

Chapter 2: Value and the Consumer Behaviour Value Framework

TRUE/FALSE

1. The Consumer Behaviour Framework (CBF) represents consumer behaviour theory illustrating factors that shape consumption-related behaviours and ultimately determine the value associated with consumption.

ANS: F

This describes the Consumer Value Framework (CVF), not the Consumer Behaviour Framework (CBF).

PTS: 1 DIF: Moderate REF: p. 26 OBJ: 02-1

2. Atmospheric, time and timing, and conditions are situational influences on consumer behaviour.

ANS: T PTS: 1 DIF: Hard REF: p. 29
OBJ: 02-1

3. Learning, perception, memory, and attitudes are examples of elements comprising the personality of a consumer.

ANS: F

Learning, perception, memory, and attitudes are examples of elements comprising consumer psychology. Personality consists of motivation, personal value, traits, lifestyles, and emotional expressiveness.

PTS: 1 DIF: Moderate REF: p. 27 OBJ: 02-1

4. A basic CRM premise is that customers form relationships with companies as opposed to companies conducting individual transactions with customers.

ANS: T PTS: 1 DIF: Easy REF: p. 26
OBJ: 02-1

5. A CRM system allows a firm to be more customer-focused.

ANS: T PTS: 1 DIF: Easy REF: p. 26
OBJ: 02-1

6. Relationship quality reflects the connectedness between a consumer and a retailer, brand, or service provider.

ANS: T PTS: 1 DIF: Moderate REF: p. 26
OBJ: 02-1

7. Relationship quality is a function of a consumer's perceived value of the relationship.

ANS: T PTS: 1 DIF: Moderate REF: p. 26
OBJ: 02-1

8. Internal influences on the consumption process include factors such as service quality.

ANS: F

Internal influences are things that go on inside of the mind and heart of the consumer.

PTS: 1 DIF: Moderate REF: p. 27 OBJ: 02-1

9. Cognition refers to the thinking or mental processes that go on as we process and store things that can become knowledge.

ANS: T PTS: 1 DIF: Easy REF: p. 27

OBJ: 02-1

10. Individual differences are characteristic traits of individuals, including personality and lifestyle.

ANS: T PTS: 1 DIF: Easy REF: p. 27

OBJ: 02-1

11. Individual differences have little effect on the value experienced by consumers and the reaction consumers have to consumption.

ANS: F

Individual differences shape the value experienced by consumers and the reaction consumers have to consumption.

PTS: 1 DIF: Easy REF: p. 27 OBJ: 02-1

12. Internal influences include the social and cultural aspects of life as a consumer.

ANS: F

These are external influences.

PTS: 1 DIF: Moderate REF: p. 28 OBJ: 02-1

13. People and groups who help shape a consumer's everyday experiences are part of the social environment.

ANS: T PTS: 1 DIF: Easy REF: p. 28

OBJ: 02-1

14. The presence of music in an environment is a social influence that may shape consumer behaviour.

ANS: F

This is an example of an external, situational influence on consumer behaviour. External social influences include culture, reference groups, social class, and family influences.

PTS: 1 DIF: Hard REF: p. 29 OBJ: 02-1

15. The core concept of consumer behaviour is value.

ANS: T PTS: 1 DIF: Moderate REF: p. 29
OBJ: 02-2

16. Value is a personal assessment of the net worth obtained from an activity.

ANS: T PTS: 1 DIF: Easy REF: p. 29
OBJ: 02-2

17. Price is the best indicator of value.

ANS: F
Price is in many ways a very poor proxy for value. A price cannot be easily put on many valued things.

PTS: 1 DIF: Moderate REF: p. 29 OBJ: 02-2

18. Value equals what you get minus what you give.

ANS: T PTS: 1 DIF: Moderate REF: p. 30
OBJ: 02-2

19. In the value equation, sacrifice includes things such as quality, prestige, opportunity, and image.

ANS: F
Sacrifices include time, money, effort, opportunity, emotions, and image. Quality and prestige are benefits.

PTS: 1 DIF: Hard REF: p. 30 OBJ: 02-2

20. Two types of value are primary value and secondary value.

ANS: F
The two types of value described are utilitarian and hedonic.

PTS: 1 DIF: Moderate REF: p. 30 OBJ: 02-2

21. Utilitarian value is derived from a product that helps the consumer solve problems and accomplish tasks that are a part of being a consumer.

ANS: T PTS: 1 DIF: Easy REF: p. 30
OBJ: 02-2

22. Hedonic value is the immediate gratification that comes from experiencing some activity.

ANS: T PTS: 1 DIF: Moderate REF: p. 30
OBJ: 02-2

23. One conceptual difference between utilitarian value and hedonic value is that utilitarian value is an end in and of itself rather than a means to an end.

ANS: F

Hedonic value, not utilitarian value, is an end in and of itself rather than a means to an end.

PTS: 1 DIF: Hard REF: p. 30 OBJ: 02-2

24. An act of consumption cannot provide both utilitarian and hedonic value.

ANS: F

Utilitarian and hedonic value are not mutually exclusive. For example, dining in a fine restaurant provides both utilitarian value (nourishment) and hedonic value (pleasure).

PTS: 1 DIF: Moderate REF: p. 30 OBJ: 02-2

25. A strategy is a planned way of doing something.

ANS: T PTS: 1 DIF: Easy REF: p. 31
OBJ: 02-3

26. The best strategic focus should be centred on the products offered.

ANS: F

A better strategic orientation would focus on providing value or else a company runs the risk of developing marketing myopia, which is defined as a company that views itself in a product business, rather than in a value, or benefits producing, business.

PTS: 1 DIF: Moderate REF: p. 32 OBJ: 02-3

27. Strategies exist at more than one level in an organization.

ANS: T PTS: 1 DIF: Easy REF: p. 32
OBJ: 02-3

28. Marketing strategy deals with how the firm will be defined and sets general goals.

ANS: F

This is corporate strategy.

PTS: 1 DIF: Moderate REF: p. 32 OBJ: 02-3

29. To deliver superior customer value, different business units within the firm must have the same marketing strategy.

ANS: F

Different business units within the firm may have different marketing strategies.

PTS: 1 DIF: Hard REF: p. 32 OBJ: 02-3

30. Marketing tactics are ways marketing management is implemented.

ANS: T PTS: 1 DIF: Easy REF: p. 32
OBJ: 02-3

31. Marketing tactics include price, promotion, product, and distribution decisions.

ANS: T PTS: 1 DIF: Easy REF: p. 32
OBJ: 02-3

32. Products are multifaceted and can provide value in many ways.

ANS: T PTS: 1 DIF: Moderate REF: p. 32
OBJ: 02-3

33. Purchasing a satellite radio for your car and the satellite radio service necessary to use the radio is an example of an augmented product.

ANS: T PTS: 1 DIF: Moderate REF: p. 33
OBJ: 02-3

34. Companies embracing the total value concept demonstrate an understanding that products provide value in multiple ways.

ANS: T PTS: 1 DIF: Moderate REF: p. 33
OBJ: 02-3

35. The marketing mix is the combination of product, pricing, promotion, and distribution strategies used to position some product offering or brand in the marketplace.

ANS: T PTS: 1 DIF: Easy REF: p. 35
OBJ: 02-3

36. Consumers play a role in the creation of the value offered by marketers.

ANS: T PTS: 1 DIF: Moderate REF: p. 35
OBJ: 02-4

37. The segment or segments of a market that a company services is called the focal market.

ANS: F
These are called target markets.

PTS: 1 DIF: Moderate REF: p. 35 OBJ: 02-4

38. Target marketing is the separation of a market into groups based on the different demand curves associated with each group.

ANS: F

This is market segmentation.

PTS: 1 DIF: Moderate REF: p. 35 OBJ: 02-4

39. Sensitivity represents the degree to which a consumer is sensitive to changes in some product characteristic.

ANS: F

This is elasticity.

PTS: 1 DIF: Hard REF: p. 35 OBJ: 02-4

40. The market for any product is the sum of the demand existing in individual groups or segments of consumers.

ANS: T PTS: 1 DIF: Easy REF: p. 36
OBJ: 02-4

41. The most basic truth of economics is that as price increases, quantity demanded will decrease.

ANS: F

Not always true; backward sloping demand describes a positive price–quantity demanded relationship.

PTS: 1 DIF: Hard REF: p. 36 OBJ: 02-4

42. Consumer segments exist because different consumers do not value different alternatives the same way.

ANS: T PTS: 1 DIF: Easy REF: p. 37
OBJ: 02-4

43. Product differentiation is a marketplace condition in which consumers do not view all competing products as identical to one another.

ANS: T PTS: 1 DIF: Easy REF: p. 37
OBJ: 02-4

44. Positioning refers to the way a product is perceived by a consumer.

ANS: T PTS: 1 DIF: Moderate REF: p. 37
OBJ: 02-5

45. A positioning map is used to depict graphically the positioning of competing products.

ANS: T PTS: 1 DIF: Hard REF: p. 37
OBJ: 02-5

46. Ideal points on a perceptual map represent each marketer's product offering.

ANS: F
Ideal points on a perceptual map represent the combination of product characteristics that provide the most value to an individual consumer or market segment.

PTS: 1 DIF: Moderate REF: p. 38 OBJ: 02-5

47. Both consumers and marketers enter exchanges seeking value.

ANS: T PTS: 1 DIF: Moderate REF: p. 39
OBJ: 02-6

48. A company would be foolish to turn away a customer.

ANS: F
Not every customer is equally valuable to a firm; that is why the concept of Customer Lifetime Value (CLV) is important.

PTS: 1 DIF: Hard REF: p. 39 OBJ: 02-6

49. Customer Lifetime Value (CLV) represents the approximate worth of a customer to a company in economic terms.

ANS: T PTS: 1 DIF: Easy REF: p. 39
OBJ: 02-6

50. Customer Lifetime Value is equal to sales attributed to particular customer minus the costs associated with satisfying that customer over the lifetime of that customer.

ANS: F
Customer lifetime value is equal to the *net present value* of the stream of profits over a customer's lifetime *plus* the worth attributed to the equity a good customer can bring in the form of positive referrals and word-of-mouth.

PTS: 1 DIF: Hard REF: p. 39 OBJ: 02-6

MULTIPLE CHOICE

1. Which consumer behaviour theory illustrates factors that shape consumption-related behaviours that ultimately determine the value associated with consumption?
 - a. Consumer Behaviour Framework (CBF)
 - b. Consumer Value Framework (CVF)
 - c. Consumption Process Framework (CPF)
 - d. Customer Relationship Framework (CRF)

ANS: B PTS: 1 DIF: Moderate REF: p. 26
OBJ: 02-1 BLM: Remember

2. Which concept is at the heart of the Consumer Value Framework and the focus of marketing efforts?
 - a. value
 - b. consumption
 - c. culture
 - d. quality

ANS: A PTS: 1 DIF: Moderate REF: p.26
OBJ: 02-1 BLM: Higher Order

3. Which of the following is an internal influence on consumer value?
 - a. costs
 - b. learning
 - c. social class
 - d. family

ANS: B PTS: 1 DIF: Moderate REF: p. 27
OBJ: 02-1 BLM: Higher Order

4. Which of the following is an external influence on consumer value?
 - a. personal values
 - b. lifestyles
 - c. needs
 - d. reference groups

ANS: D PTS: 1 DIF: Moderate REF: p. 28
OBJ: 02-1 BLM: Higher Order

5. Which of the following is NOT an element of consumer psychology?
 - a. learning
 - b. culture
 - c. information processing
 - d. memory

ANS: B PTS: 1 DIF: Hard REF: p. 27
OBJ: 02-1 BLM: Higher Order

6. An automobile marketer is interested in the psychological influences on potential buyers of luxury automobiles. Which of the following would this researcher be interested in studying?

- a. lifestyles of luxury car buyers
- b. whether buyers are liberal or conservative
- c. stage in family life cycle of luxury car buyers
- d. buyers' attitudes toward different brands

ANS: D PTS: 1 DIF: Hard REF: p. 27
OBJ: 02-1 BLM: Higher Order

7. Which of the following is NOT considered part of a consumer's personality?
- a. values
 - b. lifestyles
 - c. motivations
 - d. perceptions

ANS: D PTS: 1 DIF: Hard REF: p. 27
OBJ: 02-1 BLM: Higher Order

8. Over which factor depicted in the Consumer Value Framework does the marketer have the most control?
- a. motivation
 - b. atmospherics
 - c. social class
 - d. lifestyles

ANS: B PTS: 1 DIF: Hard REF: p. 28
OBJ: 02-1 BLM: Higher Order

9. GCIC is an insurance company that believes customers form relationships with companies as opposed to companies merely conducting individual transactions with customers. For this reason, GCIC is considering a program of rewarding loyal customers in the form of dividends at the end of each year. The longer a customer has been with the company, the greater the dividend received would be. Which of the following is GCIC considering implementing?
- a. consumer value management (CVM)
 - b. marketing relationship management (MRM)
 - c. customer relationship management (CRM)
 - d. relationship quality management (RQM)

ANS: C PTS: 1 DIF: Hard REF: p. 26
OBJ: 02-1 BLM: Higher Order

10. Samantha tracks detailed information about customers so more customer-oriented decisions can be made, hopefully leading to longer-lasting relationships with customers. What is Samantha involved in?
- customer relationship management
 - consumer value management
 - quality management
 - internal marketing management

ANS: A PTS: 1 DIF: Moderate REF: p. 26
OBJ: 02-1 BLM: Remember

11. Which orientation means each customer represents a potential stream of resources rather than just a single sale?
- CVF orientation
 - hedonic orientation
 - CRM orientation
 - utilitarian orientation

ANS: C PTS: 1 DIF: Moderate REF: p. 26
OBJ: 02-1 BLM: Higher Order

12. Which of the following reflects the connectedness between a consumer and a retailer, brand, or service provider?
- hedonic value
 - interconnectivity
 - synergy
 - relationship quality

ANS: D PTS: 1 DIF: Moderate REF: p. 27
OBJ: 02-1 BLM: Remember

13. Which of the following improves when a consumer realizes high value from an exchange with a company?
- relationship quality
 - internalization
 - emotional attachment
 - augmented quality

ANS: A PTS: 1 DIF: Moderate REF: p. 27
OBJ: 02-1 BLM: Higher Order

14. Which type of influences go on inside of the mind and heart of the consumer and influence value?
- innate influences
 - internal influences
 - social influences
 - personal influences

ANS: B PTS: 1 DIF: Moderate REF: p. 27
OBJ: 02-1 BLM: Remember

15. Which of the following refers to the thinking or mental processes that go on as we process and store things that can become knowledge?
- cognition
 - affect
 - synergy
 - internalization

ANS: A PTS: 1 DIF: Moderate REF: p.27
OBJ: 02-1 BLM: Remember

16. Hannah believes that Mac computers are better than Windows-based computers because they are not as vulnerable to computer viruses. Which psychological element is represented by Hannah's thinking or mental process?
- affect
 - lifestyle
 - individual differences
 - cognition

ANS: D PTS: 1 DIF: Hard REF: p. 27
OBJ: 02-1 BLM: Higher Order

17. Which of the following refers to the feelings that are experienced during consumption activities or associated with specific objects?
- cognition
 - internalization
 - affect
 - utilitarian value

ANS: C PTS: 1 DIF: Moderate REF: p. 27
OBJ: 02-1 BLM: Remember

18. Every Disney employee is thought of and trained to be a host or hostess with the express goal of making sure all guests feel good when they are there. Which of the following refers to the feelings that visitors experience while they are at Disney and long after they've left?
- affect
 - internalization
 - environment
 - satisfaction

ANS: A PTS: 1 DIF: Hard REF: p. 27
OBJ: 02-1 BLM: Higher Order

19. What is the term for the characteristic traits of people including personality and lifestyles?
- individual differences
 - individual identifiers
 - discriminators
 - value enhancers

ANS: A PTS: 1 DIF: Easy REF: p. 27
OBJ: 02-1 BLM: Remember

20. Which environment includes the people and groups who help shape a consumer's everyday experiences?
- emotional environment
 - social environment
 - macro environment
 - micro environment

ANS: B PTS: 1 DIF: Easy REF: p. 29
OBJ: 02-1 BLM: Remember

21. Haley is a member of a sorority. She uses certain brands because they are popular with the others in her sorority. What are Haley's sorority sisters a part of as they influence her everyday experiences?
- value network
 - relationship network
 - emotional environment
 - social environment

ANS: D PTS: 1 DIF: Hard REF: p. 29
OBJ: 02-1 BLM: Higher Order

22. What is the term for things that are unique to a time or place and that can affect consumer decision making and the value received from consumption?
- situational influences
 - social influences
 - internal factors
 - socio-environmental factors

ANS: A PTS: 1 DIF: Moderate REF: p. 29
OBJ: 02-1 BLM: Remember

23. It's the day before Christmas and Mark has not even started shopping for gifts for his family. He rushes to the mall and buys the first things he sees. Which of the following is likely having the greatest impact on Mark's behaviour?
- social influences
 - situational influences
 - socio-environmental factors
 - hedonic factors

ANS: B PTS: 1 DIF: Hard REF: p. 29
OBJ: 02-1 BLM: Higher Order

24. Which of the following is a personal assessment of the net worth obtained from an activity?
- value
 - prestige
 - quality
 - effort

ANS: A PTS: 1 DIF: Moderate REF: p. 29
OBJ: 02-2 BLM: Remember

25. What is the value equation?

- a. value = what you get/what you give
- b. value = what you give/what you get
- c. value = what you get – what you give
- d. value = what you give – what you get

ANS: C PTS: 1 DIF: Hard REF: p. 30
OBJ: 02-2 BLM: Remember

26. Which of the following is NOT an example of benefits received from consumption?
- a. quality
 - b. convenience
 - c. prestige
 - d. effort

ANS: D PTS: 1 DIF: Hard REF: p. 30
OBJ: 02-2 BLM: Higher Order

27. Which of the following is NOT an example of “what you give,” or sacrifices, in the value equation?
- a. time
 - b. opportunity
 - c. emotions
 - d. experience

ANS: D PTS: 1 DIF: Hard REF: p. 30
OBJ: 02-2 BLM: Higher Order

28. What are two main types of value?
- a. internal and external
 - b. utilitarian and hedonic
 - c. personal and social
 - d. primary and secondary

ANS: B PTS: 1 DIF: Moderate REF: p. 30
OBJ: 02-2 BLM: Higher Order

29. Which type of value is derived from a product that helps a consumer solve problems and accomplish tasks?
- a. utilitarian
 - b. functional
 - c. terminal
 - d. end-state

ANS: A PTS: 1 DIF: Moderate REF: p. 30
OBJ: 02-2 BLM: Remember

30. Josh needed new soccer cleats, so he visited several stores to find the right ones. He purchased a pair from Soccer Locker and was satisfied that his needs were met. Which type of value did Josh receive?
- a. end-state value
 - b. hedonic value
 - c. terminal value
 - d. utilitarian value

ANS: D PTS: 1 DIF: Hard REF: p. 30
OBJ: 02-2 BLM: Higher Order

31. Which type of value is the immediate gratification that comes from experiencing some activity?
- a. hedonic
 - b. utilitarian
 - c. end-state
 - d. process

ANS: A PTS: 1 DIF: Moderate REF: p. 30
OBJ: 02-2 BLM: Remember

32. Melanie and her daughter enjoy shopping together even if they do not purchase anything. For them, shopping is an end in and of itself, not just a means to an end. Which type of value are they experiencing?
- a. utilitarian value
 - b. pleasure-seeking value
 - c. hedonic value
 - d. experiential value

ANS: C PTS: 1 DIF: Moderate REF: p. 30
OBJ: 02-2 BLM: Higher Order

33. How do hedonic and utilitarian value differ?
- a. Utilitarian value is an end in and of itself and hedonic value is a means to an end.
 - b. Hedonic value is very emotional and subjective in nature whereas utilitarian value occurs when consumers accomplish tasks.
 - c. Utilitarian value is immediate and hedonic value is delayed.
 - d. Hedonic value is more positive and longer-lasting than utilitarian value.

ANS: B PTS: 1 DIF: Hard REF: p. 30
OBJ: 02-2 BLM: Higher Order

34. What is the term for a planned way of doing something?
- a. objective
 - b. goal
 - c. utilization
 - d. strategy

ANS: D PTS: 1 DIF: Moderate REF: p. 31
OBJ: 02-3 BLM: Remember

35. A company has formed a team to decide the direction the organization should take over the next five years. The focus of this team is to come up with a plan that will better position the company to take advantage of opportunities and avoid threats in the changing environment. What is this team developing for the organization?
- a mission
 - a focus
 - a tactic
 - a strategy

ANS: D PTS: 1 DIF: Hard REF: p. 31
OBJ: 02-3 BLM: Higher Order

36. What is the risk faced by a company that views itself in a product business, rather than in a value- or benefits-producing business?
- marketing myopia
 - cognitive dissonance
 - marketing dissonance
 - marketing disconnect

ANS: A PTS: 1 DIF: Moderate REF: p. 32
OBJ: 02-3 BLM: Remember

37. Black & Decker is well known for power tools. However, if the company thinks of itself merely as a power tool company instead of a company that delivers the benefits users want, such as cut materials or holes in materials, it could be taking a short-sighted focus of its business. If a technologically advanced device is developed that could replace the need for power tools to deliver those benefits, this company could go out of business. What would Black & Decker be said to suffer from if this occurs?
- brain drain
 - cognitive dissonance
 - marketing disconnect
 - marketing myopia

ANS: D PTS: 1 DIF: Hard REF: p. 32
OBJ: 02-3 BLM: Higher Order

38. Which strategy deals with how the firm will be defined and sets general goals?
- corporate strategy
 - marketing strategy
 - tactical strategy
 - meta-strategy

ANS: A PTS: 1 DIF: Easy REF: p. 32
OBJ: 02-3 BLM: Higher Order

39. Which of the following is NOT an example of marketing tactics?
- determining the quality level of the product
 - setting the price of a product or service
 - creating advertising for a service
 - setting the company sales goal

ANS: D PTS: 1 DIF: Hard REF: p. 32
OBJ: 02-3 BLM: Higher Order

40. A university realizes it needs to increase revenue in the face of severe budget cuts due to the weak economy. The school decides to pursue students who have some post-secondary but have not completed their degrees. To do this, the university is offering online degree programs, charges extra fees for these students, offers a wide selection of online courses each semester, and advertises on billboards, on radio, on television, and in newspapers. The school also sends direct mail letters to students who were previously enrolled at the school but did not complete their degree. What are the courses, tuition, online delivery, and promotion examples of?
- corporate strategy
 - value enhancement
 - marketing tactics
 - marketing augmentation

ANS: C PTS: 1 DIF: Hard REF: p. 32
OBJ: 02-3 BLM: Higher Order

41. What is the term for the actual physical product purchased plus any services such as installation and warranties necessary to use the product and obtain its benefits?
- augmented product
 - secondary product
 - complete product
 - enhanced product

ANS: A PTS: 1 DIF: Moderate REF: p. 33
OBJ: 02-3 BLM: Remember

42. Kyle purchased a Macbook Pro and an extended warranty. He also purchased one-on-one training to learn how to use the computer. What is Kyle's purchase an example of?
- augmented product
 - complete product
 - extended product
 - segmented product

ANS: A PTS: 1 DIF: Moderate REF: p. 33
OBJ: 02-3 BLM: Higher Order

43. Within which business practice do companies operate with the understanding that products provide value in multiple ways?
- augmented product concept
 - total value concept
 - product concept
 - multifaceted product concept

ANS: B PTS: 1 DIF: Moderate REF: p. 33
OBJ: 02-3 BLM: Remember

44. Which concept has as its major premise the realization that a consumer is necessary and must play a part in order to produce value?
- synergy
 - value integration
 - value co-creation
 - dyadic valuation

ANS: C PTS: 1 DIF: Moderate REF: p. 35
OBJ: 02-3 BLM: Remember

45. Which of the following is NOT an element of the marketing mix?
- price
 - planning
 - distribution
 - product

ANS: B PTS: 1 DIF: Moderate REF: p. 35
OBJ: 02-4 BLM: Higher Order

46. What is the term for the market segment a company will serve with a specific marketing mix?
- target market
 - primary market
 - segmented market
 - selected market

ANS: A PTS: 1 DIF: Moderate REF: p. 35
OBJ: 02-4 BLM: Remember

47. Vans is a company that manufactures and markets shoes for serious skateboarders. These consumers are predominantly males, 10 to 25 years old. What is the term for this market segment that Vans serves with a specific marketing mix?
- preferred market
 - optimum market
 - target market
 - segmented market

ANS: C PTS: 1 DIF: Moderate REF: p. 35
OBJ: 02-4 BLM: Higher Order

48. Which of the following separates a market into groups based on the different demand curves associated with each group?
- market zoning
 - market augmentation
 - market positioning
 - market segmentation

ANS: D PTS: 1 DIF: Easy REF: p. 35
OBJ: 02-4 BLM: Remember

49. The Canadian National Bank is analyzing its customer data to determine if groups other than simply consumer and business customers can be identified. It is looking at the frequency of branch visits, use of ATMs, online banking activity, loan activity, and account balances for each customer. The bank has identified three groups of customers based on these factors and is considering offering different products to better meet the needs of each group. What marketing concept do these different groups of customers represent?
- target marketing
 - market segmentation
 - marketing audit
 - environmental scanning

ANS: B PTS: 1 DIF: Hard REF: p. 35
OBJ: 02-4 BLM: Higher Order

50. What is the term for the degree to which a consumer is sensitive to changes in some product characteristic?
- elasticity
 - differentiation
 - segmentation
 - positioning

ANS: A PTS: 1 DIF: Moderate REF: p. 35
OBJ: 02-4 BLM: Remember

51. Which of the following describes a product with a backward sloping demand curve?
- it displays a negative price–quantity demanded relationship
 - it displays a neutral price–quantity demanded relationship
 - it displays a positive price–quantity demanded relationship
 - it displays a positive price–quality relationship

ANS: C PTS: 1 DIF: Hard REF: p. 36
OBJ: 02-4 BLM: Higher Order

52. In which marketplace condition do consumers NOT view all competing products as identical to one another?
- product positioning
 - product differentiation
 - competitive advantage
 - market differentiation

ANS: B PTS: 1 DIF: Moderate REF: p. 37
OBJ: 02-4 BLM: Remember

53. Consumers do not view all soft drinks as identical to one another. Some prefer Coca-Cola, while others will only drink Pepsi-Cola. Still others will not drink either cola and drink only non-caffeinated soft drinks. What is the term for this marketplace condition in which consumers do not view all competing products as identical to one another?
- product differentiation
 - product variation
 - market segmentation
 - perceptual differentiation

ANS: A PTS: 1 DIF: Moderate REF: p. 37
OBJ: 02-4 BLM: Higher Order

54. What is the term for the way a product is perceived by a consumer?
- product augmentation
 - product positioning
 - product segmentation
 - product perception

ANS: B PTS: 1 DIF: Moderate REF: p. 37
OBJ: 02-5 BLM: Remember

55. Which of the following graphically depicts the positioning of competing products?
- product map
 - schema
 - demand curve
 - perceptual map

ANS: D PTS: 1 DIF: Moderate REF: p. 37
OBJ: 02-5 BLM: Remember

56. A cosmetics manufacturer was looking at a graphical display of how women perceived different brands of cosmetics and was dismayed to learn that its brand was clustered with brands that are targeted toward older women, not the younger women the marketer was trying to reach. Which graphical depiction of the positioning of competing brands was the marketer using?
- perceptual map
 - competitive matrix
 - competitive array
 - positioning plot

ANS: A PTS: 1 DIF: Hard REF: p. 37
OBJ: 02-5 BLM: Higher Order

57. Which of the following on a perceptual map represents the combination of product characteristics that provide the most value to an individual consumer or market segment?
- touch point
 - maximum point
 - optimum point
 - ideal point

ANS: D PTS: 1 DIF: Moderate REF: p. 38
OBJ: 02-5 BLM: Remember

58. What do the x - and y -axes on a perceptual map represent?
- how competitors perform on the two most important attributes to consumers, price and quality
 - the ideal combination of attributes and the actual combination of attributes of all competitors in the market
 - dimensions used to separate competitors on a specific characteristic
 - growth rate of the market and market shares of each competitor

ANS: C PTS: 1 DIF: Hard REF: p. 38
OBJ: 02-5 BLM: Higher Order

59. Which of the following represents the overall approximate worth of a customer to a company in economic terms?
- net present value (NPV)
 - customer lifetime value (CLV)
 - customer present value (CPV)
 - customer future value (CFV)

ANS: B PTS: 1 DIF: Moderate REF: p. 39
OBJ: 02-6 BLM: Remember

60. Which of the following is added to customer lifetime value to equal the net present value of the stream of profits over a customer's lifetime?
- the costs associated with satisfying that customer
 - the retention rate for all customers
 - the opportunity cost saved from having loyal customers
 - the worth attributed to the equity a good customer can bring

ANS: D PTS: 1 DIF: Hard REF: p. 39
OBJ: 02-6 BLM: Higher Order

SUPERFOCUS SCENARIO

Superfocus is a revolutionary concept in eyeglasses—it even received a 2010 *The Wall Street Journal* innovation award. It is a type of eyeglass that allows the wearer to change correction without changing glasses, or having to look through a certain part of the lens like bifocal and progressive lens wearers must do. The round lenses are actually two lenses with a clear fluid in-between. The outer lens is hard, while the inner lens is flexible. There's a little slider on the bridge that, when moved, pushes the fluid and changes the shape of the inner, flexible lens. That, in turn, changes the correction, so a user can see near, far, and everything in-between just by changing the position of the slider. The only catch is that the lenses have to be perfectly round and the frames are made out of stainless steel or titanium aluminum, limiting the frame style and colour choices for consumers. Actually, they look pretty goofy.

Superfocus can be purchased through eye care professionals or directly from the manufacturer online. The company has recently started using direct-response television advertising to drive traffic to the website so consumers can learn more about this product and sign up for a free trial offer. With prices starting at \$700 a pair, the free trial might help overcome some resistance due to the relatively high price.

61. Refer to Superfocus Scenario. Superfocus glasses were developed for people who have multiple prescriptions but do not like multifocal lenses like bifocals or who have to continually change glasses for different tasks like reading, computer work, or driving. By solving this problem for consumers, which type of value is Superfocus delivering?
- hedonic
 - rational
 - complete
 - utilitarian

ANS: D PTS: 1 DIF: Moderate REF: p. 30
OBJ: 02-2 BLM: Higher Order

62. Refer to Superfocus Scenario. For Superfocus, which of the following is represented by people who need multifocal lenses?
- market position
 - target market
 - product differentiation
 - augmented market

ANS: B PTS: 1 DIF: Easy REF: p. 35
OBJ: 02-4 BLM: Higher Order

63. Refer to Superfocus Scenario. For Superfocus, what is exemplified by the advertising, the distribution through the website and eye care providers, the price, and the free trial offer?
- marketing tactics
 - company mission
 - value proposition
 - product differentiation

ANS: A PTS: 1 DIF: Moderate REF: p. 32
OBJ: 02-3 BLM: Higher Order

64. Refer to Superfocus Scenario. While consumers need and want this type of eyeglass, they also want something that looks fashionable. Most consumers would not consider the round silver stainless steel or titanium aluminum charcoal grey frame fashionable. Thus, which of the following would describe the position of Superfocus on a perceptual map?
- it would not be positioned as a very useful product
 - it would be positioned close to competitors
 - it would not even appear
 - it would not be very close to the ideal point

ANS: D PTS: 1 DIF: Hard REF: p. 38
OBJ: 02-5 BLM: Higher Order

65. Refer to Superfocus Scenario. Which external influence in the Consumer Value Framework is likely to discourage consumers from purchasing these glasses?
- attitudes
 - personality traits
 - atmospherics
 - social environment

ANS: D PTS: 1 DIF: Hard REF: p. 29
OBJ: 02-1 BLM: Higher Order

ESSAY

1. Describe the Consumer Value Framework (CVF), including its basic components.

ANS:

The **Consumer Value Framework (CVF)** (see Exhibit 2.1) represents consumer behaviour theory illustrating factors that shape consumption-related behaviours and ultimately determine the value associated with consumption. **Value** is at the heart of experiencing and understanding consumer behaviour. Value then influences **relationship quality**, which reflects the connectedness between a consumer and a retailer, brand, or service provider. The consumption process can involve a great deal of decision making and thus represents a **consumer decision making process**. Many internal and external factors influence this process. **Internal influences** include consumer psychology (i.e., learning, perception, implicit memory, information processing, memory, categorization, and attitude) and the personality of the consumer (i.e., motivation, personal values, personality, lifestyles, emotional expressiveness). **External influences** include elements in the social environment (i.e., acculturation/enculturation, culture and cultural values, reference groups, social class, and family influence) and situational influences (i.e., atmospherics, time/timing, and conditions).

PTS: 1

DIF: Hard

REF: p. 26

OBJ: 02-1

2. Define consumer value, and compare and contrast utilitarian value and hedonic value. Describe two situations—one in which you received utilitarian value and the other in which you experienced hedonic value. Which made you more satisfied? Explain why.

ANS:

Value is a personal assessment of the net worth obtained from an activity. Value is what consumers ultimately pursue because valuable actions address motivations that manifest themselves in needs and desires. In this sense, value captures how much gratification a consumer receives from consumption.

Two key types of value are utilitarian value and hedonic value. **Utilitarian value** is derived from a product that helps the consumer solve problems and accomplish tasks that are a part of being a consumer. A rational explanation can usually be given when somebody explains why something was purchased when utilitarian value is involved. **Hedonic value** is the immediate gratification that comes from experiencing some activity. Conceptually, hedonic value differs from utilitarian value in several ways: (1) hedonic value is an end in and of itself, rather than a means to an end, (2) hedonic value is very emotional and subjective in nature, and (3) when a consumer does something to obtain hedonic value, the action can sometimes be very difficult to explain objectively.

Students' examples will vary.

PTS: 1

DIF: Moderate

REF: p. 29

OBJ: 02-2

6. Explain the concept of Customer Lifetime Value (CLV). Think of a product you have purchased (e.g., toothpaste, soft drink, computer) and estimate your lifetime value to the manufacturer of a specific brand. What can the marketer of that brand do to ensure you remain loyal to that brand?

ANS:

Customer Lifetime Value (CLV) represents the approximate worth of a customer to a company in economic terms. In equation form, $CLV = npv(\text{sales} - \text{costs}) + npv(\text{equity})$. Students' examples will vary, but they should estimate how long they could possibly purchase the product and specific brand, how much the product costs, and some discussion regarding what it costs the company to keep them loyal. They should also factor in the value they provide the company if they influence others to become loyal customers as well. Finally, while not specifically covered in the chapter, students should discuss ways the marketer can keep them loyal, such as offering rewards for continued purchase, provide opportunities to purchase other products, offer incentives to recommend the product to others, or offering special privileges for loyal behaviour.

PTS: 1

DIF: Hard

REF: p. 39

OBJ: 02-6