

Chapter 2: Value and the Consumer Behavior Value Framework

TRUE/FALSE

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

ANS: F

The Consumer Value Framework (CVF) represents consumer behavior theory illustrating factors that shape consumption-related behaviors and ultimately determine the value associated with consumption.

PTS: 1 DIF: Difficulty: Easy OBJ: LO: 2-1
 NAT: BUSPROG: Analytic STA: DISC: Customer
 TOP: A-head: The Consumer Value Framework and Its Components
 KEY: Bloom's: Knowledge

2. Situational influences are unique to a time or place that can affect consumer decision making and the value received from consumption.

ANS: T PTS: 1 DIF: Difficulty: Easy
 OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
 TOP: A-head: The Consumer Value Framework and Its Components
 KEY: Bloom's: Knowledge

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: Difficulty: Easy OBJ: LO: 2-1
 NAT: BUSPROG: Analytic STA: DISC: Customer
 TOP: A-head: The Consumer Value Framework and Its Components
 KEY: Bloom's: Knowledge

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

ANS: T PTS: 1 DIF: Difficulty: Easy
 OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
 TOP: A-head: The Consumer Value Framework and Its Components
 KEY: Bloom's: Knowledge

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

ANS: T PTS: 1 DIF: Difficulty: Moderate
 OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
 TOP: A-head: The Consumer Value Framework and Its Components

KEY: Bloom's: Comprehension

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

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

7. A strong, or high-quality, relationship is typified by a consumer who buys the same brand each time a need for that product arises.

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Comprehension

8. Internal influences on the consumption process include factors, such as social class.

ANS: F
External influences on the consumption process include factors, such as social class.

PTS: 1 DIF: Difficulty: Moderate OBJ: LO: 2-1
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Comprehension

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

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

10. Individual differences, which include personality and lifestyle, help determine consumer behavior.

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

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: Difficulty: Moderate OBJ: LO: 2-1
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Comprehension

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

ANS: F

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

PTS: 1 DIF: Difficulty: Moderate OBJ: LO: 2-1
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Comprehension

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

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Comprehension

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

ANS: F

The presence of music in an environment is a situational influence. External social influences include culture, reference groups, social class, and family influences.

PTS: 1 DIF: Difficulty: Moderate OBJ: LO: 2-1
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Comprehension

15. The core concept of consumer behavior is value.

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Comprehension

16. The concept of "value" captures how much gratification a consumer receives from consumption.

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Comprehension

17. Worth to a consumer is a function of price.

ANS: F

Worth to a consumer is a function of much more than price. Value can be modeled by playing the "what you get" from dealing with a company against the "what you have to give" to get the product.

PTS: 1 DIF: Difficulty: Moderate OBJ: LO: 2-2
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Comprehension

18. Value equals the difference between what you get and what you have to give to get the product.

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Comprehension

19. Two types of values are primary value and secondary value.

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

PTS: 1 DIF: Difficulty: Easy OBJ: LO: 2-2
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Knowledge

20. 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: Difficulty: Easy
OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Knowledge

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

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Knowledge

22. 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: Difficulty: Moderate OBJ: LO: 2-2
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Comprehension

23. Rather than being viewed as opposites, utilitarian and hedonic values are not mutually exclusive.

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Comprehension

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

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

PTS: 1 DIF: Difficulty: Moderate OBJ: LO: 2-2
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Comprehension

25. A strategy is a planned way of doing something to accomplish some goal.

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Knowledge

26. A corporate strategy is the way a company goes about creating value for customers.

ANS: F
A marketing strategy is the way a company goes about creating value for customers.

PTS: 1 DIF: Difficulty: Easy OBJ: LO: 2-3
NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Knowledge

27. Marketing myopia is defined as a condition in which a company views itself competing in a value or benefits producing business rather than in a product business.

ANS: F
Marketing myopia is defined as a condition in which a company views itself competing in a product business rather than in a value, or benefits producing, business.

PTS: 1 DIF: Difficulty: Moderate OBJ: LO: 2-3
NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Comprehension

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

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Comprehension

29. A marketing strategy provides an operating orientation for the company.

ANS: F
A corporate strategy is usually associated with a specific corporate culture, which provides an operating orientation for the company. Marketing strategy then follows.

PTS: 1 DIF: Difficulty: Moderate OBJ: LO: 2-3
NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Comprehension

30. 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: Difficulty: Moderate OBJ: LO: 2-3
NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Comprehension

31. Marketing tactics are ways marketing management is implemented.

ANS: T PTS: 1 DIF: Difficulty: Easy

OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Knowledge

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

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Knowledge

33. The term augmented product means the original product plus the extra things needed to increase the value from consumption.

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Knowledge

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

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Product
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Comprehension

35. Every product's value is made up of the basic benefits, plus the augmented product, plus the "feel" benefits.

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Product
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Comprehension

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

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Product
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Comprehension

37. A product's value can only be created by what the marketer is offering.

ANS: F
Value is not created by the marketer's offering but rather, consumption involves value co-creation.

PTS: 1 DIF: Difficulty: Moderate OBJ: LO: 2-3
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Comprehension

38. 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: Difficulty: Easy
OBJ: LO: 2-4 NAT: BUSPROG: Analytic STA: DISC: Marketing Plan
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Knowledge

39. The segment or segments of a market that a company serves to is called the focal market.

ANS: F

Marketers often use the term target market to signify which market segment a company will serve with a specific marketing mix.

PTS: 1 DIF: Difficulty: Easy OBJ: LO: 2-4
NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Knowledge

40. The marketing mix represents the way a marketing strategy is implemented within a given market or exchange environment.

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-4 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Comprehension

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

ANS: F

Market segmentation is the separation of a market into groups based on the different demand curves associated with each group.

PTS: 1 DIF: Difficulty: Easy OBJ: LO: 2-4
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Knowledge

42. In economics, the term “buoyancy” represents the degree to which a consumer is sensitive to changes in some product characteristic.

ANS: F

In economics, elasticity is a term used to represent market sensitivity to changes in price or other characteristics.

PTS: 1 DIF: Difficulty: Easy OBJ: LO: 2-4
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Knowledge

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

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-4 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Comprehension

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

ANS: F

Although a positive relationship between price and quantity may seem unusual, backward sloping demand, a term used in economics to refer to this situation, is hardly rare.

PTS: 1 DIF: Difficulty: Moderate OBJ: LO: 2-4
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Comprehension

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

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-4 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Comprehension

46. 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: Difficulty: Easy
OBJ: LO: 2-4 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Knowledge

47. Product differentiation becomes the basis for product positioning.

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-5 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Analyzing Markets with Perceptual Maps KEY: Bloom's: Comprehension

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

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-5 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Analyzing Markets with Perceptual Maps KEY: Bloom's: Knowledge

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

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-5 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Analyzing Markets with Perceptual Maps KEY: Bloom's: Knowledge

50. A blue ocean strategy seeks to position a firm so far away from competitors that, when successful, the firm creates an industry of its own and at least for a time, isolates itself from competitors.

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-5 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Analyzing Markets with Perceptual Maps KEY: Bloom's: Knowledge

51. 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: Difficulty: Easy OBJ: LO: 2-5
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Analyzing Markets with Perceptual Maps KEY: Bloom's: Knowledge

52. Both consumers and marketers enter exchange-seeking value.

ANS: T PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-6 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value Today and Tomorrow—Customer Lifetime Value
KEY: Bloom's: Comprehension

53. All the customers are equally valuable to a firm.

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: Difficulty: Moderate OBJ: LO: 2-6
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value Today and Tomorrow—Customer Lifetime Value
KEY: Bloom's: Comprehension

54. Customer lifetime value represents the approximate worth of a customer to a company in economic terms.

ANS: T PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-6 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value Today and Tomorrow—Customer Lifetime Value
KEY: Bloom's: Knowledge

55. Customer lifetime value is equal to sales attributed to a 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: Difficulty: Easy OBJ: LO: 2-6
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value Today and Tomorrow—Customer Lifetime Value
KEY: Bloom's: Knowledge

MULTIPLE CHOICE

1. The ____ represents consumer behavior theory illustrating factors that shape consumption-related behaviors that ultimately determine the value associated with consumption.
 - a. Consumer Behavior Framework (CBF)
 - b. Consumer Value Framework (CVF)
 - c. Consumption Process Framework (CPF)
 - d. Customer Relationship Framework (CRF)
 - e. Marketing-Consumer Framework (MCF)

ANS: B PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

2. Which of the following is at the heart of the consumer value framework and the focus of marketing efforts?
- Utilitarian and hedonic values
 - Personal values
 - Consumer perception
 - Environment
 - Cultural values

ANS: A PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Comprehension

3. Which of the following is an element of consumer psychology?
- Environment
 - Media
 - Implicit memory
 - Culture
 - Emotional intelligence

ANS: C PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

4. Which of the following is an internal influence on consumer value?
- Costs
 - Learning
 - Social class
 - Time
 - Family

ANS: B PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

5. Which of the following is an external influence on consumer value?
- Personal values
 - Attitude
 - Needs
 - Perception
 - Reference groups

ANS: E PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

6. An automobile marketer is interested in studying the internal influences that affect the psychology of the potential buyers of luxury automobiles. Which of the following would this marketer be interested in studying?
- Lifestyles of luxury car buyers
 - Political choices of potential buyers
 - Social status of potential buyers
 - Buyers' attitudes toward different brands
 - The accessories that car owners prefer

ANS: D PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Comprehension

7. Which of the following is considered a part of the consumer's personality?
- Memory
 - Attitude
 - Intuition
 - Categorization
 - Personal values

ANS: E PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

8. A basic _____ premise is that customers form relationships with companies as opposed to companies conducting individual transactions with customers.
- Consumer Behavior Framework
 - Customer Relationship Management
 - Marketing Consumer Framework
 - Relationship Quality Management
 - Consumption Process Framework

ANS: B PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

9. According to the Customer Relationship Management (CRM) orientation:
- each customer represents just a single sale rather than a potential stream of resources.
 - customers who switch providers each time they make a purchase tend to be more profitable than loyal customers due to their wide range of purchases.
 - the most profitable customers are those who search for information about a product online and then buy it in a brick-and-mortar store.
 - customers form relationships with companies as opposed to companies conducting individual transactions with customers.
 - a strong, or high-quality, relationship is typified by a consumer who buys different brands of a product each time a need for that product arises.

ANS: D PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Comprehension

10. As the manager of a leading banking institution, Bijou tracks detailed information about the bank's clients. This way more client-oriented decisions can be made, leading to longer-lasting affiliations with clients. Bijou is involved in _____.
- customer relationship management
 - marketing management
 - consumer value management
 - quality management
 - internal marketing management

ANS: A PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-1 NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Application

11. According to which of the following orientations, each customer represents a potential stream of resources rather than just a single sale?
- Product orientation
 - CVF orientation
 - Hedonic orientation
 - CRM orientation
 - Utilitarian orientation

ANS: D PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

12. _____ reflects the connectedness between a consumer and a retailer, a brand, or service provider.
- Hedonic value
 - Interconnectivity
 - Synergy
 - Consumption
 - Relationship quality

ANS: E PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

13. When a consumer realizes high value from an exchange with a company, _____ improves.
- relationship quality
 - internalization
 - emotional contagion
 - augmented quality
 - elasticity

ANS: A PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

14. _____ are things that can be thought of as part of the consumer.
- External influences
 - Innate influences
 - Internal influences

- d. Social influences
- e. Personal influences

ANS: C PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

15. Which of the following terms refers to the thinking or mental processes that go on as we process and store things that can become knowledge?
- a. Cognition
 - b. Schema
 - c. Affect
 - d. Synergy
 - e. Internalization

ANS: A PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
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16. Since childhood, Meg's parents always told her that milk is good for health. As a result, Meg developed a liking for milk and started drinking it regularly. In this case, Meg's thinking or mental process is referred to as _____.
- a. sensitization
 - b. affect
 - c. emotional contagion
 - d. emotional intelligence
 - e. cognition

ANS: E PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-1 NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Application

17. _____ refers to the feelings that are experienced during consumption activities or associated with specific objects.
- a. Cognition
 - b. Internalization
 - c. Affect
 - d. Habituation
 - e. Utilitarian value

ANS: C PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

18. Hannah is an avid reader and looks forward to going to the library at the end of each week to issue more books. Which of the following terms refers to the sense of satisfaction she feels from this activity?
- a. Affect
 - b. Delusion
 - c. Schema
 - d. Synergy

e. Externalities

ANS: A PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-1 NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Application

19. Characteristics and traits, including personality and lifestyles, that help define a consumer are referred to as _____.
a. value enhancers
b. individual identifiers
c. discriminators
d. individual differences
e. exemplars

ANS: D PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

20. Which of the following environments includes the people and groups who help shape a consumer's everyday experiences?
a. Emotional environment
b. Internal environment
c. Social environment
d. Macro environment
e. Micro environment

ANS: C PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

21. Amy is a member of the readers' club in her school. Before she buys any new book, she checks what is popular with the others in her club. Amy's readers' club is part of her _____ that influences Amy's everyday experiences.
a. internal environment
b. value network
c. relationship network
d. emotional environment
e. social environment

ANS: E PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-1 NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Application

22. _____ are unique to a time or place that can affect consumer decision making and the value received from consumption.
a. Situational influences
b. Temporal factors
c. Social influences
d. Internal factors
e. Socio-environmental factors

ANS: A PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

23. The presence of music in an environment may shape consumer behavior and even change buying patterns. In this case, music is an example of a _____.
- a. social influence
 - b. situational influence
 - c. socio-economic factor
 - d. hedonic factor
 - e. perceptual influence

ANS: B PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-1 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Knowledge

24. Which of the following terms refers to a personal assessment of the net worth a consumer obtains from an activity?
- a. Quality
 - b. Experience
 - c. Prestige
 - d. Value
 - e. Effort

ANS: D PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Knowledge

25. _____ captures how much gratification a consumer receives from consumption.
- a. Opportunity cost
 - b. Internal rate of return
 - c. Value
 - d. Emotional contagion
 - e. Sunk cost

ANS: C PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Knowledge

26. Which of the following is a negative consequence of consumption?
- a. Quality
 - b. Opportunity costs
 - c. Prestige
 - d. Convenience
 - e. Experience

ANS: B PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Knowledge

27. Two main types of values are _____.
- a. internal and external

- b. utilitarian and hedonic
- c. personal and social
- d. primary and secondary
- e. temporal and stable

ANS: B PTS: 1 DIF: Difficulty: Easy
 OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
 TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Knowledge

28. _____ value is derived from a product that helps a consumer solve problems and accomplish tasks that are a part of being a consumer.
- a. Utilitarian
 - b. Functional
 - c. Terminal
 - d. Purchase
 - e. End-state

ANS: A PTS: 1 DIF: Difficulty: Easy
 OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
 TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Knowledge

29. Sam needed a new pair of bicycle pedals. After visiting several stores to find the right ones, he purchased a pair from a local store called All Things Sports and was satisfied that his needs were met. Which of the following best describes the type of value Sam received?
- a. End-state value
 - b. Premium value
 - c. Terminal value
 - d. Utilitarian value
 - e. Purchase value

ANS: D PTS: 1 DIF: Difficulty: Moderate
 OBJ: LO: 2-2 NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
 TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Application

30. _____ value is the immediate gratification that comes from experiencing some activity.
- a. Hedonic
 - b. Utilitarian
 - c. End-state
 - d. Process
 - e. Terminal

ANS: A PTS: 1 DIF: Difficulty: Easy
 OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
 TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Knowledge

31. Natalie and her friends enjoy visiting upscale stores together even if they do not purchase anything. For them, the experience of shopping is an end in itself, not just a means to an end. While shopping, which of the following types of values do Natalie and her friends experience?
- a. Utilitarian value
 - b. Pleasure-seeking value
 - c. Hedonic value
 - d. Experiential value
 - e. Augmented value

ANS: C PTS: 1 DIF: Difficulty: Moderate

OBJ: LO: 2-2 NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Application

32. Which of the following is true about the two basic types of values?
- Utilitarian value is an end in and of itself rather than a means to an end.
 - Hedonic value is very emotional and subjective in nature.
 - Utilitarian value is the immediate gratification that comes from experiencing some activity.
 - Utilitarian value is immediate whereas hedonic value is delayed.
 - Hedonic value is provided by an activity because the activity allows something good to happen or be accomplished.

ANS: B PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-2 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Comprehension

33. A planned way of doing something is known as _____.
- marketing myopia
 - a mission
 - a strategy
 - utilization
 - a terminal value

ANS: C PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Knowledge

34. FordTech is a software company whose clients are based in France. The 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 increase their clientele in Europe. The company is keen on taking advantage of the opportunities and avoiding threats in the changing environment. This team is involved in developing the _____ for the organization.
- architecture
 - layout
 - schema
 - blueprint
 - strategy

ANS: E PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-3 NAT: BUSPROG: Reflective Thinking STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Application

35. Which of the following terms refers to the way a company goes about creating value for its customers?
- Schema
 - Marketing strategy
 - Social inclusion
 - Blueprint
 - Focus

ANS: B PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Knowledge

36. When firms fail to realize how their products provide value, they run the risk of developing _____.
- marketing myopia

- b. cognitive dissonance
- c. negative affect
- d. marketing dissonance
- e. marketing disconnect

ANS: A PTS: 1 DIF: Difficulty: Easy
 OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Strategy
 TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Knowledge

37. Cullen and MacNeil's is a well-known store that sells writing material. The company faces strong competition from the electronic media. If the company thinks of itself merely as a paper company instead of a company that delivers the benefits users want, it could be taking a short-sighted view of its business. That is, Cullen and MacNeil's could suffer from ____.
- a. brain drain
 - b. cognitive dissonance
 - c. marketing disconnect
 - d. marketing myopia
 - e. product devaluation

ANS: D PTS: 1 DIF: Difficulty: Challenging
 OBJ: LO: 2-3 NAT: BUSPROG: Reflective Thinking STA: DISC: Strategy
 TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Application

38. _____ strategy deals with how the firm will be defined and sets general goals.
- a. Corporate
 - b. Marketing
 - c. Tactical
 - d. Top-level
 - e. Meta

ANS: A PTS: 1 DIF: Difficulty: Easy
 OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Strategy
 TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Knowledge

39. Which of the following is an example of a marketing tactic?
- a. Implementing a new technology in order to reduce costs over the next few years
 - b. Analyzing the budget for the next two years
 - c. Focusing on the five-year plan
 - d. Distributing a product only through discount stores
 - e. Setting the company's sales goal

ANS: D PTS: 1 DIF: Difficulty: Moderate
 OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Strategy
 TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Comprehension

40. A departmental store realizes that it needs to increase revenue in the face of severe budget cuts due to the weak economy. The store has decided to run a sale every month and upgrade their stock more regularly, so that customers don't see the same products every month. They are going to begin offering a wider selection of brands for men and women. They plan to advertise on billboards, on radio, on television, and in newspapers throughout the state. The store will also send direct mail letters to regular customers. The sale, the wide selection of brands, and the promotion are examples of ____.
- a. blue ocean strategy
 - b. product differentiation
 - c. marketing tactics
 - d. marketing augmentation

e. task implementation

ANS: C PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-3 NAT: BUSPROG: Reflective Thinking STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Application

41. A(n) _____ product includes the original product plus the extra things needed to increase the value from consumption.
- augmented
 - secondary
 - complete
 - enhanced
 - terminal

ANS: A PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Product
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Knowledge

42. Andrea purchased an Apple iPad and an extended warranty. She also purchased a gaming application specially developed for Apple iPad. The application purchased by Andrea, is an example of a(n) _____ product.
- terminal
 - segmented
 - extended
 - augmented
 - complete

ANS: D PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-3 NAT: BUSPROG: Reflective Thinking STA: DISC: Product
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Application

43. The business practice wherein companies operate with the understanding that products provide value in multiple ways is called the _____ concept.
- net worth
 - total value
 - value marketing
 - product value
 - multifaceted product

ANS: B PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-3 NAT: BUSPROG: Analytic STA: DISC: Product
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Knowledge

44. While buying a car, a potential buyer takes into consideration several aspects of the car, such as its design, quality, ease of servicing, speed, and mileage. An automobile company, that takes into consideration all these aspects while manufacturing and selling its cars, is said to be practicing the _____ concept.
- value marketing
 - multifaceted product
 - total value
 - product value
 - net worth

ANS: C PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-3 NAT: BUSPROG: Reflective Thinking STA: DISC: Product

TOP: A-head: Marketing Strategy and Consumer Value

KEY: Bloom's: Application

45. The realization that a consumer is necessary and must play a part in order to produce value is the major premise underlying the concept of ____.
- synergy
 - value integration
 - value internalization
 - value co-creation
 - dyadic valuation

ANS: D

PTS: 1

DIF: Difficulty: Moderate

OBJ: LO: 2-3

NAT: BUSPROG: Analytic

STA: DISC: Customer

TOP: A-head: Marketing Strategy and Consumer Value

KEY: Bloom's: Comprehension

46. Which of the following is an element of the marketing mix?
- Quality
 - Pricing
 - Design
 - Use
 - Span

ANS: B

PTS: 1

DIF: Difficulty: Easy

OBJ: LO: 2-4

NAT: BUSPROG: Analytic

STA: DISC: Marketing Plan

TOP: A-head: Market Characteristics: Market Segments and Product Differentiation

KEY: Bloom's: Knowledge

47. The market segment a company will serve with a specific marketing mix is referred to as the ____ market.
- target
 - primary
 - elementary
 - capital
 - dominant

ANS: A

PTS: 1

DIF: Difficulty: Easy

OBJ: LO: 2-4

NAT: BUSPROG: Analytic

STA: DISC: Marketing Plan

TOP: A-head: Market Characteristics: Market Segments and Product Differentiation

KEY: Bloom's: Knowledge

48. Prime's is a company that manufactures and markets suits for professional kayakers. These consumers are predominantly males in the age group of 25-45 years. This market segment that Prime's serves with a specific marketing mix is called its ____.
- preferred market
 - optimum market
 - target market
 - dominant market
 - elementary market

ANS: C

PTS: 1

DIF: Difficulty: Moderate

OBJ: LO: 2-4

NAT: BUSPROG: Reflective Thinking

STA: DISC: Marketing Plan

TOP: A-head: Market Characteristics: Market Segments and Product Differentiation

KEY: Bloom's: Application

49. ____ is the separation of a market into groups based on the different demand curves associated with each group.

- a. Market zoning
- b. Market augmentation
- c. Market positioning
- d. Market segmentation
- e. Market selection

ANS: D PTS: 1 DIF: Difficulty: Easy
 OBJ: LO: 2-4 NAT: BUSPROG: Analytic STA: DISC: Customer
 TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
 KEY: Bloom's: Knowledge

50. Community Trust Bank is analyzing its customer data to determine if groups other than the business customers can be identified. The bank 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. Which of the following marketing concepts is represented by this exercise?
- a. Total value concept
 - b. Market segmentation
 - c. Value reengineering
 - d. Marketing audit
 - e. Environmental scanning

ANS: B PTS: 1 DIF: Difficulty: Moderate
 OBJ: LO: 2-4 NAT: BUSPROG: Reflective Thinking STA: DISC: Marketing Plan
 TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
 KEY: Bloom's: Application

51. Which of the following terms is used to represent market sensitivity to changes in price or other characteristics?
- a. Elasticity
 - b. Differentiation
 - c. Congruity
 - d. Segmentation
 - e. Positioning

ANS: A PTS: 1 DIF: Difficulty: Easy
 OBJ: LO: 2-4 NAT: BUSPROG: Analytic STA: DISC: Customer
 TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
 KEY: Bloom's: Knowledge

52. A product with backward sloping demand displays _____.
 a. a negative price-quantity relationship
 b. a higher consumer sensitivity toward price than toward other product factors
 c. a neutral price-quantity relationship
 d. a positive price-quantity relationship
 e. a higher consumer sensitivity toward product quality than toward price

ANS: D PTS: 1 DIF: Difficulty: Moderate
 OBJ: LO: 2-4 NAT: BUSPROG: Analytic STA: DISC: Customer
 TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
 KEY: Bloom's: Comprehension

53. _____ refers to a marketplace condition in which consumers do not view all competing products as identical to one another.

- a. Product positioning
- b. Product differentiation
- c. Marketing positioning
- d. Competitive advantage
- e. Market differentiation

ANS: B PTS: 1 DIF: Difficulty: Easy
 OBJ: LO: 2-4 NAT: BUSPROG: Analytic STA: DISC: Product
 TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
 KEY: Bloom's: Knowledge

54. Consumers do not view all types of coffee as identical to one another. Some prefer iced coffee, while others will only drink non-fat latte. Still others will only drink chai latte or a cappuccino. This marketplace condition in which consumers do not view all competing products as identical to one another is called _____.
- a. product differentiation
 - b. product variation
 - c. market segmentation
 - d. perceptual differentiation
 - e. selective perception

ANS: A PTS: 1 DIF: Difficulty: Moderate
 OBJ: LO: 2-4 NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
 TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
 KEY: Bloom's: Application

55. Product _____ refers to the way a product is perceived by a consumer.
- a. differentiation
 - b. augmentation
 - c. positioning
 - d. segmentation
 - e. perception

ANS: C PTS: 1 DIF: Difficulty: Easy
 OBJ: LO: 2-5 NAT: BUSPROG: Analytic STA: DISC: Customer
 TOP: A-head: Analyzing Markets with Perceptual Maps KEY: Bloom's: Knowledge

56. Which of the following is used to depict graphically the positioning of competing products?
- a. Product blueprint
 - b. Schema
 - c. Perceptual map
 - d. Product map
 - e. Demand curve

ANS: C PTS: 1 DIF: Difficulty: Easy
 OBJ: LO: 2-5 NAT: BUSPROG: Analytic STA: DISC: Research
 TOP: A-head: Analyzing Markets with Perceptual Maps KEY: Bloom's: Knowledge

57. A cosmetic manufacturer that targets young women was looking at a graphical display of how women perceived different brands of cosmetics. They found that their brand was clustered with brands that are targeted toward older women. This graphical depiction of the positioning of competing brands used by the marketer is an example of a _____.
- a. perceptual map
 - b. BCG matrix
 - c. competitive matrix

- d. competitive array
- e. positioning plot

ANS: A PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-5 NAT: BUSPROG: Reflective Thinking STA: DISC: Research
TOP: A-head: Analyzing Markets with Perceptual Maps KEY: Bloom's: Application

58. 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?
- a. Touch point
 - b. Maximum point
 - c. Optimum point
 - d. Ideal point
 - e. Slope intercept

ANS: D PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-5 NAT: BUSPROG: Analytic STA: DISC: Research
TOP: A-head: Analyzing Markets with Perceptual Maps KEY: Bloom's: Comprehension

59. What do the x- and y-axes on a perceptual map represent?
- a. How competitors perform on the two most important attributes to consumers-price and quality
 - b. The ideal combination of attributes and the actual combination of attributes of all competitors in the market
 - c. Dimensions used to separate competitors on a specific characteristic
 - d. Growth rate of the market and market shares of each competitor
 - e. Factors used to identify market segments

ANS: C PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-5 NAT: BUSPROG: Analytic STA: DISC: Research
TOP: A-head: Analyzing Markets with Perceptual Maps KEY: Bloom's: Comprehension

60. The approximate worth of a customer to a company in economic terms is known as the _____.
- a. net present value (NPV)
 - b. customer lifetime value (CLV)
 - c. customer present value (CPV)
 - d. customer future value (CFV)
 - e. total customer value (TCV)

ANS: B PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-6 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value Today and Tomorrow—Customer Lifetime Value
KEY: Bloom's: Knowledge

61. Customer lifetime value includes the net present value of the stream of profits over a customer's lifetime and _____.
- a. the costs associated with satisfying that customer
 - b. the costs associated with keeping that customer for more than 10 years
 - c. the retention rate for all customers
 - d. opportunity cost saved from having loyal customers
 - e. the worth attributed to the equity a good customer can bring

ANS: E PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-6 NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value Today and Tomorrow—Customer Lifetime Value

KEY: Bloom's: Comprehension

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 need to be made out of stainless steel or titanium aluminum. This limits the frame style and color choices for consumers.

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.

62. Refer to Superfocus Scenario. Superfocus glasses were developed for people who have multiple prescriptions but do not 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 being delivered by Superfocus?
- Hedonic
 - Rational
 - Complete
 - Utilitarian
 - Relative

ANS: D PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-2 NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Application

63. Refer to Superfocus Scenario. The advertising, distribution through the website and eye care providers, the price, and the free trial offer are examples of Superfocus's ____.
- marketing tactics
 - corporate strategy
 - company mission
 - value proposition
 - product differentiation

ANS: A PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-3 NAT: BUSPROG: Reflective Thinking STA: DISC: Marketing Plan
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Application

64. Refer to Superfocus Scenario. Superfocus is trying to separate its market into different groups based on age so that it can create customized products for each group. This indicates that Superfocus is conducting the process of ____.
- value reengineering
 - mass marketing
 - total quality management
 - social marketing
 - market segmentation

ANS: E PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-4 NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Application

65. Refer to Superfocus Scenario. People who need multifocal lenses are the company's _____ market.
- capital
 - target
 - dominant
 - focal
 - augmented

ANS: B PTS: 1 DIF: Difficulty: Easy
OBJ: LO: 2-4 NAT: BUSPROG: Reflective Thinking STA: DISC: Marketing Plan
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Application

66. 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 gray frame fashionable. Thus, on a perceptual map, Superfocus would _____.
- not be positioned as a very useful product
 - be positioned close to competitors
 - be in a quadrant all by itself
 - not even appear
 - not be very close to the ideal point

ANS: E PTS: 1 DIF: Difficulty: Challenging
OBJ: LO: 2-5 NAT: BUSPROG: Reflective Thinking STA: DISC: Research
TOP: A-head: Analyzing Markets with Perceptual Maps KEY: Bloom's: Application

FAST FOOD SCENARIO

Daniel, an entrepreneur, is planning to open a fast-food restaurant. He wants to cash in on the huge population of busy professionals who usually don't have the time for a sit-down meal. They prefer instead to grab a bite on the go. Daniel has done his fair share of research, and he found that though fast-food restaurants cater to the need for a quick bite, consumers feel guilty of indulging in what they thought was "unhealthy." Daniel conceptualized a place that will offer a quick bite as a healthy alternative, so consumers would not have to suffer from guilt. Daniel is looking at establishing a long-term relationship based on trust with his customers.

67. Refer to Fast Food Scenario. Busy professionals, who usually don't have the time for a sit-down meal, prefer to grab a bite on the go; even when it means indulging in unhealthy food habits. This is an example of _____ influence on consumer behavior.
- tangential
 - internal
 - situational
 - intellectual
 - personal

ANS: C PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-1 NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Application

68. Refer to Fast Food Scenario. Daniel found that though fast-food restaurants cater to the need for a quick bite, consumers feel guilty of indulging in “unhealthy” food habits. This experience of guilt can be best described as _____ associated with the consumption of fast food.
- intuition
 - affect
 - memory
 - cognition
 - motivation

ANS: B PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-1 NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Application

69. Refer to Fast Food Scenario. Daniel is looking at establishing a long-term relationship based on trust with his customers. In doing so, Daniel is adopting a(n) _____ orientation.
- Association Behavior Management
 - Customer Relationship Management
 - Investor Margin Management
 - Relationship Quality Management
 - Marketing Profitability Management

ANS: B PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-1 NAT: BUSPROG: Reflective Thinking STA: DISC: Marketing Plan
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Application

70. Refer to Fast Food Scenario. Daniel conceptualized a place that will offer a quick bite as a healthy alternative, so consumers would not have to suffer from guilt. In doing so, Daniel is offering _____ value to his customers.
- augmented
 - utilitarian
 - hedonic
 - temporal
 - tangential

ANS: B PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-2 NAT: BUSPROG: Reflective Thinking STA: DISC: Strategy
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Application

71. Refer to Fast Food Scenario. Daniel wants to cash in on the huge population of busy professionals who usually don't have the time for a sit-down meal. They prefer instead to grab a bite on the go. They are Daniel's _____ for his new restaurant.
- capital
 - target
 - dominant
 - focal
 - augmented

ANS: B PTS: 1 DIF: Difficulty: Moderate
OBJ: LO: 2-4 NAT: BUSPROG: Reflective Thinking STA: DISC: Marketing Plan
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Application

ESSAY

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

ANS:

The Consumer Value Framework (CVF) represents consumer behavior theory illustrating factors that shape consumption-related behaviors and ultimately determine the value associated with consumption. Value is at the heart of experiencing and understanding consumer behavior. 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: Difficulty: Moderate OBJ: LO: 2-1
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: The Consumer Value Framework and Its Components
KEY: Bloom's: Comprehension

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: Difficulty: Challenging OBJ: LO: 2-2
NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
TOP: A-head: Value and Two Basic Types of Value KEY: Bloom's: Application

3. Explain why marketing plays an important strategic role in an organization and describe where marketing strategy fits in the bigger organization.

ANS:

One way that a company can enhance the chance of long-term survival is to have an effective marketing strategy. That is because, in a business environment, a marketing strategy is the way a company goes about creating value for customers. Strategies exist at several different levels. Corporate strategy deals with how the firm will be defined and sets general goals. Marketing strategy then follows. Different business units within the firm may have different marketing strategies. In describing how value is created, the strategies tell why customers will choose to buy things from the company.

PTS: 1 DIF: Difficulty: Moderate OBJ: LO: 2-3
NAT: BUSPROG: Analytic STA: DISC: Strategy
TOP: A-head: Marketing Strategy and Consumer Value KEY: Bloom's: Comprehension

4. Define market segmentation and explain how it is a marketplace condition. Describe different market segments of McDonald's customers.

ANS:

Market segmentation is the separation of a market into groups based on the different demand curves associated with each group. Market segmentation is a marketplace condition; numerous segments exist in some markets, but very few segments may exist in others. Ultimately, consumer segments exist because different consumers do not value different alternatives the same way.

Different market segments of McDonald's customers include families with young children, teenagers and young adults, and senior citizens. Students might also discuss segments based on time of day, such as breakfast eaters, lunch, or dinner. The market could also be segmented by usage—heavy users vs. light users. Finally, consumers could be segmented geographically, especially internationally. McDonald's in other countries or region of this country might carry different product offerings based on local tastes.

PTS: 1 DIF: Difficulty: Challenging OBJ: LO: 2-4
NAT: BUSPROG: Reflective Thinking STA: DISC: Customer
TOP: A-head: Market Characteristics: Market Segments and Product Differentiation
KEY: Bloom's: Application

5. Explain how perceptual maps are useful in understanding consumers and delivering superior value.

ANS:

A perceptual map is used to depict graphically the positioning of competing products. Positioning refers to the way a product is perceived by a consumer and can be represented by the number and types of characteristics that consumers perceive. When marketing analysts examine perceptual maps, they can (1) identify competitors, (2) identify opportunities for doing more business, and (3) diagnose potential problems in the marketing mix. Ideal points represent the combination of product characteristics that provide the most value to an individual consumer or market segment.

PTS: 1 DIF: Difficulty: Moderate OBJ: LO: 2-5
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Analyzing Markets with Perceptual Maps KEY: Bloom's: Comprehension

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, providing opportunities to purchase other products, offering incentives to recommend the product to others, or offering special privileges for loyal behavior.

PTS: 1 DIF: Difficulty: Challenging OBJ: LO: 2-6
NAT: BUSPROG: Analytic STA: DISC: Customer
TOP: A-head: Value Today and Tomorrow—Customer Lifetime Value
KEY: Bloom's: Analysis