***Marketing Planning***

**Objectives**

1) The \_\_\_\_\_\_\_\_ is the overall purpose of the organization.

A) brand position

B) mission

C) competitive advantage

D) market cap

Answer: B

2) The \_\_\_\_\_\_\_\_ of an organization is its set of distinctive capabilities that give it an edge over its market rivals in terms of cost or differentiation.

A) operational objective

B) competitive advantage

C) core competency

D) strategic fit

Answer: B

3) Which of the following is one of the primary activities proposed by Michael Porter as part of the chain of activities that are used to create products and services and deliver them to market?

A) procurement

B) operations

C) human resource management

D) technological development

Answer: B

4) Which of the following is one of the support activities proposed by Michael Porter as part of the chain of activities that are used to create products and services and deliver them to market?

A) inbound logistics

B) infrastructure

C) outbound logistics

D) service

Answer: B

5) Which of the following value chain activities is concerned with access to unique production materials?

A) procurement

B) inbound logistics

C) infrastructure

D) marketing and sales

Answer: B

6) Which of the following value chain activities is concerned with managing the organization, including planning, finance, and legal affairs?

A) human resource management

B) infrastructure

C) procurement

D) operations

Answer: B

7) Google leverages its considerable company assets, such as its strong cash position, to grow the company. Which of the following value chain activities is this most consistent with?

A) outbound logistics

B) infrastructure

C) technological development

D) procurement

Answer: B

8) For an organization, the value chain activity of "service" involves \_\_\_\_\_\_\_\_.

A) managing the organization, including planning, finance, and legal affairs

B) providing its customers help related to its product before, during, and after a sale

C) shipping products out of the organization

D) leveraging technical expertise to develop innovative products

Answer: B

9) Which of the following value chain activities involves recruiting and training managerial talent?

A) infrastructure

B) human resource management

C) technological development

D) inbound logistics

Answer: B

10) When organizations leverage technical expertise to develop innovative products, they perform the value chain activity of \_\_\_\_\_\_\_\_.

A) procurement

B) technological development

C) infrastructure

D) operations

Answer: B

11) Procurement is the value chain activity that involves \_\_\_\_\_\_\_\_.

A) marketing and selling products

B) purchasing materials

C) shipping products out of the organization

D) providing service before, during, and after the sale

Answer: B

12) \_\_\_\_\_\_\_\_ are items that focus organizational effort toward improving the organization's competitive strength and its long-term market position.

A) Operations

B) Objectives

C) Missions

D) Competitive advantages

Answer: B

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13) Which of the following is the most likely objective of a large organization with a mission emphasizing growth in new markets?

A) increasing its market share within its current market, with the intent on dominating a particular niche

B) increasing its market share by expanding geographically

C) increasing its brand reputation, or improving its customer service for high-end customers

D) improving its responsiveness to dynamic market conditions by shortening its product development cycle time

Answer: B

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14) Which of the following is the most likely objective of a small organization with a mission to be an expert in its narrow category?

A) increasing its market share within its current market, with the intent on dominating a particular niche

B) increasing its market share by expanding geographically

C) increasing its brand reputation, or improving its customer service for high-end customers

D) improving its responsiveness to dynamic market conditions by shortening its product development cycle time

Answer: A

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15) Which of the following is the most likely objective of an organization with a mission focused on luxury services?

A) increasing its market share within its current market, with the intent on dominating a particular niche

B) increasing its market share by expanding geographically

C) increasing its brand reputation, or improving its customer service for high-end customers

D) improving its responsiveness to dynamic market conditions by shortening its product development cycle time

Answer: C

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16) Which of the following is the most likely objective of an organization driven by innovation with a competitive advantage in technology?

A) increasing its market share within its current market, with the intent on dominating a particular niche

B) increasing its market share by expanding geographically

C) increasing its brand reputation, or improving its customer service for high-end customers

D) improving its responsiveness to dynamic market conditions by shortening its product development cycle time

Answer: D

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17) An organization's product/service objectives \_\_\_\_\_\_\_\_.

A) focus on the organization's size of the market

B) concentrate on the organization's offering to the market

C) devote effort to the brand of the organization or its offerings

D) engage in customer-related issues

Answer: B

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18) Which of the following factors is addressed by an organization's financial objectives?

A) market share

B) monetary results

C) product offering

D) customer-related issues

Answer: B

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19) Which of the following is an example of an organization's financial objective?

A) developing market share in new market Y from 0% to 10% within one year

B) increasing organization-wide sales by 15% by end of calendar year

C) improving recommendations rate from 30% to 70% of customers surveyed, by end of year

D) adding a new luxury brand to target high-end customer

Answer: B

20) Which of the following is an example of an organization's market share-related objective?

A) improving sales of new services from 10% of total sales to 15% of total sales within one year

B) increasing the portion of the market controlled in new market Y from 0% to 12% within one year

C) decreasing development cycle time (inception to launch) from 18 months to 12 months

D) increasing brand awareness in market X by 30% within one year, as measured by survey Y

Answer: B

21) Which of the following is an example of an organization's product/service-related objective?

A) increasing brand awareness in market X by 30% within one year, as measured by survey Y

B) decreasing development cycle time (inception to launch) from 18 months to 12 months

C) improving sales of new services from 10% of total sales to 15% of total sales within one year

D) increasing the portion of the market controlled in new market Y from 0% to 12% within one year

Answer: B

22) Which of the following is an example of an organization's brand-related objective?

A) increasing the portion of the market controlled in new market Y from 0% to 12% within one year

B) adding a new luxury product line to target high-end customer

C) developing market share in new market Y from 0% to 10% within one year

D) improving perceived quality, as evidenced by third party analyst rating increasing from ranking #5 to ranking #2 in analyst report X

Answer: B

23) Which of the following is an example of an organization's customer-related objective?

A) increasing the portion of the market controlled in new market Y from 0% to 12% within one year

B) improving recommendations rate from 40% to 75% of customers surveyed, by end of year

C) increasing preference of our brand over brand Z, for target market X, from 22% to 33% by end of calendar year

D) maintaining positive cash flow to survive double-dip recession

Answer: B

24) Caltec Rensing is a leading marketer of high-end cell phones in the U.S. Recently, the company's market research revealed that buyers were increasingly preferring cell phones built on the Android platform over the earlier Java-based cell phones. Accordingly, Caltec Rensing developed a new cell phone built on the Android platform. Based on the enthusiastic response to the new product, Caltec Rensing resolved to promote the new phone so that its sales would grow the current 10% of total sales to 25% of the company's total sales within the next six months. Which of the following categories of organizational objectives does Caltec Rensing's aim of increasing sales of a certain product come under?

A) market-share related objective

B) product/service-related objective

C) brand-related objective

D) financial objective

Answer: B

25) According to the S.M.A.R.T objective framework, a specific objective is one which is \_\_\_\_\_\_\_\_.

A) possible and leverages existing capabilities and skills

B) precise about what it intends to achieve

C) rational and allocates an adequate amount of resources to support its completion

D) measurable for its effectiveness

Answer: B

26) According to the S.M.A.R.T objective framework, what is the characteristic of realistic objectives?

A) objectives that are clear about when they are expected to be completed

B) objectives that are rational and allocate adequate amount of resources to support their completion

C) objectives that are possible and leverage existing capabilities and skills to ensure their accomplishment

D) objectives that are precise about what they intend to achieve and can be quantified to gauge their effectiveness

Answer: B

27) Baker's Hut is a coffee house based in Atlanta, Georgia. The proprietor of Baker's Hut has set out a list of objectives for the establishment to achieve. Which of the following qualifies as a specific objective under the S.M.A.R.T objective framework?

A) "Provide training and opportunities for the staff to improve their skills."

B) "Increase the number of Baker's Hut coffee houses in underserved areas in Atlanta."

C) "Expand the range of our menu offerings by the end of the calendar year."

D) "Become the preeminent coffee house in the city through a robust commitment to quality."

Answer: B

28) Baker's Hut is a coffee house based in Atlanta, Georgia. The proprietor of Baker's Hut has set out a list of objectives for the establishment to achieve. Which of the following qualifies as a measurable objective under the S.M.A.R.T objective framework?

A) "Provide training and opportunities for the staff to improve their skills."

B) "Establish a minimum of four Baker's Hut coffee houses in Atlanta through a franchise model."

C) "Expand the range of our menu offerings by the end of the calendar year."

D) "Become the preeminent coffee house in the city through a robust commitment to quality."

Answer: B

29) Baker's Hut is a coffee house based in Atlanta, Georgia. The proprietor of Baker's Hut has set out a list of objectives for the establishment to achieve. Which of the following qualifies as a time-based objective under the S.M.A.R.T objective framework?

A) "Provide training and opportunities for the staff to improve their skills."

B) "Establish a minimum of four Baker's Hut coffee houses in Atlanta through a franchise model."

C) "Expand the range of our menu offerings by the end of the calendar year."

D) "Become the preeminent coffee house in the city through a robust commitment to quality."

Answer: C

30) Wild Side is an adventure firm based in Wyoming. The firm organizes outdoor excursions, bungee jumping, cliff-diving, and other adventure packages for both individuals and corporates. The firm has been in robust financial health and plans to expand further to cater to the rising demand for newer adventure services, such as skydiving, rock-climbing, etc. At the end of the latest financial year, the company endorsed the following objective: "Increase sales of new adventure packages, such as rafting and skydiving (where new services are defined as those introduced within the past 2 years), from 20% of total revenue to 25%." Why would this objective fail to meet the S.M.A.R.T objective framework?

A) It is not specific enough and does not clearly mentions what it intends to achieve.

B) It does not indicate a specific time of completion of the objective.

C) It is not achievable and does not leverage existing skill sets of its employees.

D) It does not specify a practical measure of the degree to which the objective is achieved.

Answer: B

31) Wild Side is an adventure firm based in Wyoming. The firm organizes outdoor treks, bungee jumping, cliff-diving, and other adventure packages for both individuals and corporates. The firm has been in robust financial health and plans to expand further to cater to the rising demand for newer adventure services, such as skydiving, rock-climbing, etc. At the end of the latest financial year, the company endorsed the following objective: "Increase sales of new adventure packages, such as rafting and skydiving (where new services are defined as those introduced within the past 2 years), to be completed by the end of the next financial year." Why would this objective fail to meet the S.M.A.R.T objective framework?

A) It is not specific enough and does not clearly mentions what it intends to achieve.

B) It does not indicate a specific time of initiation and completion of the objective.

C) It is not achievable as it does not leverage existing skill sets of its employees.

D) It does not specify a measure of the degree to which the objective is achieved.

Answer: D

32) Wild Side is an adventure firm based in Wyoming. The firm organizes outdoor treks, bungee jumping, cliff-diving, and other adventure packages for both individuals and corporates. The firm has seen a decline in sales and plans to expand further by offering newer adventure services, such as skydiving, rock-climbing, etc. At the end of the latest financial year, the company endorsed the following objective: "Introduce new adventure packages, such as rafting and skydiving, with the sales of such services constituting at least 25% of total sales by the end of the next financial year." Why would this objective fail to meet the S.M.A.R.T objective framework?

A) It is not specific enough and does not clearly mentions what it intends to achieve.

B) It does not indicate a specific time of initiation and completion of the objective.

C) It is not achievable enough and does not leverage existing skill sets of its employees.

D) It does not specify a measure of the degree to which the objective is achieved.

Answer: C

33) An organization's mission describes the general scope of activities for the firm, and often includes fundamental principles of the manner in which the organization intends to do business.

Answer: TRUE

34) The value chain model asserts that companies can deliver customer value throughout the chain of activities that are used to create products and services and deliver them to market.

Answer: TRUE

35) Human resource management and technological development are primary value chain activities, as identified by Michael Porter.

Answer: FALSE

36) The value chain activity of "infrastructure" involves designing unique manufacturing processes.

Answer: FALSE

37) An organization's objectives should be developed based on its mission and competitive advantage.

Answer: TRUE

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38) A large organization with a mission emphasizing growth in new markets will often focus on increasing its market share within its current market, with the intent on dominating a particular niche.

Answer: FALSE

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39) When a company aims to achieve a certain percentage rate of return by the end of a specific period, it is setting itself a market share-related objective.

Answer: FALSE

40) Objectives should be broad and expansive in scope and should not be defined in very specific or narrow terms.

Answer: FALSE

41) Measurable objectives are rational and allocate an adequate amount of resources to support their completion.

Answer: FALSE

42) Explain the significance of "mission" for an organization.

Answer: The mission is the overall purpose of the organization. It describes the general scope of activities for the firm, and often includes fundamental principles of the manner in which the organization intends to do business. Many companies use mission statements to define their overall purpose. For example, Hilton's Hampton Inn franchise declares its mission statement as follows: "To create rewarding customer experiences that build long term loyalty to Hilton Worldwide, drive business to our hotels, and spread the warmth of Hilton hospitality worldwide."

43) Why is competitive advantage important to organizations?

Answer: The competitive advantage of an organization is its set of distinctive capabilities that give it a cost advantage or a differentiation advantage over the competition. Companies leverage their competitive advantage to succeed against other competitors in the market. For example, Hilton claims that its proprietary check-in computer system gives it a competitive advantage. The system improves guest recognition during check-in and provides more enhanced levels of service through real-time computer access to guest preferences.

44) What are organizational "objectives"? How do they influence the working of the organization?

Answer: Objectives are items that focus organizational effort toward improving the organization's competitive strength and its long-term market position. Objectives have to be developed based on the organization's mission and competitive advantage. Limiting the number of objectives to only one will definitely improve the plan's focus. Trying to implement more than three objectives at once can be counterproductive, because the organization's efforts gets scattered in too many directions.

45) What are the characteristics of clear objectives?

Answer: Objectives should be clear to ensure their success. Murky objectives invite confusion. To ensure clarity, marketing plans should include specific objectives with which to manage the plan's proposed project (sometimes called management by objectives, or MBO). Objectives should follow the S.M.A.R.T. objective framework: specific, measurable, achievable, realistic, and time-based.

46) How does Michael Porter's value chain model help categorize competitive advantages?

Answer: Companies leverage their competitive advantage to succeed against other competitors in the market. Several different types of competitive advantages are available. Michael Porter's value chain model helps categorize competitive advantages by showing how each value chain element can be transformed into a competitive advantage. The value chain model asserts that companies can deliver customer value throughout the chain of activities that are used to create products and services and deliver them to market.

47) Describe each of the value chain activities that can be converted into a competitive advantage, as proposed by Michael Porter.

Answer: In his book, Competitive Advantage, Michael Porter identified five primary activities (inbound logistics, operations, outbound logistics, marketing and sales, and service) and four support activities (infrastructure, human resource management, technological development, and procurement).

•Inbound logistics-Access to unique production materials

•Operations-Unique manufacturing process; Unique service delivery process

•Outbound logistics-Shipping products out of organization

•Marketing and sales-Marketing and selling products

•Service-Providing service before, during and after the sale

•Infrastructure of firm-Managing organization, including planning, finance, and legal affairs

•Human resource management-Recruiting and training managerial talent

•Technological development-Leveraging technical expertise to develop innovative products

•Procurement-Purchasing materials

48) How do organizational missions and competitive advantages influence organizational objectives?

Answer: Objectives are items that focus organizational effort toward improving the organization's competitive strength and its long-term market position. Objectives have to be developed based on the organization's mission and competitive advantage.

Different types of missions and competitive advantages will dictate different types of objectives:

• A large organization with a mission emphasizing growth in new markets will often focus on increasing its market share by expanding geographically.

• A small organization with a mission to be an expert in its narrow category will often focus on increasing its market share within its current market, with the intent on dominating a particular niche.

• An organization with a mission focused on luxury services will often target an objective based on increasing its brand reputation, or improving its customer service for high-end customers.

• A company driven by innovation with a competitive advantage in technology will often try to leverage its advantage through new innovative products, or improving its responsiveness to dynamic market conditions by shortening its product

development cycle time.

49) What are the different types of organizational objectives? Provide an example for each.

Answer: Organizations generally have five types of objectives:

• Financially Related Objectives, which address monetary results. Example: "Increase organization-wide sales by 12% by end of calendar year."

• Market share-related objectives, which focus on the organization's size of the market. Example: "Develop market share in new market Y from 0% to 5% within one year."

• Product or service-related objectives, which concentrate on the organization's offering to the market. Example: "Improve perceived quality, as evidenced by third party analyst rating increasing from ranking #5 to ranking #2 in analyst report X."

• Brand-related objectives, which devote effort to the brand of the organization or its offerings. Example: "Increase brand awareness in market X by 25% within one year, as measured by survey Y."

• Customer-related objectives, which engage in customer-related issues. Example: "Improve customer service, as measured by 15% reduction in customer complaints about service, by end of year."

50) How can unclear objectives be made clearer? Illustrate with an example.

Answer: Objectives should be clear to ensure their success. Murky objectives invite confusion. For example, one of the Hilton objectives states that the hotel business should target emerging markets for growth, but how is growth defined? Number of rooms? Number of hotel properties? And when is the growth to be completed? How do we know we have completed the objective without knowing the specifics?

To ensure clarity, marketing plans should include specific objectives with which to manage the plan's proposed project (sometimes called management by objectives, or MBO). Objectives should follow the S.M.A.R.T. objective framework: specific, measurable, achievable, realistic, and time-based. Let us see how Hilton's growth objective might change using the S.M.A.R.T. method:

• Specific: Specific objectives are precise about what they intend to achieve (answering who, what, when, where, and why). For example, Hilton's growth objective could be made more specific by stating: "Increase the number of hotels in emerging markets..."

• Measurable: Measurable objectives are quantified. For example, Hilton could state: "...by 200 hotels with a sum of 10,000 rooms..."

• Achievable: Achievable objectives are possible and leverage existing abilities and skills (or abilities and skills that could be easily learned). For example, Hilton could mention that the objective leverages its current skill base.

• Realistic: Realistic objectives are rational and allocate an adequate amount of resources to support their completion. For example, the Hilton objective could add the following phrase: "...leveraging a dedicated team and sufficient capital..."

• Time-based: Time-based objectives state when the objective will be completed. Hilton could make the objective time-based by adding: "...to be completed by the end of the calendar year."