these consumer-products companies to those of leading business marketing firms such as Intel, 3M, or Dow Chemical? Next, describe the similarities and differences that emerge when comparing the distinctive attributes of a leading-edge consumer products marketer to a firm that demonstrates superb skills serving customers in the business market.

ANS:

n/a

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Strategic & systems skills

6. Hayes enjoys a well-established position as a supplier to the automobile industry. The firm supplied wheels to the Model T Ford. Today, Hayes is betting on a new product, fabricated aluminum wheels, which weigh up to 20 percent less than cast aluminum wheels and 40 percent less than steel ones. Hayes has signed contracts worth \$50 million for the new wheels—mostly for use in spare tires—with DaimlerChrysler, Ford, General Motors, and BMW. Drawing on the industrial goods classification scheme, how would you classify the aluminum wheels? Sketch out the critical buying motives that organizations like DaimlerChrysler would emphasize in evaluating the wheels and explore Hayes' associated marketing strategy implications.

ANS:

n/a

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Learning, motivation & leadership

7. Smucker's sells products to both business and consumer markets. Compare and contrast the marketing strategies that Smucker's will use when selling their products to each type of market.

ANS:

n/a

PTS: 1

NAT: AACSB Reflective Thinking | CB&E Model Strategy | R&D Strategic & systems skills

8. Please explain the following statement and how it affects business marketers.

"All business marketing decisions - product, price, promotion, and distribution - are affected, directly or indirectly, by other functional areas. In turn, marketing considerations influence business decisions in R&D and in manufacturing and procurement, as well as adjustments in the overall corporate strategy."

ANS:

n/a

PTS: 1

