

## Chapter 1: What Is CB and Why Should I Care?

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### TRUE/FALSE

1. An understanding of consumer behaviour can mean better business for companies, better public policy for governments, and a better life for individuals.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 4  
OBJ: 01-1

2. While consumer behaviour refers to human thought and action, it is not considered a field of study.

ANS: F  
Consumer behaviour can be defined from two different perspectives: (1) human thought and action and (2) a field of study that is developing an accumulated body of knowledge.

PTS: 1                      DIF: Moderate                      REF: p. 4                      OBJ: 01-1

3. Consumer behaviour can be thought of as the actions, reactions, and consequences that take place as the consumer goes through a decision-making process, reaches a decision, and then uses the product.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 4  
OBJ: 01-1

4. Consumer behaviour is the set of value-seeking activities that take place as people go about addressing needs.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 4  
OBJ: 01-1

5. The basic consumption process begins with the consumer recognizing that he or she wants something new.

ANS: F  
Recognition of a need begins the consumption process. A want is simply a specific desire that spells out a way a consumer can go about addressing a recognized need.

PTS: 1                      DIF: Hard                      REF: p. 5                      OBJ: 01-1

6. The basic consumption process involves a consumer assessing the costs and benefits associated with a choice.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 5  
OBJ: 01-1

7. The final step in the consumption process is satisfaction.

ANS: F

The final step in the consumption process is value.

PTS: 1                      DIF: Moderate                      REF: p. 5                      OBJ: 01-1

8. An exchange is the acting out of a decision to give something up in return for something of equal value.

ANS: F

Something is given up in return for something of greater value.

PTS: 1                      DIF: Hard                      REF: p. 5                      OBJ: 01-1

9. Consumer behaviour represents the process by which goods, services, or ideas are used and transformed into value.

ANS: F

This is the definition of consumption, not consumer behaviour.

PTS: 1                      DIF: Hard                      REF: p. 4-5                      OBJ: 01-1

10. Costs involve more than just the price of the product.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 5  
OBJ: 01-1

11. Benefits are the only result of consumption.

ANS: F

Costs are also the result of consumption.

PTS: 1                      DIF: Hard                      REF: p. 5                      OBJ: 01-1

12. Consumer behaviour, as a field of study, is a very young field.

ANS: T                      PTS: 1                      DIF: Hard                      REF: p. 6  
OBJ: 01-1

13. Consumer behaviour has family roots in other disciplines such as economics, anthropology, and psychology.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 6  
OBJ: 01-1

14. Marketing's roots in economics are evident in the production and distribution of goods.

ANS: T                      PTS: 1                      DIF: Hard                      REF: p. 6  
OBJ: 01-1

15. Psychology is the study of human reactions to their environment.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 7  
OBJ: 01-1

16. The sub-disciplines of psychology that are highly relevant to consumer behaviour are social psychology and experimental psychology.

ANS: F  
The sub-disciplines of psychology that are highly relevant to consumer behaviour are social psychology and cognitive psychology.

PTS: 1                      DIF: Moderate                      REF: p. 7                      OBJ: 01-1

17. Anthropology focuses on the thoughts, feelings, and behaviours that people have as they interact with other people.

ANS: F  
Social psychology focuses on the thoughts, feelings, and behaviours that people have as they interact with other people.

PTS: 1                      DIF: Moderate                      REF: p. 7                      OBJ: 01-1

18. Cognitive psychology is helpful in understanding how consumers process information from marketing communications such as advertisements.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 7  
OBJ: 01-1

19. Marketing activities include the production, promotion, pricing, and distribution of goods, services, ideas, and experiences that provide value for consumers and other stakeholders.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 7  
OBJ: 01-1

20. Consumer behaviour focuses primarily on the study of groups of people within a society.

ANS: F  
Sociology focuses on the study of groups of people within a society. Consumer behaviour studies consumers as they go about the consumption process and encompasses knowledge from sociology as well as several other disciplines.

PTS: 1                      DIF: Hard                      REF: p. 8                      OBJ: 01-1

21. Anthropology has contributed to consumer behaviour research by allowing researchers to interpret the relationships between consumers and the things they purchase, the products they own, and the activities in which they participate.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 8  
OBJ: 01-1

22. A highly competitive marketplace in which consumers have many alternatives is more likely to result in better customer service than a marketplace with little competition.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 9  
OBJ: 01-2

23. A market-oriented firm stresses the importance of creating value for customers among all employees.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 9  
OBJ: 01-2

24. Relationship marketing is based on the belief that firm performance is enhanced through repeat business.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 10  
OBJ: 01-2

25. Interaction points refer to direct contacts between the firm and a customer.

ANS: F  
Touchpoints refer to direct contacts between the firm and a customer.

PTS: 1                      DIF: Moderate                      REF: p. 10                      OBJ: 01-2

26. One theory explaining why companies succeed or fail is attribution theory.

ANS: F  
Resource-advantage theory is a theory explaining why companies succeed or fail and describes how the firm goes about obtaining resources from consumers in return for the value the resources create.

PTS: 1                      DIF: Hard                      REF: p. 11                      OBJ: 01-3

27. Benefits are the physical parts of a product.

ANS: F  
Attributes are the physical parts of a product.

PTS: 1                      DIF: Moderate                      REF: p. 11                      OBJ: 01-3

28. A product is a potentially valuable bundle of benefits.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 11  
OBJ: 01-3

29. Undifferentiated marketing means that the same basic product is offered to all customers.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 12  
OBJ: 01-3

30. Undifferentiated marketers generally adopt a market orientation.

ANS: F  
Undifferentiated marketers generally adopt a product orientation.

PTS: 1                      DIF: Moderate                      REF: p. 12                      OBJ: 01-3

31. A market orientation means innovation is geared primarily toward making the production process as efficient and economic as possible.

ANS: F  
This is a product orientation.

PTS: 1                      DIF: Moderate                      REF: p. 12                      OBJ: 01-3

32. Differentiated marketing can be taken to the extreme with a practice known as one-to-one marketing.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 13  
OBJ: 01-3

33. Niche marketers specialize in serving one market segment.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 13  
OBJ: 01-3

34. There are several approaches to studying consumer behaviour, but most researchers agree that the interpretive approach is the best.

ANS: F  
Consumer researchers have many tools and approaches with which to study consumer behaviour, and researchers don't always agree on which approach is the best.

PTS: 1                      DIF: Hard                      REF: p. 15                      OBJ: 01-4

35. Interpretive research seeks to explain the inner meanings and motivations associated with specific consumption experiences.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 16  
OBJ: 01-4

36. Quantitative research tools include things such as case analyses, clinical interviews, focus group interviews, and other tools in which data are gathered in a relatively unstructured way.

ANS: F

These are qualitative research tools.

PTS: 1                      DIF: Moderate                      REF: p. 16                      OBJ: 01-4

37. Data generated from qualitative research are considered “researcher-dependent.”

ANS: T

PTS: 1

DIF: Moderate

REF: p. 16

OBJ: 01-4

38. The roots of interpretive consumer research go back over 150 years to the earliest days of consumer research.

ANS: F

The roots of interpretive research go back over 50 years.

PTS: 1                      DIF: Hard                      REF: p. 16                      OBJ: 01-4

39. The motivational research era in consumer research proved to be very useful in providing satisfying explanations for consumer behaviour on a large scale.

ANS: F

The motivational research era proved disappointing in providing satisfying explanations of consumer behaviour on a large scale.

PTS: 1                      DIF: Moderate                      REF: p. 16                      OBJ: 01-4

40. Two common interpretative orientations are psychology and sociology.

ANS: F

Two common interpretative orientations are phenomenology and ethnography.

PTS: 1                      DIF: Hard                      REF: p. 16                      OBJ: 01-4

41. The phenomenological researcher relies on highly structured, formal interviews with consumers.

ANS: F

The phenomenological research relies on casual interviews.

PTS: 1                      DIF: Moderate                      REF: p. 16                      OBJ: 01-4

42. An ethnographic approach to studying consumers often involves analyzing the artifacts associated with consumption.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 16  
OBJ: 01-4

43. A researcher measuring consumers' attitudes toward different brands on a scale ranging from 1 (very negative) to 5 (very positive) is using qualitative research.

ANS: F  
Quantitative research uses numerical measurement and analysis tools.

PTS: 1                      DIF: Hard                      REF: p. 17                      OBJ: 01-4

44. Interpretation of quantitative research data is a function of the researcher's opinion.

ANS: F  
Unlike qualitative data, quantitative data are not researcher dependent; that is, the interpretation of the data is not a matter of opinion.

PTS: 1                      DIF: Moderate                      REF: p. 17                      OBJ: 01-4

45. Qualitative research better enables researchers to test hypotheses as compared to quantitative research.

ANS: F  
Quantitative research better enables researchers to test hypotheses as compared to qualitative research.

PTS: 1                      DIF: Moderate                      REF: p. 17                      OBJ: 01-4

46. Trends shaping the value received by consumers include internationalization, technological changes, changing communications, changing demographics, and the changing economy.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 18-20  
OBJ: 01-5

47. Companies must deal only with geographical distances when operating in different countries.

ANS: F  
Companies must deal with cultural distances as well.

PTS: 1                      DIF: Moderate                      REF: p. 18                      OBJ: 01-5

48. The Internet has made geographical distance almost a non-issue.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 19  
OBJ: 01-5

49. One demographic trend impacting marketers is that households increasingly include two primary income providers.

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 19  
OBJ: 01-5

50. One demographic trend shaping consumer behaviour is the decreasing birth rates in the U.S. and Europe.

ANS: T                      PTS: 1                      DIF: Moderate                      REF: p. 20  
OBJ: 01-5

51. There is a standard definition for ethical behaviour in Canada.

ANS: F  
People do not agree on exactly what behaviours should and should not be considered ethical.

PTS: 1                      DIF: Easy                      REF: p. 5                      OBJ: 01-1

52. Marketing ethics consist of societal and professional standards of right and fair practices that are expected of managers as they develop and implement marketing strategies

ANS: T                      PTS: 1                      DIF: Easy                      REF: p. 5  
OBJ: 01-1

## **MULTIPLE CHOICE**

1. What are the two perspectives from which consumer behaviour can be defined?
- a. primary and secondary
  - b. human thought & behaviour and as a field of study
  - c. social and psychological
  - d. based on needs and based on wants

ANS: B                      PTS: 1                      DIF: Easy                      REF: p. 4  
OBJ: 01-2                      BLM: Remember

2. A market researcher focuses on the psychological process, including the thoughts, feelings, and behaviour people experience once they realize they have an unmet need. What set of value-seeking activities is the researcher examining?
- a. marketing
  - b. consumer behaviour
  - c. cognitive psychology
  - d. consumption

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 4  
OBJ: 01-2                      BLM: Higher Order

3. Poppy has decided that she should buy a car to get to her new job on the opposite side of town. In terms of the basic consumption process, what is this first step referred to as?
- a. cost and benefit analysis
  - b. value assessment
  - c. want specification
  - d. need realization

ANS: D                      PTS: 1                      DIF: Easy                      REF: p. 5  
OBJ: 01-2                      BLM: Higher Order

4. What is the last step in the basic consumption process?
- a. exchange
  - b. value
  - c. reaction
  - d. costs and benefits

ANS: B                      PTS: 1                      DIF: Easy                      REF: p. 5  
OBJ: 01-2                      BLM: Remember

5. Renee is going to a formal dance next month and goes shopping for a full-length gown. What does the gown exemplify in the basic consumption process?
- a. need
  - b. want
  - c. reaction
  - d. satisfier

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 5  
OBJ: 01-2                      BLM: Higher Order

6. What is the term for the decision to give something up in return for something of greater value?
- a. exchange
  - b. marketing
  - c. consumption
  - d. consumer behaviour

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 5  
OBJ: 01-2                      BLM: Remember

7. Customers pay money for products they believe will satisfy their needs and wants. What is the term for this transfer of money for goods or services?
- a. benefit gratification
  - b. consumption
  - c. transformational marketing
  - d. exchange

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 5  
OBJ: 01-2                      BLM: Higher Order

8. What is the term for the negative results of consumption?
- a. wants
  - b. reactions
  - c. costs
  - d. consequences

ANS: C                      PTS: 1                      DIF: Easy                      REF: p. 5  
OBJ: 01-2                      BLM: Remember

9. Dana and John are expecting their first child and are purchasing furniture for the nursery. They are searching the Internet, reading parents' magazines and paying attention to the advertisements, and visiting many stores because they want to purchase the best quality furniture that fits their budget. In relation to the consumption process, what is the term for the effort they are expending to ensure they make the right decision?
- a. a cost
  - b. a reaction
  - c. a value outcome
  - d. a benefit

ANS: A                      PTS: 1                      DIF: Hard                      REF: p. 5  
OBJ: 01-2                      BLM: Higher Order

10. Henry buys a new laptop because of the numerous features and upgrades that are offered from this newer model. What are these features referred to in terms of the consumption process?
- a. costs
  - b. benefits
  - c. enhancers
  - d. satisfiers

ANS: B                      PTS: 1                      DIF: Easy                      REF: p. 5  
OBJ: 01-2                      BLM: Higher Order

11. Apple sold more than 7 million iPads within months of launching the product. Prices for this product ranged from \$499 to more than \$800, and Apple had difficulty keeping up with the demand. Why were so many iPads sold?
- a. satisfaction outweighed demand
  - b. need was greater than want
  - c. consumption exceeded the need
  - d. benefits were greater than costs

ANS: D                      PTS: 1                      DIF: Hard                      REF: p. 5  
OBJ: 01-2                      BLM: Higher Order

12. What is the process by which goods, services, or ideas are used and transformed into value?
- a. value transfer
  - b. cost conversion
  - c. benefits conversion
  - d. consumption

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 5  
OBJ: 01-2                      BLM: Remember

13. When consumers recognize they have an unmet need, they usually seek out specific products or services that they believe will satisfy that need and provide value to them. They are willing to give up something, such as money and effort, to find the products or services that will provide the benefits they seek. What is the term for this process that consumers go through to satisfy their needs?

- a. marketing
- b. consumption
- c. exchange
- d. purchase

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 5

OBJ: 01-2                      BLM: Higher Order

14. A description for a marketing course in a university course catalogue states, “This course represents the study of consumers as they go about the consumption process.” What is the name of this course?

- a. Consumer Marketing
- b. Value-based Marketing
- c. Consumption Marketing
- d. Consumer Behaviour

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 6

OBJ: 01-2                      BLM: Remember

15. Which of the following is NOT a discipline in which consumer behaviour has roots?

- a. economics
- b. accounting
- c. anthropology
- d. social psychology

ANS: B                      PTS: 1                      DIF: Hard                      REF: p. 6

OBJ: 01-2                      BLM: Higher Order

16. William has been researching production and consumption patterns in China for his employer. His work estimating demand for consumer products is part of which discipline?

- a. marketing
- b. psychology
- c. economics
- d. anthropology

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 6

OBJ: 01-2                      BLM: Higher Order

17. Juan is majoring in a discipline that examines the production and consumption of goods and services. What is Juan's major?
- a. economics
  - b. accounting
  - c. anthropology
  - d. production management

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 6  
OBJ: 01-2                      BLM: Remember

18. Which discipline studies people's reactions to their environment?
- a. economics
  - b. psychology
  - c. anthropology
  - d. sociology

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 7  
OBJ: 01-2                      BLM: Remember

19. Marian is trying to decide on a major, so she takes an aptitude test offered by the career services office at her school. The results indicate that she is interested in understanding how people react to their environment and is concerned with their thoughts, feelings, and behaviours. Which discipline should Marian pursue?
- a. economics
  - b. anthropology
  - c. psychology
  - d. biology

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 7  
OBJ: 01-2                      BLM: Higher Order

20. What is the area of focus for social psychologists?
- a. the intricacies of mental reactions involved in information processing
  - b. the value-producing activities that facilitate exchanges between buyers and sellers
  - c. the relationships between people and their possessions
  - d. the thoughts, feelings, and behaviours that people have as they interact with other people

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 7  
OBJ: 01-2                      BLM: Remember

21. John is a psychologist who analyzes the thoughts, feelings, and behaviours that people have as they interact with other people in groups. What type of psychologist is John?
- a. qualitative psychologist
  - b. group psychologist
  - c. cognitive psychologist
  - d. social psychologist

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 7  
OBJ: 01-2                      BLM: Higher Order

22. Melanie is a psychologist who studies consumer behaviour. She specializes in the mental reactions involved in consumer information processing, such as how advertisements persuade consumers to buy a product. Which field of psychology is Melanie practising?
- a. qualitative psychology
  - b. personal psychology
  - c. cognitive psychology
  - d. social psychology

ANS: C                      PTS: 1                      DIF: Hard                      REF: p. 7  
OBJ: 01-2                      BLM: Higher Order

23. Which area involves the multitude of value-producing activities that facilitate exchanges between buyers and sellers?
- a. consumer behaviour
  - b. marketing
  - c. psychology
  - d. economics

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 7  
OBJ: 01-2                      BLM: Remember

24. Marketing as a recognized discipline grew out of two other disciplines. What are the two disciplines?
- a. economics and psychology
  - b. psychology and anthropology
  - c. psychology and sociology
  - d. sociology and economics

ANS: A                      PTS: 1                      DIF: Hard                      REF: p. 8  
OBJ: 01-2                      BLM: Remember

25. Which discipline should you study to learn about how groups of people interact within society?
- a. economics
  - b. sociology
  - c. anthropology
  - d. cognitive psychology

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 8  
OBJ: 01-2                      BLM: Remember

26. Which discipline has contributed to consumer behaviour research by allowing researchers to interpret the relationships between consumers and the things they purchase, the products they own, and the activities in which they participate?
- a. economics
  - b. sociology
  - c. anthropology
  - d. cognitive psychology

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 8  
OBJ: 01-2                      BLM: Remember

27. Two factors should be considered when trying to understand how important serving customers well should be to any given organization. The first factor is the competitiveness of the marketing environment. What is the second factor?
- a. price charged for the product or service
  - b. income level of customers
  - c. social impact
  - d. dependency of the marketer on repeat business

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 8  
OBJ: 01-3                      BLM: Remember

28. Kim moved from one house in a neighbourhood to another house in a nearby neighbourhood. She called her trash collection company to inform them of her address change and was dismayed to learn that her trash collection bill would be \$10 a month higher than it was at her previous residence even though it is the same company. She commented on this and was told by the company that was the price and she could deal with removing her own trash if she didn't like the price hike. Kim had to pay the higher price because there was no other company allowed to service this neighbourhood. Which of the following explains why Kim was treated so poorly by this company?
- a. the trash company was dependent on her repeat business
  - b. no other competitors are providing this service
  - c. trash disposal is a regulated service
  - d. the company really doesn't need her business

ANS: B                      PTS: 1                      DIF: Easy                      REF: p. 8  
OBJ: 01-3                      BLM: Higher Order

29. Due to the competitive nature of the restaurant industry, Harry's Town Pub has implemented a new employee training program that prioritizes providing high-quality customer service and focusing on patron satisfaction. Which type of orientation is Harry's focusing on?
- a. sales orientation
  - b. employee orientation
  - c. consumer orientation
  - d. inward orientation

ANS: C                      PTS: 1                      DIF: Easy                      REF: p. 9  
OBJ: 01-3                      BLM: Higher Order

30. The Ritz-Carlton Hotel has a culture that embodies the importance of creating value for guests among all employees. One way this is implemented is by giving the front desk employees the authority to correct a problem presented by a guest without having to have approval from a manager. Which type of orientation does this company embrace?
- a. market orientation
  - b. product orientation
  - c. sales orientation
  - d. outward orientation

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 9  
OBJ: 01-3                      BLM: Higher Order

31. Which type of marketing is based on the belief that a firm's performance is enhanced through repeat business?
- a. acquisition marketing
  - b. outward marketing
  - c. repetition marketing
  - d. relationship marketing

ANS: D                      PTS: 1                      DIF: Easy                      REF: p. 10  
OBJ: 01-3                      BLM: Remember

32. What is the term for direct contacts between the firm and a customer?
- a. touchpoints
  - b. intersections
  - c. interaction points
  - d. counterpoints

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 10  
OBJ: 01-3                      BLM: Remember

33. Which of the following is NOT an example of a touchpoint?
- a. a consumer placing an order over the telephone
  - b. a customer asking an attendant for directions at an amusement park
  - c. a consumer replying to a request sent in an email by a company
  - d. a consumer watching a television commercial

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 10  
OBJ: 01-3                      BLM: Higher Order

34. According to the textbook, what is the ultimate hallmark of success for a business?
- a. maximum profits
  - b. maximum sales
  - c. long-term survival
  - d. short-term sales

ANS: C                      PTS: 1                      DIF: Easy                      REF: p. 10  
OBJ: 01-4                      BLM: Remember

35. Which theory has “obtaining resources from consumers in return for the value they create” as a basic tenet for explaining why companies succeed or fail?
- a. attribution theory
  - b. resource-advantage theory
  - c. the theory of reasoned action
  - d. resource-elaboration theory

ANS: B                      PTS: 1                      DIF: Hard                      REF: p. 11  
OBJ: 01-4                      BLM: Remember

36. What is the term for the physical parts of a product?

- a. benefits
- b. elements
- c. attributes
- d. components

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 11  
OBJ: 01-4                      BLM: Higher Order

37. Which of the following is NOT an example of a product attribute?

- a. quality
- b. satisfaction
- c. styling
- d. safety

ANS: B                      PTS: 1                      DIF: Hard                      REF: p. 11  
OBJ: 01-4                      BLM: Higher Order

38. What is the definition of a product?

- a. a potentially valuable bundle of benefits
- b. a physical good offered to satisfy a need
- c. an item offering perceived value to a target market
- d. a resource allocated toward satisfying a felt need

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 11  
OBJ: 01-4                      BLM: Remember

39. Which business orientation offers the same basic product to all customers?

- a. undifferentiated marketing
- b. differentiated marketing
- c. niche marketing
- d. product marketing

ANS: A                      PTS: 1                      DIF: Easy                      REF: p. 12  
OBJ: 01-4                      BLM: Remember

40. Walmart's supply chain is as efficient and as economic as possible, which allows it to offer lower prices than competing retailers. With only a few exceptions, Walmart offers the same basic products in all of its stores, even worldwide. What orientation does this illustrate?

- a. market orientation
- b. customer orientation
- c. production orientation
- d. undifferentiated orientation

ANS: C                      PTS: 1                      DIF: Hard                      REF: p. 12  
OBJ: 01-4                      BLM: Higher Order

41. Which of the following is practised by a company that embraces differentiated marketing?
- a. adopting innovative production processes to gain efficiency and economies of scale
  - b. specializing in serving one market segment with particularly unique demand characteristics
  - c. focusing marketing efforts on the largest market segment
  - d. serving multiple market segments each with a unique product offering

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 13  
OBJ: 01-4                      BLM: Remember

42. Procter & Gamble sells six different brands of laundry detergent, each with a unique offering for different market segments. Which business orientation does this illustrate?
- a. undifferentiated marketing
  - b. differentiated marketing
  - c. niche marketing
  - d. multiple marketing

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 13  
OBJ: 01-4                      BLM: Higher Order

43. Some marketers offer each individual customer a different product, so each customer is essentially treated as a segment of one. Which way of doing business does this represent?
- a. personalized marketing
  - b. customer-based marketing
  - c. one-to-one marketing
  - d. niche marketing

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 13  
OBJ: 01-4                      BLM: Remember

44. Lane Bryant is a women's clothing store specializing in stylish clothing and flattering fits for plus-sized women. Which business orientation best describes Lane Bryant's approach?
- a. niche marketing
  - b. one-to-one marketing
  - c. mass marketing
  - d. product marketing

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 13  
OBJ: 01-4                      BLM: Higher Order

45. When consumers study consumer behaviour, they should come to make better decisions. Which of the following topics can be helpful in enlightening consumers?
- a. the idea that there are consequences associated with poor budget allocation
  - b. the lack of emotions in consumer decision making
  - c. the absence of social influences
  - d. the effect of technology on the production process

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 15  
OBJ: 01-4                      BLM: Remember

46. In which research approach to understanding consumers do researchers derive meaning from talking to people and observing behaviour rather than analyzing data?
- a. interpretive research
  - b. quantitative research
  - c. concentric research
  - d. depth research

ANS: A                      PTS: 1                      DIF: Moderate                      REF: p. 16  
OBJ: 01-5                      BLM: Remember

47. Kayla is engaged in research that seeks to explain the inner meanings and motivations associated with purchasing clothing. She records and analyzes the words that consumers use to describe events and observes shoppers in stores. From that, she develops an understanding of what motivates shoppers. What type of research is Kayla performing?
- a. quantitative research
  - b. interpretive research
  - c. sociological research
  - d. independent research

ANS: B                      PTS: 1                      DIF: Hard                      REF: p. 16  
OBJ: 01-5                      BLM: Higher Order

48. What does it mean when research results are “researcher dependent”?
- a. it means the design of the research is a function of the researcher’s skills and training
  - b. it means an unstructured research design was used and the results cannot be replicated by other researchers
  - c. it means that the results are significant only if the researcher validates them
  - d. it means the interpretation of the results is a matter of the researcher’s opinion until corroborate by other findings

ANS: D                      PTS: 1                      DIF: Hard                      REF: p. 16  
OBJ: 01-5                      BLM: Remember

49. Which type of research includes tools such as case analyses, clinical interviews, focus group interviews, and other tools in which data are gathered in a relatively unstructured way?
- a. quantitative research
  - b. qualitative research
  - c. preliminary research
  - d. secondary research

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 16  
OBJ: 01-5                      BLM: Remember

50. Which of the following represents a pair of common interpretive research orientations?
- a. regression and cluster analysis
  - b. phenomenology and ethnography
  - c. primary and secondary
  - d. qualitative and quantitative

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 16  
OBJ: 01-5                      BLM: Remember

51. Which field of study represents the study of consumption as a “lived experience” and relies on casual interviews with consumers from whom the researcher has won confidence and trust?
- a. touchpoint analysis
  - b. psychology
  - c. sociology
  - d. phenomenology

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 16  
OBJ: 01-5                      BLM: Remember

52. Which field of study has roots in anthropology and often involves analyzing the artifacts associated with consumption?
- a. sociology
  - b. phenomenology
  - c. ethnography
  - d. conjoint analysis

ANS: C                      PTS: 1                      DIF: Moderate                      REF: p. 16  
OBJ: 01-5                      BLM: Remember

53. Clark is a student who has been hired by a consumer research firm to help a pizza restaurant learn more about the student market. Part of his job entails hanging out with other students and observing how they decide when to order pizza, which pizza restaurants they order from, how they eat it, and what they do with the leftovers, if any. Clark learned from his observations that some students like to put French dressing on their pizza, which led the pizza restaurant to advertise and offer the dressing with orders. Which interpretive orientation does this best illustrate?
- a. ethnography
  - b. quantitative research
  - c. sociology
  - d. grounded theory

ANS: A                      PTS: 1                      DIF: Hard                      REF: p. 16  
OBJ: 01-5                      BLM: Higher Order

54. Which type of research addresses questions about consumer behaviour using numerical measurement and analysis tools?
- a. quantitative
  - b. qualitative
  - c. interpretive
  - d. final

ANS: A                      PTS: 1                      DIF: Easy                      REF: p. 17  
OBJ: 01-5                      BLM: Remember

55. A consumer research study analyzes the factors predicting a consumer's likelihood to purchase a 3-D television, such as age, income, and stage of family life cycle. Data were collected from 3,000 consumers using a structured questionnaire. Which type of research does this represent?
- a. qualitative
  - b. interpretive
  - c. quantitative
  - d. focused

ANS: C                      PTS: 1                      DIF: Hard                      REF: p. 17  
OBJ: 01-5                      BLM: Higher Order

56. What is the difference between qualitative and quantitative research?
- a. Qualitative research is used for hypothesis testing, and quantitative research is used only for descriptive analyses.
  - b. Quantitative research is longitudinal, and qualitative research is cross-sectional.
  - c. Qualitative research is researcher dependent, and quantitative research is not.
  - d. Quantitative research results in primary data, and qualitative research results in secondary data.

ANS: C                      PTS: 1                      DIF: Hard                      REF: p. 17  
OBJ: 01-5                      BLM: Higher Order

57. Which statement is NOT true regarding quantitative research?
- a. common purpose is to test hypotheses or specific research questions
  - b. structured response categories provided
  - c. samples are typically large to produce generalizable results
  - d. results are subjective

ANS: D                      PTS: 1                      DIF: Hard                      REF: p. 17  
OBJ: 01-5                      BLM: Higher Order

58. Which of the following is NOT a trend shaping the value received by consumers today?
- a. internationalization
  - b. technological changes
  - c. market compression
  - d. changing demographics

ANS: C                      PTS: 1                      DIF: Hard                      REF: p. 18  
OBJ: 01-6                      BLM: Remember

59. Which of the following is a demographic trend shaping consumer behaviour patterns?
- a. increasing family size
  - b. increasing number of households with two primary income providers
  - c. increasing birthrates in the U.S. and Europe
  - d. decreasing levels of consumer affluence in the U.S.

ANS: B                      PTS: 1                      DIF: Hard                      REF: p. 19  
OBJ: 01-6                      BLM: Remember

60. Which aspect of the changing economy likely has the most impact on consumer spending?
- a. high interest rates
  - b. high tax rates
  - c. high prices
  - d. high unemployment rate

ANS: D                      PTS: 1                      DIF: Hard                      REF: p. 20  
OBJ: 01-6                      BLM: Higher Order

### **RESTAURANT RESEARCH SCENARIO**

Insight Research, a marketing research company, has been hired by a national chain of family restaurants to help them better understand their customers and how to serve them better. The restaurant chain has several competitors competing for the same type of customers and has experienced sales declines in the past few years. Researchers go “under cover” and pretend to be customers so that they will fit in while they observe the interactions between customers and the wait staff. Then they write a report of their interpretations of what they experienced personally while pretending to be a customer as well as what they saw regarding interactions of other customers with each other and with the employees of the restaurant. Some example conclusions drawn were that the employees were not especially attentive to the customers and that customers were overheard as saying they didn’t intend to come back. Some researchers also noted that the food was not very good, and they saw several customers send orders back.

61. Refer to Restaurant Research Scenario. What is the best reason why this restaurant chain should be concerned about customer satisfaction?
- a. because all restaurants should be concerned about customer satisfaction
  - b. because the marketplace is competitive and the restaurant is dependent on repeat business
  - c. because serving customers well is just the right thing to do
  - d. because other restaurants in the marketplace are offering price discounts and delivering superior customer satisfaction

ANS: B                      PTS: 1                      DIF: Hard                      REF: p. 8  
OBJ: 01-3                      BLM: Higher Order

62. Refer to Restaurant Research Scenario. When customers interact with the wait staff, what are these interactions called?
- a. moments of truth
  - b. interactions
  - c. process nodes
  - d. touchpoints

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 10  
OBJ: 01-3                      BLM: Higher Order

63. Refer to Restaurant Research Scenario. Which of the following can be a criticism of the research approach used by Insight Research?
- a. not providing useful information to the restaurant
  - b. results are objective
  - c. data are researcher dependent
  - d. interpretive research is not an acceptable approach for understanding consumer behaviour

ANS: C                      PTS: 1                      DIF: Hard                      REF: p. 16  
OBJ: 01-5                      BLM: Higher Order

64. Refer to Restaurant Research Scenario. Which research approach is Insight Research using to better understand this restaurant's customers?
- a. quantitative
  - b. secondary
  - c. focused
  - d. qualitative

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 16  
OBJ: 01-5                      BLM: Higher Order

65. Refer to Restaurant Research Scenario. Which demographic trend discussed in Chapter 1 should result in the restaurant experiencing an increase, not a decrease, in sales?
- a. rise in households with a stay-at-home mom
  - b. rise in households with two primary income providers
  - c. decreasing birth rates
  - d. advances in technology

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 19  
OBJ: 01-6                      BLM: Higher Order

66. What is the term for the standards or moral codes of conduct to which a person, group, or organization adheres?
- a. value perceptions
  - b. market integrity
  - c. ethics
  - d. product principles

ANS: C                      PTS: 1                      DIF: Easy                      REF: p. 5  
OBJ: 01-1                      BLM: Remember

67. A marketing company decides to run an ad that incorrectly states that a product is much better than that of its competitors. What is this an example of?
- a. increased value perception
  - b. a fair value exchange
  - c. good advertising
  - d. unethical behaviour

ANS: D                      PTS: 1                      DIF: Easy                      REF: p. 5  
OBJ: 01-1                      BLM: Higher Order

68. What occurs when companies act with integrity?
- a. their sales decrease
  - b. consumers take advantage of them
  - c. a fair value of exchange takes place
  - d. the price of their product increases

ANS: C                      PTS: 1                      DIF: Easy                      REF: p. 4  
OBJ: 01-1                      BLM: Higher Order

69. How are consumers affected when companies act in an unethical manner?
- a. their value perceptions increase
  - b. they are led to expect more than is delivered
  - c. the value equation is positive in their favour
  - d. they receive complete disclosure

ANS: B                      PTS: 1                      DIF: Moderate                      REF: p. 5  
OBJ: 01-1                      BLM: Remember

70. Why is it very detrimental for companies in today's world to "misbehave" or act unethically?
- a. the marketplace for most products is very uncompetitive as consumers are very loyal to certain brands
  - b. consumers have limited choice for products and services as there are usually only a few major providers
  - c. disgruntled customers may stop buying but have no real influence over others in purchasing decisions
  - d. in the modern economy consumers have a great deal of power and play a large role in whether a company will succeed

ANS: D                      PTS: 1                      DIF: Moderate                      REF: p. 6  
OBJ: 01-1                      BLM: Higher Order

## ESSAY

1. Compare and contrast the concepts *consumption* and *consumer behaviour*.

ANS:

Consumer behaviour can be defined from two different perspectives. This is because the term refers to both:

- (1) Human thought and action, and
- (2) A field of study (human inquiry) that is developing an accumulated body of knowledge.

First, **consumer behaviour** is the set of value-seeking activities that take place as people go about addressing realized needs. **Consumption** represents the process by which goods, services, or ideas are used and transformed into value.

**Consumer behaviour as a field of study** represents the study of consumers as they go about the consumption process.

PTS: 1

DIF: Moderate

REF: p. 4-5

OBJ: 01-2

2. Discuss the relevant contributions of one other discipline to the study of consumer behaviour.

ANS:

Consumer behaviour has roots in several other disciplines, such as economics, psychology (social psychology and cognitive psychology), marketing, sociology, and anthropology. Students can discuss any one of these.

**Economics** — the study of production and consumption. Marketing has its origins in economics, particularly with respect to the production and distribution of goods. By definition, economics also involves consumption. However, the economist's focus on consumer behaviour is generally a broad, or macro, perspective, not individual consumers. Consumer behaviour researchers generally study consumer behaviour at a more micro level, often focusing on individual consumer behaviour.

**Psychology** — the study of humans' reactions to their environment including behaviour and mental processes. Social psychology (group behaviour) and cognitive psychology (mental reactions), in particular, are highly relevant to consumer behaviour. Consumer behaviour most often takes place in some type of social setting; thus, social psychology and consumer behaviour overlap significantly. Every time a consumer evaluates a product, sees an advertisement, or reacts to product consumption, information is processed. Thus, cognitive psychology is also very relevant to consumer behaviour.

**Marketing** — involves the multitude of value-producing seller activities that facilitate exchanges between buyers and sellers. Consumer behaviour and marketing are very closely related. Exchange is ultimately involved in marketing and is central to consumer behaviour too. Marketing actions are targeted at and affect consumers while consumer actions affect marketers.

**Sociology** — focuses on the study of groups of people within a society. This has relevance for consumer behaviour because consumption often takes place within group settings or is in one way or another affected by group behaviour.

**Anthropology** — has contributed to consumer behaviour research by allowing researchers to interpret the relationships between consumers and the things they purchase, the products they own, and the activities in which they participate.

PTS: 1                      DIF: Moderate                      REF: p. 6-8                      OBJ: 01-2

3. Explain why consumers get treated differently in different types of exchange environments. Give an example of a situation where you were treated poorly by a business and explain why you might have been treated that way.

ANS:

Two questions help explain how important serving customers well should be to any given organization:

- (1) How competitive is the marketing environment?
- (2) How dependent is the marketer on repeat business?

A business operating in a market with little or no competition and a captive audience can still survive no matter how poor the service because they know consumers will return to do more business if that is the only option available (e.g., driver's licence bureau). On the other hand, a business operating in a highly competitive marketplace in which consumers have many alternatives practically ensures good customer service.

Students' examples will vary, but they should include a discussion of one or both questions above in their explanation.

PTS: 1                      DIF: Moderate                      REF: p. 8-9                      OBJ: 01-3

4. Explain the role of consumer behaviour in business and society.

ANS:

Consumer behaviour (CB) is important in at least three ways:

- (1) CB as an input to business/marketing strategy.
- (2) CB as a force that shapes society.
- (3) CB as an input to making responsible decisions as a consumer.

Consumer behaviour influences the way a company will do business. Undifferentiated marketing means that the same basic product is offered to all customers. Differentiated marketers serve multiple market segments each with a unique product offering. Niche marketing is practised by firms that specialize in serving one market segment with particularly unique demand characteristics. Understanding customers and potential customers guides marketers to the appropriate way of doing business for a given situation.

The things that people buy and consume end up determining the type of society in which we live. Things like customs, manners, and rituals all involve consumption-value producing activities. Therefore, our collective choices as consumers shape the societies in which we live.

Finally, when consumers study consumer behaviour, they should come to make better decisions. Several topics can be particularly helpful in enlightening consumers including:

- (1) Consequences associated with poor budget allocation.
- (2) The role of emotions in consumer decision making.
- (3) Avenues for seeking redress for unsatisfactory purchases.
- (4) Social influences on decision making, including peer pressure.
- (5) The effect of the environment on consumer behaviour.

PTS: 1

DIF: Hard

REF: p. 10-15

OBJ: 01-4

5. Apple wants to learn how consumers use its blockbuster product, the iPad. Suggest an appropriate research approach and describe how it can be implemented.

ANS:

Students' responses will vary. Either a qualitative or a quantitative approach is appropriate.

Qualitative research tools include things such as case analyses, clinical interviews, focus group interviews, and other tools in which data are gathered in a relatively unstructured way. Data of this type require that the researcher interpret their meaning. Therefore, the data are considered "researcher-dependent." Interpretive research, which seeks to explain the inner meanings and motivations associated with specific consumption experiences, falls into the category of qualitative research. Two common interpretive orientations are phenomenology and ethnography. Students' examples will vary, but if they describe this research approach, they should describe one that is unstructured and does not rely on numerical answers.

Quantitative research addresses questions about consumer behaviour using numerical measurement and analysis tools. The measurement is usually structured, meaning that the consumer will simply choose a response from among alternatives supplied by the researcher. Unlike qualitative research, the data are not researcher dependent. This type of research better enables researchers to test hypotheses as compared to interpretive research. Quantitative research is more likely to stand on its own and not require deep interpretation. Students' examples will vary, but if they suggest this research approach, they should describe activities such as using questionnaires to gather numerical answers and statistical analyses.

PTS: 1                      DIF: Hard                      REF: p. 16-17                      OBJ: 01-5

6. Briefly discuss three recent trends shaping consumer behaviour.

ANS:

Five trends shaping the value received by consumers today are discussed in the chapter: (1) internationalization, (2) technological changes, (3) changing communications, (4) changing demographics, (5) changing economy. Students can discuss any three.

**Internationalization** — While businesses are expanding worldwide, companies must deal not only with geographical distances, but with cultural distances as well. Although chains, such as Starbucks, can be found worldwide, consumers are not alike everywhere these firms operate.

**Technology** — The Internet has made geographical distance almost a non-issue, consumers can shop on their own schedule, and communication technology has also advanced tremendously.

**Communications** — Technology is changing how consumers communicate with each other. Electronic communications are replacing face-to-face communications, with older consumers embracing email and younger ones relying on social media.

**Demographics** — In most of the Western world, notable demographic trends have shaped consumer behaviour patterns greatly. First, households increasingly include two primary income providers. Second, family size is decreasing throughout Canada, the U.S., and Europe. China and India offer opportunities due to their large populations.

**Economy** — High unemployment rates and financial market turmoil have led consumers to be more cautious and react favourably to price-cutting policies. Consumers perceive lower discretionary income.

PTS: 1                      DIF: Moderate                      REF: p. 17-20                      OBJ: 01-6

7. In addition to the demographic trends discussed in Chapter 1, discuss one other demographic trend in the Western world and how that trend will influence consumer behaviour.

ANS:

The chapter discusses two demographic trends: households with two primary income providers and declining birth rates. Other trends students might discuss are:

(1) aging population — a large percentage of the Canadian population, “baby boomers,” retiring will increase demand for financial services, leisure products, and health care.

(2) increasing immigration — it is predicted that by 2017 more than one in five people in Canada will have been born in another country.

These are just suggestions of what students might discuss. Specific answers to this question are not found in this chapter.

PTS: 1

DIF: Hard

REF: p. 19

OBJ: 01-6

8. Briefly describe the overarching ethical principles as set out by the Canadian Marketing Association.

ANS:

### **Overarching Ethical Principles**

#### **Personal Information Practices**

Marketers must promote responsible and transparent personal information management practices in a manner consistent with the provisions of the Personal Information Protection and Electronic Documents Act (Canada) and/or applicable provincial legislation and the 10 privacy principles detailed in Section J of this Code.

#### **Truthfulness**

Marketing communications must be clear and truthful. Marketers must not knowingly make a representation to a consumer or business that is false or misleading.

#### **Campaign Limitations**

Marketers must not participate in any campaign involving the disparagement or exploitation of any person or group on the grounds of race, colour, ethnicity, religion, national origin, gender, sexual orientation, marital status or age.

Marketers must not participate in the dissemination of unsolicited material that is sexually explicit, vulgar or indecent in nature, except where required to do so by law, such as a common carrier.

Marketers must not participate in the dissemination of any material that unduly, gratuitously and without merit exploits sex, horror, mutilation, torture, cruelty, violence or hate, except where required to do so by law, such as a common carrier.

## Chapter 1 What Is CB and Why Should I Care?

Marketers must not knowingly exploit the credulity, lack of knowledge or inexperience of any consumer, taking particular care when dealing with vulnerable consumers. The term “vulnerable consumer” includes, but is not limited to children, teenagers, people with disabilities, the elderly and those for whom English or French is not their first language.

PTS: 1

DIF: Moderate

REF: p. 5

OBJ: 01-1