
QUESTIONS CHAPTER ONE

1. Iomega's turnaround was nothing short of amazing. Less than three years after introducing its new product line, more than three million zip drives were in use, the company's stock had gone from \$2 to \$750 (before stock splits), and the firm was in the top 50 of *Fortune's* list of the fastest-growing companies in the United States. What activities did Iomega take to develop a line of successful products that surpassed those of competitors, make its products readily available, and develop customer awareness of the problem-solving capabilities of its product line?
2. You have just made a substantial monetary contribution to a well-known charitable organization. Was this an *exchange* transaction? If so, what was exchanged?
What need(s) or want(s) did you satisfy by making your contribution? Which marketing activities do managers of charitable organizations engage in to facilitate a transaction?
3. What is the difference between a customer's need and a customer's want? State which needs (or benefits) might be met by each of the following:
 - a. Toujours Moi perfume.
 - b. A BMW automobile.
 - c. A physical examination at a local hospital.
 - d. A mainframe computer.
4. The Jones family, consisting of two adults and a teenager living in a large city, buys its packaged grocery and household products at a cash-and-carry discount supermarket located in an old warehouse just beyond the city limits—some 15 miles away. Mrs. Jones buys fresh fruits and vegetables, meat, poultry, and fish elsewhere. The Smith family, also consisting of two adults and a teenager, lives near the Joneses, buys all of its food (including fresh fruits, vegetables, and meat items) and household products at a nearby supermarket. This is a new store, which sells the same brands as the discount supermarket, but in a greater variety of package sizes—and at somewhat higher prices. It also accepts checks and credit cards in addition to cash. Do the purchase prices reflect the total costs incurred by the Jones and Smith families in obtaining their food and household products? Why or why not? Does the Smith family gain any additional utilities by patronizing their store versus the discount supermarket? Which ones?
5. Describe the *corporate strategy* of the Hanna Andersson mail order firm (see Exhibit 1.5). What direction does it provide the company in terms of the businesses it should be in? What is the company's *business-level strategy*? Finally, what major subject areas should the company address in formulating its *marketing strategy*?
6. Some members of the Hanna Andersson's board of directors have expressed concern about the company's mission with regard to its product line, target audiences, and failure to set up its own stores to augment its mail-order business. As a high-level company executive, how would you respond to these concerns? What counter-arguments would you make? What actions would you recommend?

7. Rooney's Restaurants, a San Francisco-based chain, operated 21 units in California, all of which used a western theme/design. The restaurants served a limited menu of seven items, featuring prime rib, and were a popular meeting place, not only for dinner but also for cocktails and lunch where sandwiches and chuckburgers were available. Because of increasing competition from other theme restaurants, management was considering expanding their menu by adding several fish and poultry dishes. They have hired you as a marketing consultant. Your first task is to determine whether there is a viable demand for such a menu change. Without going into great detail about how you would obtain the necessary information, describe the various factors you would examine in evaluating the potential for such menu additions. Assuming Rooney's decides to go ahead with its menu changes, described above, what major decisions will have to be made concerning each component of the marketing mix as you go about developing a marketing plan to attract members of the target audience to patronize Rooney's?