

TEST BANK

STUDENT EDITION

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Chapter 2: Value and the Consumer Behavior Value Framework

TRUE/FALSE

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

ANS: F

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&C Model Customer| R&D Knowledge of human behavior & society

2. Atmospherics, time and timing, and conditions are situational influences on consumer behavior.

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

OBJ: 02-1

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

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

ANS: F

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

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

TOP: AACSB Reflective Thinking| CB&C 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&C 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&C 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. 25

OBJ: 02-1

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

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

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

OBJ: 02-1

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

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

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

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&C 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&C 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. 27 OBJ: 02-1

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

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

ANS: F

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

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

TOP: AACSB Reflective Thinking| CB&C 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. 27

OBJ: 02-2

TOP: AACSB Reflective Thinking| CB&C 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. 27

OBJ: 02-2

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

17. Price is the best indicator of value.

ANS: F

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

PTS: 1 DIF: Moderate REF: p. 28 OBJ: 02-2

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

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

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

OBJ: 02-2

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

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

ANS: F

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

PTS: 1

DIF: Hard

REF: p. 28

OBJ: 02-2

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

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

ANS: F

The two types of value described are utilitarian and hedonic.

PTS: 1

DIF: Moderate

REF: p. 28

OBJ: 02-2

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

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

ANS: T

PTS: 1

DIF: Moderate

REF: p. 29

OBJ: 02-2

TOP: AACSB Reflective Thinking| CB&C 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&C 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).

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

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

ANS: T PTS: 1 DIF: Easy REF: p. 30
OBJ: 02-3
TOP: AACSB Reflective Thinking| CB&C Model Strategy| R&D Knowledge of general business functions

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

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

PTS: 1 DIF: Moderate REF: p. 30 OBJ: 02-3
TOP: AACSB Reflective Thinking| CB&C Model Strategy| R&D Knowledge of human behavior & society

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

ANS: T PTS: 1 DIF: Easy REF: p. 30
OBJ: 02-3
TOP: AACSB Reflective Thinking| CB&C Model Strategy| R&D Knowledge of general business functions

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

ANS: F
This is corporate strategy.

PTS: 1 DIF: Moderate REF: p. 30 OBJ: 02-3
TOP: AACSB Reflective Thinking| CB&C Model Strategy| R&D Knowledge of general business functions

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

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

PTS: 1 DIF: Hard REF: p. 30 OBJ: 02-3
TOP: AACSB Reflective Thinking| CB&C Model Strategy| R&D Knowledge of general business functions

30. Marketing tactics are ways marketing management is implemented.

ANS: T PTS: 1 DIF: Easy REF: p. 30
OBJ: 02-3
TOP: AACSB Reflective Thinking| CB&C Model Strategy| R&D Knowledge of general business functions

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

ANS: T PTS: 1 DIF: Easy REF: p. 30
OBJ: 02-3
TOP: AACSB Reflective Thinking| CB&C Model Strategy| R&D Knowledge of general business functions

32. 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&C Model Product| R&D Knowledge of general business functions

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

ANS: T PTS: 1 DIF: Moderate REF: p. 31
OBJ: 02-3
TOP: AACSB Reflective Thinking| CB&C Model Product| R&D Knowledge of general business functions

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

ANS: T PTS: 1 DIF: Moderate REF: p. 32
OBJ: 02-3
TOP: AACSB Reflective Thinking| CB&C Model Product| R&D Knowledge of human behavior & society

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

ANS: T PTS: 1 DIF: Easy REF: p. 33
OBJ: 02-3
TOP: AACSB Reflective Thinking| CB&C Model Marketing Plan| R&D Knowledge of general business functions

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

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

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

ANS: F

These are called target markets.

PTS: 1

DIF: Moderate

REF: p. 33

OBJ: 02-4

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

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

ANS: F

This is elasticity.

PTS: 1

DIF: Hard

REF: p. 34

OBJ: 02-4

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

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

ANS: T

PTS: 1

DIF: Easy

REF: p. 34

OBJ: 02-4

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

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

ANS: F

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

PTS: 1

DIF: Hard

REF: p. 34-35

OBJ: 02-4

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

44. 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&C Model Customer| R&D Knowledge of human behavior & society

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

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

OBJ: 02-5

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

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

ANS: F

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

PTS: 1 DIF: Moderate REF: p. 36 OBJ: 02-5

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

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

ANS: F

Not every customer is equally valuable to a firm, that is why the concept of customer lifetime value (CLV) is important.

PTS: 1 DIF: Hard REF: p. 37 OBJ: 02-6

TOP: AACSB Reflective Thinking| CB&C 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. 37

OBJ: 02-6

TOP: AACSB Reflective Thinking| CB&C 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. 37 OBJ: 02-6

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

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

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

OBJ: 02-1

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

3. Which of the following is an internal influence on consumer value?
- costs
 - learning
 - social class
 - time/timing
 - family

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

OBJ: 02-1

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

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

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

OBJ: 02-1

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

5. 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&C Model Customer| R&D Knowledge of human behavior & society

6. A automobile marketer is interested in the psychological influences on potential buyers of luxury automobiles. Which of the following would this researcher be interested in studying?
- lifestyles of luxury car buyers
 - whether buyers are liberal or conservative
 - stage in family lifecycle of luxury car buyers
 - buyers' attitudes toward different brands
 - all of the above

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

OBJ: 02-1

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

7. All of the following are considered part of a consumer's personality EXCEPT ____.
- traits
 - values
 - lifestyles
 - motivation
 - perception

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

OBJ: 02-1

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

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

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

OBJ: 02-1

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

9. USAA 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&C Model Customer| R&D Knowledge of human behavior & society

10. Samantha tracks detailed information about customers so more customer-oriented decisions can be made, hopefully leading to longer-lasting relationships with customers. Samantha 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&C Model Customer| R&D Knowledge of human behavior & society

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

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

OBJ: 02-1

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

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

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

OBJ: 02-1

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

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

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

OBJ: 02-1

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

14. _____ are things that go on inside of the mind and heart of the consumer and influence value.
- External influences
 - Innate influences
 - Internal influences
 - Social influences
 - Personal influences

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

OBJ: 02-1

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

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

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

OBJ: 02-1

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

16. Hannah believes that Mac computers are better than Windows-based computers because they are not as vulnerable to computer viruses. This thinking or mental processes that Hannah 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&C Model Customer| R&D Knowledge of human behavior & society

17. _____ 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&C Model Customer| R&D Knowledge of human behavior & society

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

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

OBJ: 02-1

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

19. 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&C Model Customer| R&D Knowledge of human behavior & society

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

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

OBJ: 02-1

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

21. Haley 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 Haley'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&C Model Customer| R&D Knowledge of human behavior & society

22. Things unique to a time or place that can affect consumer decision making and the value received from consumption are known as _____.
- a. situational influences
 - b. temporal factors
 - c. social influences
 - d. internal factors
 - e. socio-environmental factors

ANS: A PTS: 1 DIF: Moderate REF: p. 27

OBJ: 02-1

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

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

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

OBJ: 02-1

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

24. _____ is a personal assessment of the net worth obtained from an activity.

- a. Value
- b. Customer lifetime value
- c. Prestige
- d. Quality
- e. Effort

ANS: A PTS: 1 DIF: Moderate REF: p. 27

OBJ: 02-2

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

25. Which of the following represents the value equation?

- a. Value = What you get/What you give
- b. Value = What you give/What you get
- c. Value = What you get - What you give
- d. Value = What you give - What you get
- e. Value = What you give + What you get

ANS: C PTS: 1 DIF: Hard REF: p. 28

OBJ: 02-2

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

26. All of the following are examples of benefits received from consumption EXCEPT _____.

- a. quality
- b. convenience
- c. prestige
- d. experience
- e. effort

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

OBJ: 02-2

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

27. All of the following are examples of “What you give,” or sacrifices, in the value equation EXCEPT _____.

- a. time
- b. opportunity
- c. emotions
- d. image
- e. experience

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

OBJ: 02-2

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

28. Two main types of value are _____.

- a. internal and external
- b. utilitarian and hedonic
- c. personal and social

- d. primary and secondary
- e. temporal and stable

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

OBJ: 02-2

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

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

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

OBJ: 02-2

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

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

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

OBJ: 02-2

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

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

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

OBJ: 02-2

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

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

e. augmented value

ANS: C

PTS: 1

DIF: Moderate

REF: p. 29

OBJ: 02-2

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

33. How do hedonic and utilitarian value differ?

- a. Utilitarian value is an end in and of itself rather than a means to an end.
- b. Hedonic value is very emotional and subjective in nature.
- c. When a consumer does something to obtain hedonic value, the action is usually very easy to explain objectively.
- d. Utilitarian value is immediate and hedonic value is delayed.
- e. 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&C Model Customer| R&D Knowledge of human behavior & society

34. A planned way of doing something is known as a(n) _____.

- a. objective
- b. mission
- c. goal
- d. utilization
- e. strategy

ANS: E

PTS: 1

DIF: Moderate

REF: p. 30

OBJ: 02-3

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

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

- a. mission
- b. focus
- c. tactics
- d. blueprint
- e. strategy

ANS: E

PTS: 1

DIF: Hard

REF: p. 30

OBJ: 02-3

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

36. A company that views itself in a product business, rather than in a value, or benefits producing business runs the risk of developing _____, which could cause the company to go out of business if technology makes the product obsolete.

- a. marketing myopia
- b. cognitive dissonance
- c. negative affect

- d. marketing dissonance
- e. marketing disconnect

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

OBJ: 02-3

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

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

ANS: D PTS: 1 DIF: Hard REF: p. 30

OBJ: 02-3

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

38. Which strategy deals with how the firm will be defined and sets general goals?
- a. corporate strategy
 - b. marketing strategy
 - c. tactical strategy
 - d. top-level strategy
 - e. meta-strategy

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

OBJ: 02-3

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

39. All of the following are examples of marketing tactics EXCEPT ____.
- a. determining the quality level of the product
 - b. setting the price of a product or service
 - c. creating advertising for a service
 - d. distributing through discount stores
 - e. setting the company sales goal

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

OBJ: 02-3

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

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

ANS: C PTS: 1 DIF: Hard REF: p. 30

OBJ: 02-3

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

41. The actual physical product purchased plus any services such as installation and warranties necessary to use the product and obtain its benefits is called the ____.
- a. augmented product
 - b. secondary product
 - c. complete product
 - d. enhanced product
 - e. value proposition

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

OBJ: 02-3

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

42. Kyle purchased a Macbook Pro and an extended warranty. He also purchased one-on-one training to learn how to use the computer. 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. 31

OBJ: 02-3

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

43. 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&C Model Product| R&D Knowledge of human behavior & society

44. The realization that a consumer is necessary and must play a part in order to produce value is the major premise underlying the concept of _____.
a. synergy
b. value integration
c. value internalization
d. value co-creation
e. dyadic valuation

ANS: D

PTS: 1

DIF: Moderate

REF: p. 33

OBJ: 02-3

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

45. 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: 02-4

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

46. The market segment a company will serve with a specific marketing mix is referred to as the _____.
a. target market
b. primary market
c. segmented market
d. selected market
e. potential market

ANS: A

PTS: 1

DIF: Moderate

REF: p. 33

OBJ: 02-4

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

47. 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&C Model Marketing Plan| R&D Knowledge of general

business functions

48. _____ is the separation of a market into groups based on the different demand curves associated with each group.
- a. Market zoning
 - b. Market augmentation
 - c. Market positioning
 - d. Market segmentation
 - e. Market selection

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

OBJ: 02-4

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

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

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

OBJ: 02-4

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

50. The degree to which a consumer is sensitive to changes in some product characteristic is known as _____.
- a. elasticity
 - b. differentiation
 - c. sensitivity
 - d. segmentation
 - e. positioning

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

OBJ: 02-4

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

51. A product with backward sloping demand _____
- a. displays a negative price-quantity demanded relationship
 - b. means consumers are more sensitive to price than to other product factors
 - c. displays a neutral price-quantity demanded relationship
 - d. displays a positive price-quantity demanded relationship
 - e. displays a positive price-quality relationship

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

OBJ: 02-4

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

52. _____ refers to a marketplace condition in which consumers do not view all competing products as identical to one another.
- a. Product positioning
 - b. Product differentiation
 - c. Marketing positioning
 - d. Competitive advantage
 - e. Market differentiation

ANS: B

PTS: 1

DIF: Moderate

REF: p. 35

OBJ: 02-4

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

53. Consumers do not view all soft drinks as identical to one another. Some prefer Coca-Cola, while others will only drink Pepsi-Cola. Still others will not drink either cola and drink only non-caffeinated soft drinks. This marketplace condition in which consumers do not view all competing products as identical to one another is called _____.
- a. product differentiation
 - b. product variation
 - c. market segmentation
 - d. perceptual differentiation
 - e. selective perception

ANS: A

PTS: 1

DIF: Moderate

REF: p. 35

OBJ: 02-4

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

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

ANS: C

PTS: 1

DIF: Moderate

REF: p. 35

OBJ: 02-5

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

55. Which of the following is used to depict graphically the positioning of competing products?
- a. product map
 - b. schema
 - c. demand curve
 - d. product map
 - e. perceptual map

ANS: E

PTS: 1

DIF: Moderate

REF: p. 35

OBJ: 02-5

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

56. A cosmetic manufacturer was looking at a graphical display of how women perceived different brands of cosmetics and was dismayed to learn that its brand was clustered with brands that are targeted toward older women, not the younger women the marketer was trying to reach. The graphical depiction of the positioning of competing brands the marketer was using is called a(n) ____.
- a. perceptual map
 - b. BCG matrix
 - c. competitive matrix
 - d. competitive array
 - e. positioning plot

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

OBJ: 02-5

TOP: AACSB Reflective Thinking| CB&C Model Research Plan| R&D Knowledge of human behavior & society

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

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

OBJ: 02-5

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

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

ANS: C PTS: 1 DIF: Hard REF: p. 36

OBJ: 02-5

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

59. The approximate worth of a customer to a company in economic terms is known as ____.
- a. net present value (NPV)
 - b. 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. 37

OBJ: 02-6

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

60. 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. 37

OBJ: 02-6

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

SUPERFOCUS SCENARIO

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

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

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

ANS: D

PTS: 1

DIF: Moderate

REF: p. 29

OBJ: 02-2

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

62. Refer to Superfocus Scenario. People who need multifocal lenses are Superfocus' ____.

- a. market position
- b. target market
- c. product differentiation
- d. focal market
- e. augmented market

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

OBJ: 02-4

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

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

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

OBJ: 02-3

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

64. Refer to Superfocus Scenario. While consumers need and want this type of eyeglass, they also want something that looks fashionable. Most consumers would not consider the round silver stainless steel or titanium aluminum charcoal gray frame fashionable. Thus, on a perceptual map, Superfocus would _____.
- a. not be positioned as a very useful product
 - b. be positioned close to competitors
 - c. be in a quadrant all by itself
 - d. not even appear
 - e. not be very close to the ideal point

ANS: E PTS: 1 DIF: Hard REF: p. 36

OBJ: 02-5

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

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

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

OBJ: 02-1

TOP: AACSB Reflective Thinking| CB&C 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. 24-27 OBJ: 02-1
TOP: AACSB Reflective Thinking| AACSB Communication| CB&C Model Customer| R&D
Knowledge of human behavior & society

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

ANS:

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

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

Students' examples will vary.

PTS: 1 DIF: Moderate REF: p. 27-28 OBJ: 02-2
TOP: AACSB Reflective Thinking| AACSB Communication| CB&C Model Customer| R&D
Knowledge of human behavior & society

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

ANS:

One way that a company can enhance the chance of long-term survival is to have an effective marketing strategy. That is because, in a business environment, a marketing strategy is the way a company goes about creating value for customers. Strategies exist at several different levels. Corporate strategy deals with how the firm will be defined and sets general goals. Marketing strategy then follows.

PTS: 1 DIF: Moderate REF: p. 30 OBJ: 02-3
TOP: AACSB Reflective Thinking| AACSB Communication| CB&C Model Strategy| R&D
Knowledge of general business functions

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

ANS:

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

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

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

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

ANS:

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

PTS: 1 DIF: Moderate REF: p. 35-36 OBJ: 02-5
TOP: AACSB Reflective Thinking| AACSB Communication| CB&C Model Customer| R&D
Knowledge of human behavior & society

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

ANS:

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

PTS: 1 DIF: Hard REF: p. 37-38 OBJ: 02-6
TOP: AACSB Reflective Thinking| AACSB Communication| CB&C Model Customer| R&D
Knowledge of human behavior & society