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# CB

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## Chapter 2: Value and the Consumer Behavior Value Framework

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### 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

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

PTS: 1                      DIF: Moderate                      REF: p. 24                      OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

2. Social environmental influences on consumer behavior include factors such as atmospherics, time and timing, and conditions.

ANS: F

These are situational influences. Social environmental influences include factors such as acculturation/enculturation, culture and cultural values, reference groups, social class, and family influence.

PTS: 1                      DIF: Hard                      REF: p. 24                      OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

3. Learning, perception, memory, and attitudes are examples of elements comprising consumer psychology.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 24

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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. 24

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 24

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 24-25

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

7. When a customer realizes high value from an exchange with a company, relationship quality improves.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 25

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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. 25                      OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

ANS: F

The term cognition refers to the thinking or mental processes that go on as we process and store things that can become knowledge. Affect refers to feelings.

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

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 26

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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. 26                      OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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. 27                    OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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. 27

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

ANS: F

This is an example of an external, situational influence on consumer behavior. Internal influences are things that go on inside of the mind and heart of the consumer.

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

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

15. The core concept of consumer behavior is value.

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

OBJ: 02-2

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

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

OBJ: 02-2

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

17. Price is a good proxy for 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. 28                    OBJ: 02-2

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

ANS: F

Value equals what you get minus what you give.

PTS: 1                    DIF: Moderate            REF: p. 28            OBJ: 02-2  
TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

19. In the value equation, benefits include things such as quality, prestige, opportunity, and image.

ANS: F  
Opportunity and image are sacrifices in the value equation.

PTS: 1                    DIF: Hard                    REF: p. 28            OBJ: 02-2  
TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

20. Value can be broken down into to two types: utilitarian value and hedonic value.

ANS: T                    PTS: 1                    DIF: Moderate            REF: p. 29  
OBJ: 02-2  
TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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. 29  
OBJ: 02-2  
TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

ANS: F  
This is hedonic value.

PTS: 1                    DIF: Moderate            REF: p. 29            OBJ: 02-2  
TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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. 29            OBJ: 02-2  
TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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).



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

31. Marketing tactics are ways marketing management is implemented.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 31

OBJ: 02-3

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

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

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 31

OBJ: 02-3

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

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

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 31

OBJ: 02-3

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

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

ANS: F

This is an example of an augmented product, which is the actual physical product purchased plus any services necessary to use the product and obtain its benefits.

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

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

35. The multifaceted value concept is practiced when companies operate with the understanding that products provide value in multiple ways.

ANS: F

This is the total value concept.

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

TOP: AACSB Reflective Thinking| CB&E Model Product| R&D Knowledge of human behavior & society

36. 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. 33

OBJ: 02-3

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

37. Target market refers to the market segment a company will serve with a specific marketing mix.

ANS: T                    PTS: 1                    DIF: Easy                    REF: p. 33

OBJ: 02-4

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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. 33                    OBJ: 02-4

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

39. Value 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. 34                    OBJ: 02-4

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

ANS: T                    PTS: 1                    DIF: Easy                    REF: p. 34

OBJ: 02-4

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

41. Backward sloping demand refers to the fact that as price increases, quantity demanded typically decreases.

ANS: F

Backward sloping demand describes a positive price-quantity demanded relationship.

PTS: 1                    DIF: Hard                    REF: p. 34-35                    OBJ: 02-4

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

ANS: T                    PTS: 1                    DIF: Easy                    REF: p. 35

OBJ: 02-4

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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. 35

OBJ: 02-4

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

ANS: T                    PTS: 1                    DIF: Moderate                    REF: p. 35

OBJ: 02-5

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

ANS: F

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

PTS: 1                    DIF: Hard                    REF: p. 35                    OBJ: 02-5

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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

ANS: T                    PTS: 1                    DIF: Moderate                    REF: p. 36

OBJ: 02-5

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

47. Both consumers and marketers enter exchanges seeking value.

ANS: T                    PTS: 1                    DIF: Moderate                    REF: p. 37

OBJ: 02-6

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

48. All 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: Moderate                    REF: p. 38                    OBJ: 02-6

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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. 38

OBJ: 02-6

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

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. 38

OBJ: 02-6

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

## MULTIPLE CHOICE

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

ANS: B

PTS: 1

DIF: Moderate

REF: p. 24

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

2. \_\_\_\_\_ is at the heart of experiencing and understanding consumer behavior.
- Value
  - Consumption
  - Personality
  - Culture
  - Quality

ANS: A

PTS: 1

DIF: Moderate

REF: p. 24

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

3. All of the following are elements of consumer psychology EXCEPT \_\_\_\_\_.
- learning
  - attitude
  - culture
  - information processing
  - memory

ANS: C

PTS: 1

DIF: Hard

REF: p. 24

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

4. Which of the following is an external influence on consumer value?
- personal values

- b. lifestyles
- c. needs
- d. perception
- e. reference groups

ANS: E                      PTS: 1                      DIF: Moderate                      REF: p. 24

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

5. USSA is an insurance company that believes customers form relationships with companies as opposed to companies merely conducting individual transactions with customers. For this reason, USAA rewards 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. USAA is implementing \_\_\_\_\_.
- a. consumer value management (CVM)
  - b. hedonic value
  - c. marketing relationship management (MRM)
  - d. customer relationship management (CRM)
  - e. relationship quality management (RQM)

ANS: D                      PTS: 1                      DIF: Hard                      REF: p. 24

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

6. Carlos tracks detailed information about customers so more customer-oriented decisions can be made with these decisions hopefully leading to longer-lasting relationships with customers. Carlos is involved in \_\_\_\_\_.
- a. customer relationship management
  - b. marketing management
  - c. consumer value management
  - d. quality management
  - e. internal marketing management

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 24

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

7. When a consumer realizes high value from an exchange with a company, \_\_\_\_\_ improves.
- a. relationship quality
  - b. internalization
  - c. emotional attachment
  - d. augmented quality
  - e. elasticity

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 25

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

8. \_\_\_\_\_ are things that go on inside of the mind and heart of the consumer and influence value.
- a. External influences
  - b. Innate influences
  - c. Internal influences

- d. Social influences
- e. Personal influences

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 25

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

9. Bart believes that Toyota automobiles are more reliable than Ford automobiles. This thinking or mental processes that Bart is engaged in represents which psychological element?
- a. personality
  - b. affect
  - c. lifestyle
  - d. individual differences
  - e. cognition

ANS: E                      PTS: 1                      DIF: Hard                      REF: p. 26

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

10. \_\_\_\_\_ refers to the feelings that are experienced during consumption activities or associated with specific objects.
- a. Cognition
  - b. Internalization
  - c. Affect
  - d. Value
  - e. Utilitarian value

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 26

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

11. Characteristic traits of individuals, including personality and lifestyles, are known as \_\_\_\_\_.
- a. individual differences
  - b. individual identifiers
  - c. discriminators
  - d. value enhancers
  - e. exemplars

ANS: A                      PTS: 1                      DIF: Easy                      REF: p. 26

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

12. Meagan is a member of a sorority. She uses certain brands because they are popular with the others in her sorority. Her sorority sisters are part of the \_\_\_\_\_ that influences Meagan's everyday experiences.
- a. internal environment
  - b. value network
  - c. relationship network
  - d. emotional environment
  - e. social environment

ANS: E                      PTS: 1                      DIF: Hard                      REF: p. 27

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

13. \_\_\_\_\_ is a personal assessment of the net worth obtained from an activity.
- Value
  - Customer lifetime value
  - Prestige
  - Quality
  - Effort

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 28

OBJ: 02-2

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

14. An example of benefits received from consumption is \_\_\_\_\_.
- quality
  - convenience
  - prestige
  - experience
  - all of the above

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

OBJ: 02-2

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

15. Laurie needed a new washing machine, so she visited several stores to find the right one. She purchased one from Sears and was satisfied that her needs were met. Which of the following best describes the type of value Laurie received?
- end-state value
  - hedonic value
  - terminal value
  - utilitarian value
  - purchase value

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 29

OBJ: 02-2

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

16. \_\_\_\_\_ is the immediate gratification that comes from experiencing some activity.
- Hedonic value
  - Utilitarian value
  - End-state value
  - Terminal value
  - Experiential value

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 29

OBJ: 02-2

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

17. Sarah and her friends 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 Sarah and her friends experiencing?
- utilitarian value
  - pleasure-seeking value
  - hedonic value
  - experiential value
  - augmented value

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 29

OBJ: 02-2

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

18. How do hedonic and utilitarian value differ?
- 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.
  - When a consumer does something to obtain hedonic value, the action is usually very easy to explain objectively.
  - Utilitarian value is immediate and hedonic value is delayed.
  - Hedonic value is more positive and longer-lasting than utilitarian value.

ANS: B                      PTS: 1                      DIF: Hard                      REF: p. 29

OBJ: 02-2

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

19. A planned way of doing something is known as a(n) \_\_\_\_\_.
- objective
  - mission
  - goal
  - utilization
  - strategy

ANS: E                      PTS: 1                      DIF: Moderate                      REF: p. 30

OBJ: 02-3

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

20. Which strategy deals with how the firm will be defined and sets general goals?
- corporate strategy
  - marketing strategy
  - tactics
  - top-level strategy
  - meta-strategy

ANS: A                      PTS: 1                      DIF: Easy                      REF: p. 30

OBJ: 02-3

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

21. Which of the following is NOT considered a marketing tactic?
- product
  - price
  - promotion

- d. distribution
- e. all of the above are marketing tactics

ANS: E                      PTS: 1                      DIF: Moderate                      REF: p. 31

OBJ: 02-3

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

22. Phillip purchases a high-definition television as well as installation and an extended warranty. This is an example of a(n) \_\_\_\_\_.
- a. augmented product
  - b. complete product
  - c. extended product
  - d. total product
  - e. segmented product

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 32

OBJ: 02-3

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

23. The business practice wherein companies operate with the understanding that products provide value in multiple ways is called the \_\_\_\_\_.
- a. augmented product concept
  - b. total value concept
  - c. marketing concept
  - d. product concept
  - e. multifaceted product concept

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 32

OBJ: 02-3

TOP: AACSB Reflective Thinking| CB&E Model Product| R&D Knowledge of human behavior & society

24. All of the following are elements of the marketing mix EXCEPT \_\_\_\_\_.
- a. price
  - b. planning
  - c. promotion
  - d. distribution
  - e. product

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 33

OBJ: 02-3

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

25. Vann's is a company that manufactures and markets shoes for serious skateboarders. These consumers are predominantly males, 10-25 years old. This market segment that Vann's serves with a specific marketing mix is called its \_\_\_\_\_.
- a. preferred market
  - b. optimum market
  - c. target market
  - d. selected market
  - e. segmented market

ANS: C                    PTS: 1                    DIF: Moderate                    REF: p. 33

OBJ: 02-4

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

26. \_\_\_\_\_ is the separation of a market into groups based on the different demand curves associated with each group.
- Market zoning
  - Market augmentation
  - Market positioning
  - Market segmentation
  - Market selection

ANS: D                    PTS: 1                    DIF: Easy                    REF: p. 33

OBJ: 02-4

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

27. The degree to which a consumer is sensitive to changes in some product characteristic is known as \_\_\_\_\_.
- elasticity
  - differentiation
  - sensitivity
  - segmentation
  - positioning

ANS: A                    PTS: 1                    DIF: Moderate                    REF: p. 34

OBJ: 02-4

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

28. A product with backward sloping demand \_\_\_\_\_
- displays a negative price-quantity demanded relationship
  - means consumers are more sensitive to price than to other product factors
  - displays a neutral price-quantity demanded relationship
  - displays a positive price-quantity demanded relationship
  - displays a positive price-quality relationship

ANS: D                    PTS: 1                    DIF: Hard                    REF: p. 34-35

OBJ: 02-4

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

29. 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. This marketplace condition in which consumers do not view all competing products as identical to one another is called \_\_\_\_\_.
- product differentiation
  - product variation
  - market segmentation
  - perceptual differentiation
  - selective perception

ANS: A                    PTS: 1                    DIF: Moderate                    REF: p. 35

OBJ: 02-5



TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

30. \_\_\_\_\_ refers to the way a product is perceived by a consumer.
- Product differentiation
  - Product augmentation
  - Product positioning
  - Product segmentation
  - Product perception

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 35

OBJ: 02-5

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

31. Which of the following is used to depict graphically the positioning of competing products?
- product map
  - schema
  - demand curve
  - product map
  - perceptual map

ANS: E                      PTS: 1                      DIF: Moderate                      REF: p. 35

OBJ: 02-5

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

32. 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
  - slope intercept

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 36

OBJ: 02-5

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

33. \_\_\_\_\_ is defined as value-producing activities that facilitate exchange.
- Marketing
  - Consumer behavior
  - Consumption
  - Business
  - Customer relationship management (CRM)

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 37

OBJ: 02-6

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

34. The approximate worth of a customer to a company in economic terms is known as \_\_\_\_\_.
- net present value (NPV)
  - customer lifetime value (CLV)

- c. customer present value (CPV)
- d. customer future value (CFV)
- e. customer value (CV)

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 38

OBJ: 02-6

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

35. Customer lifetime value is equal to the net present value of the stream of profits over a customer's lifetime plus \_\_\_\_.
- 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: Hard                      REF: p. 38

OBJ: 02-6

TOP: AACSB Reflective Thinking| CB&E Model Customer| R&D Knowledge of human behavior & society

## ESSAY

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

ANS:

The **Consumer Value Framework (CVF)** (see Exhibit 2.1) 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: Hard                      REF: p. 24-25                      OBJ: 02-1

TOP: AACSB Reflective Thinking| AACSB Communication| CB&E Model Customer| R&D Knowledge of human behavior & society

2. Define consumer value and compare and contrast two key types of value.

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.

PTS: 1                    DIF: Moderate            REF: p. 28-29            OBJ: 02-2  
TOP: AACSB Reflective Thinking| AACSB Communication| CB&E Model Customer| R&D  
Knowledge of human behavior & society

3. Explain why the process of market segmentation is important for effective marketing.

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. Thus, the process of market segmentation is important for effective marketing because it allows the marketer to understand consumers better and then deliver value more effectively.

PTS: 1                    DIF: Moderate            REF: p. 33-35            OBJ: 02-4  
TOP: AACSB Reflective Thinking| AACSB Communication| CB&E Model Customer| R&D  
Knowledge of human behavior & society

4. 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: Moderate            REF: p. 35-36            OBJ: 02-5  
TOP: AACSB Reflective Thinking| AACSB Communication| CB&E Model Customer| R&D  
Knowledge of human behavior & society

5. Explain the concept of Customer Lifetime Value (CLV) and describe how it might be determined.

ANS:

**Customer Lifetime Value (CLV)** represents the approximate worth of a customer to a company in economic terms. Recall that marketing is the value-producing activities that facilitate exchange, and both consumers and marketers enter exchange seeking value. However, not every customer is equally valuable to a firm, and the 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. In equation form,  $CLV = npv(\text{sales} - \text{costs}) + npv(\text{equity})$ .

PTS: 1                    DIF: Moderate            REF: p. 37-38            OBJ: 02-6  
TOP: AACSB Reflective Thinking| AACSB Communication| CB&E Model Customer| R&D

Knowledge of human behavior & society