

**Chapter 01: What is CB and Why Should I Care?**

1. In the basic consumption process, the realization of a need creates a want.
  - a. True
  - b. False

**ANSWER:** True

2. Social psychology deals with the intricacies of mental reactions involved in information processing.
  - a. True
  - b. False

**ANSWER:** False

3. Consumption is a value-producing process in which the marketer and the consumer interact to produce value.
  - a. True
  - b. False

**ANSWER:** True

4. In the context of the ways in which consumers are treated, competition in the marketplace serves to protect consumers.
  - a. True
  - b. False

**ANSWER:** True

5. The international focus of today's modern company places a greater demand on consumer behavior (CB) research.
  - a. True
  - b. False

**ANSWER:** True

6. An understanding of consumer behavior (CB) can translate into better public policy for governments.
  - a. True
  - b. False

**ANSWER:** True

7. Qualitative research tools gather data in a highly structured way.
  - a. True
  - b. False

**ANSWER:** False

8. Costs are the positive results of consumption experiences.
  - a. True
  - b. False

**ANSWER:** False

**Chapter 01: What is CB and Why Should I Care?**

9. In the context of internationalization, companies must deal with geographical distances as well as cultural distances.
- a. True
  - b. False

**ANSWER:** True

10. Interpretive research better enables researchers to test hypotheses as compared to quantitative research.
- a. True
  - b. False

**ANSWER:** False

11. In most of the Western world, notable demographic trends have shaped consumer behavior (CB) patterns greatly over the past quarter century or so.
- a. True
  - b. False

**ANSWER:** True

12. Cognitive psychology is helpful in understanding how consumers process information from marketing communications such as advertisements.
- a. True
  - b. False

**ANSWER:** True

13. In the context of consumption and consumer behavior, costs involve more than just the monetary price of the product.
- a. True
  - b. False

**ANSWER:** True

14. One-to-one marketing is a marketing plan wherein a firm specializes in serving one market segment with particularly unique demand characteristics.
- a. True
  - b. False

**ANSWER:** False

15. A consumer's perception of a product determines the success or failure of the product being offered.
- a. True
  - b. False

**ANSWER:** True

**Chapter 01: What is CB and Why Should I Care?**

16. Decisions about household budget allocation are not very relevant aspects of consumer behavior (CB).
- a. True
  - b. False

**ANSWER:** False

17. The phenomenological researcher relies on casual interviews with consumers from whom the researcher has won confidence and trust.
- a. True
  - b. False

**ANSWER:** True

18. Relationship marketing is based on the belief that a firm's performance is enhanced through repeat business.
- a. True
  - b. False

**ANSWER:** True

19. The Internet has made geographical distance almost a nonissue.
- a. True
  - b. False

**ANSWER:** True

20. A market orientation represents a much narrower focus than a strategic orientation that focuses more solely on production.
- a. True
  - b. False

**ANSWER:** False

21. Unlike qualitative research, quantitative data are not researcher dependent.
- a. True
  - b. False

**ANSWER:** True

22. In the context of consumer behavior (CB) and marketing strategy, a product is a sum of its attributes.
- a. True
  - b. False

**ANSWER:** False

23. In the context of firm orientations, mass media and trade organizations are two of the primary stakeholders of a firm.
- a. True
  - b. False

**ANSWER:** False

**Chapter 01: What is CB and Why Should I Care?**

24. Undifferentiated marketers generally adopt a market orientation.
- a. True
  - b. False

**ANSWER:** False

25. Interpretive research seeks to explain the inner meanings associated with specific consumption experiences.
- a. True
  - b. False

**ANSWER:** True

26. A part, or tangible feature, of a product that potentially delivers a benefit of consumption is called a touchpoint.
- a. True
  - b. False

**ANSWER:** False

27. Consumers usually have negative net worth years into their professional life because of the debt accumulated in early adulthood.
- a. True
  - b. False

**ANSWER:** True

28. A market orientation is an orientation wherein innovation is geared primarily toward making the production process as efficient and economical as possible.
- a. True
  - b. False

**ANSWER:** False

29. Neuroscience studies suggest that when consumers think about enjoying some of their favorite foods, their brains are comparatively less active than when they actually eat the food.
- a. True
  - b. False

**ANSWER:** False

30. A need is a specific desire that spells out a way a consumer can go about addressing a recognized want.
- a. True
  - b. False

**ANSWER:** False

**Chapter 01: What is CB and Why Should I Care?**

31. Two common interpretative research orientations are big data analytics and predictive analytics.
- a. True
  - b. False

**ANSWER:** False

32. An economist's focus on consumer behavior (CB) is generally a micro perspective bounded by specific assumptions.
- a. True
  - b. False

**ANSWER:** False

33. The resource-advantage theory primarily explains the manner in which human resources must be managed in a company.
- a. True
  - b. False

**ANSWER:** False

34. Learning about the effect of the environment on consumer behavior (CB) can help consumers apply that knowledge by making better consumer decisions.
- a. True
  - b. False

**ANSWER:** True

35. One demographic trend that has shaped consumer behavior (CB) patterns is the increasing family size throughout most of Western culture.
- a. True
  - b. False

**ANSWER:** False

36. A(n) \_\_\_\_\_ is a part, or tangible feature, of a product that potentially delivers a benefit of consumption.
- a. benefit
  - b. facet
  - c. touchpoint
  - d. attribute

**ANSWER:** d

**Chapter 01: What is CB and Why Should I Care?**

37. FaveMart, a discount chain store, offers the same basic products in all of its stores. It has a state-of-the-art distribution network, and it ships massive quantities of products to its stores around the world. Due to large quantities, the shipping is very economical, and the store is able to offer lower prices than competing retailers. FaveMart follows a \_\_\_\_\_ approach for innovation.
- a. market orientation
  - b. monopolistic orientation
  - c. production orientation
  - d. customer orientation

**ANSWER: c**

38. A consumer research study conducted by Visual Effects Inc. analyzed factors such as age, income, and the stage of family life cycle to predict the likelihood of consumers purchasing a 3-D television. Data was collected from 3,000 consumers using a structured questionnaire. Which type of research does the given scenario represent?
- a. Qualitative research
  - b. Ethnographic research
  - c. Quantitative research
  - d. Phenomenological research

**ANSWER: c**

39. A consumer to consumer (peer to peer) rental transaction activity is often referred to as \_\_\_\_\_.
- a. multiopsonistic consumption
  - b. social consumption
  - c. productive consumption
  - d. collaborative consumption

**ANSWER: d**

40. Clark, a college student, was hired by a consumer research firm to help a pizza joint learn more about a consumer segment comprising college students. His job entailed observing what factors influenced students to decide when to order pizza and where to order it from. Clark learned from his observations that most students liked Italian dips with their pizza. This led the pizza joint to advertise and offer free Italian dips with all its orders. Which of the following research techniques did the pizza joint use in the given scenario?
- a. Ethnography
  - b. Phenomenology
  - c. Quantitative research
  - d. Predictive analytics

**ANSWER: a**

**Chapter 01: What is CB and Why Should I Care?**

41. In the context of consumer behavior (CB) and marketing strategy, which of the following is true of niche marketers?
- They are exclusively consumer oriented.
  - They can be product oriented.
  - They treat all consumer segments the same.
  - They have a minimal need for consumer research.

**ANSWER:** b

42. Megan is excited about her upcoming high school prom. Although she has many dresses, she decides to go shopping for a new one. In this scenario, the dress is an example of a \_\_\_\_\_ in the basic consumption process.
- necessity
  - touchpoint
  - want
  - reaction

**ANSWER:** c

43. PCPersonal Inc. sold more than 7 million tablet computers within months of launching the product. The price of this product ranged from \$499 to more than \$800. Despite the high price, PCPersonal Inc. had difficulty keeping up with the demand. In the given scenario, the benefits of the product most likely outweigh its \_\_\_\_\_.
- sales
  - necessity
  - demand
  - cost

**ANSWER:** d

44. In the context of the basic consumption process, which of the following statements is true?
- The physical efforts spent in acquiring a product enhance the perceived self-esteem of a consumer.
  - Costs are the negative results of consumption experiences.
  - Browsing the web store and a visit to the retail store are considered benefits.
  - Vanity and the enhancement of perceived self-esteem are considered costs.

**ANSWER:** b

45. Which of the following is true of the demographics trends throughout most of Western culture?
- Households increasingly have one primary income provider.
  - Family size is increasing throughout most of Western culture.
  - European families are averaging less than one child per family.
  - Modern families consist of the stereotypical stay-at-home mom.

**ANSWER:** c

**Chapter 01: What is CB and Why Should I Care?**

46. In undifferentiated marketing, \_\_\_\_\_.
- a. a market orientation is adopted
  - b. a stakeholder orientation is adopted
  - c. the emphasis is on matching a product with a segment
  - d. the same basic product is offered to all customers

**ANSWER:** d

47. In the context of marketing strategy, differentiated marketers:
- a. specialize in serving segments in which consumers do not have specific desires.
  - b. adopt a production orientation.
  - c. focus on the mass production of products.
  - d. minimize the need for consumer research.

**ANSWER:** d

48. Kayla Smith is engaged in research that seeks to explain the inner meanings and motivations associated with customers' purchase of clothing. She records customers' words and observes their interactions as they shop. Through her observations, she develops an understanding of what motivates shoppers. Which of the following types of research is Kayla conducting?
- a. Quantitative research
  - b. Predictive analytics
  - c. Quasi-experimental analytics
  - d. Interpretive research

**ANSWER:** d

49. Which of the following is a characteristic of niche marketing?
- a. It offers a unique product to each individual customer.
  - b. It emphasizes serving customers while incurring minimum costs.
  - c. It serves multiple market segments and gives same treatment to all the consumers.
  - d. It serves one market segment with particularly unique demand characteristics.

**ANSWER:** d

50. In the context of consumer behavior (CB), the interactions between customers and the wait staff of a restaurant are called \_\_\_\_\_.
- a. attributes
  - b. liabilities
  - c. process nodes
  - d. touchpoints

**ANSWER:** d



**Chapter 01: What is CB and Why Should I Care?**

51. In the context of technological change, which of the following statements is true?
- a. Email is the least tracked source of data analytics among marketers.
  - b. The massive amounts of data available to companies cannot be used for predictive analytics.
  - c. Email is the most widely tracked source of data analytics among marketers.
  - d. Big data does not include data from social network interactions and things like GPS tracking.

**ANSWER:** c

52. A market orientation:
- a. focuses exclusively on providing consumer value to remain ahead in a market.
  - b. focuses on eliminating all competition from a market and establishing market monopoly.
  - c. stresses the need to monitor and understand competitor actions in the marketplace.
  - d. stresses the need to prioritize the profitability of a company over consumer value.

**ANSWER:** c

53. Kim Mathews, a retired school teacher, recently relocated to her old neighborhood. To her dismay, she learned that the trash collection company in the area charged almost double the price compared to the companies in other areas. She complained to the company manager but was rudely told that she had to either pay the fee or dispose the trash on her own. Kim had no other option but to pay the fee. The most likely reason the company had such poor customer service is that it:
- a. was dependent on consumers' repeat business.
  - b. did not have competitors providing the same service.
  - c. did not want to serve retired individuals.
  - d. served only high-income households.

**ANSWER:** b

54. Pure & Natural Inc. sells six different brands of laundry detergent. The products under different brands are tailored to meet the requirements of different market segments. Which of the following marketing strategies does Pure & Natural Inc. follow?
- a. Relationship marketing
  - b. Production-oriented marketing
  - c. Differentiated marketing
  - d. Undifferentiated marketing

**ANSWER:** c

**Chapter 01: What is CB and Why Should I Care?**

55. The results of qualitative research are said to be researcher dependent because:
- a. they require an examination of the relationships among many variables using multivariate statistical analysis.
  - b. the results allow a numerical representation of consumers' attitudes and require interpretation by the researcher.
  - c. the measurements are structured, meaning that the consumer will choose a response from among alternatives supplied by the researcher.
  - d. the interpretation of the results is a matter of the researcher's opinion until corroborated by other findings.

**ANSWER:** d

56. A company with a customer orientation will most likely:
- a. prioritize making the production process as efficient and economical as possible.
  - b. prioritize consumer value and satisfaction above all other concerns.
  - c. focus primarily on using the mass media approach to reach consumers.
  - d. emphasize on serving customers while incurring minimum costs.

**ANSWER:** b

57. FittingTrends is a women's clothing line dealing exclusively in stylish clothing and flattering fits for plus-size women. Which of the following marketing plans does FittingTrends follow?
- a. Cause Marketing
  - b. Scarcity Marketing
  - c. Close Range Marketing
  - d. Niche marketing

**ANSWER:** d

58. Berne Retail plans to introduce new private-label brands for beverages. The marketing team will undertake a survey to obtain feedback on these brands through a test marketing exercise. The data collected in this research study will be collated in terms of frequency of purchase and subjected to statistical analysis to determine the brands that have the potential to earn the most. The best-performing new brands will be then chosen for a full-scale rollout. This scenario is an example of \_\_\_\_\_.
- a. psychographic research
  - b. demographic research
  - c. quantitative research
  - d. geodemographic research

**ANSWER:** c

59. Which of the following is an example of the kind of information that is included in big data?
- a. Focus group interviews
  - b. Case analyses
  - c. Survey responses
  - d. Clinical interviews

**ANSWER:** c

**Chapter 01: What is CB and Why Should I Care?**

60. In the context of the changing economy, which of the following statements is true?
- a. Economic, political, and social turmoil around the world has made consumers less cautious about spending money.
  - b. Mature workers are not apt to retire even with the decreased opportunity to work at an acceptable wage.
  - c. Many college students are deciding to stay in school longer, given limited prospects in the workforce.
  - d. Family size is increasing throughout most of Western culture with European families averaging three children per family.

**ANSWER:** c

61. Which of the following methods is an example of quantitative research?
- a. A case study
  - b. An interpretative phenomenological analysis
  - c. A clinical interview
  - d. A multivariate statistical analysis

**ANSWER:** d

62. When trying to understand the importance of consumer service, organizations must consider two important aspects, the competitiveness of the marketing environment and the:
- a. income level of customers.
  - b. social impact of the product or service.
  - c. dependency of the marketer on repeat business.
  - d. environmental impact of the product.

**ANSWER:** c

63. Which of the following orientations is best suited to a differentiated marketer?
- a. Resource orientation
  - b. Production orientation
  - c. Market orientation
  - d. Sales orientation

**ANSWER:** c

64. \_\_\_\_\_ addresses questions about consumer behavior (CB) using numerical measurement and analysis tools.
- a. Quantitative research
  - b. Ethnographic research
  - c. Qualitative research
  - d. Interpretive research

**ANSWER:** a

**Chapter 01: What is CB and Why Should I Care?**

65. Some marketers offer each individual customer a different product, so each customer is essentially treated as a single market segment. Which of the following marketing plans does this represent?
- a. One-to-one marketing
  - b. Niche marketing
  - c. Transactional Marketing
  - d. Close Range Marketing

**ANSWER:** a

66. Sociology is relevant to consumer behavior (CB) because:
- a. it helps to study the brain mechanisms associated with emotion and offers potential for understanding CB.
  - b. every time a consumer evaluates a product or reacts to product consumption, information is processed.
  - c. it helps researchers to interpret the relationships between consumers and the things they purchase.
  - d. consumption often takes place within group settings or is in one way or another affected by group dynamics.

**ANSWER:** d

67. The term \_\_\_\_\_ is used to capture the market activity involving temporary usage for hire (rentals) as a replacement for traditional ownership.
- a. sharing economy
  - b. personal economy
  - c. borrowing economy
  - d. fluctuating economy

**ANSWER:** a

68. Which of the following is an effect of consumers never being satisfied?
- a. Companies are not able to grow and flourish.
  - b. Companies hire more people and raise income levels throughout the economy.
  - c. Companies incur losses and consequently need to downsize their operations.
  - d. Companies find it impossible to meet the consumers' demands.

**ANSWER:** b

69. One of the differences between interpretive and quantitative research is that unlike interpretive research, quantitative research:
- a. is researcher dependent.
  - b. better enables researchers to test hypotheses.
  - c. is not likely to stand on its own and requires deep interpretation.
  - d. does not support a numerical representation of consumers' attitudes.

**ANSWER:** b

**Chapter 01: What is CB and Why Should I Care?**

70. Marie is a psychologist who studies consumer behavior (CB). She specializes in the mental reactions involved in consumer information processing, such as how advertisements persuade consumers to buy a product. In this scenario, Marie is practicing in the field of \_\_\_\_\_.
- a. forensic psychology
  - b. quantitative psychology
  - c. cognitive psychology
  - d. social psychology

**ANSWER:** c

71. Theodore Levitt, one of the most famous marketing researchers, emphasized the importance of:
- a. the value received by a customer from a product.
  - b. the tangible features of a product as observed by a customer.
  - c. the profits from the sale of a product.
  - d. the features of a product.

**ANSWER:** a

72. Which of the following types 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. Statistical research
  - d. Quasi-experimental research

**ANSWER:** b

73. \_\_\_\_\_ serve multiple market segments, each with a unique product offering.
- a. Regional marketers
  - b. Mass marketers
  - c. Undifferentiated marketers
  - d. Differentiated marketers

**ANSWER:** d

74. \_\_\_\_\_ recognizes that customer desires are recurring and that a single purchase act may be only one touchpoint in an ongoing series of interactions with a customer.
- a. Call to action marketing
  - b. Close range marketing
  - c. Stakeholder marketing
  - d. Relationship marketing

**ANSWER:** d

**Chapter 01: What is CB and Why Should I Care?**

75. In the context of stakeholder marketing, which of the following entities are secondary stakeholders?
- a. Suppliers
  - b. Employees
  - c. Mass media
  - d. Regulating agencies

**ANSWER:** c

76. In the context of technological changes and internationalization, which of the following statements is true?
- a. E-commerce accounts for more than one-third of total U.S. retailing as of 2016.
  - b. Despite internet, geographical distance is a hurdle to the e-commerce.
  - c. Consumers all over the world are bound by the store hours.
  - d. The entire world is now truly the market for consumers in free countries.

**ANSWER:** d

77. Obtaining resources from consumers in return for the value they create is a basic tenet of the \_\_\_\_\_, which is a theory that explains why companies succeed or fail.
- a. cognitive resource theory
  - b. resource-advantage theory
  - c. resource dependence theory
  - d. need-hierarchy theory

**ANSWER:** b

78. Netnography studies:
- a. technological advancement in the field of science.
  - b. the use of technology for increasing efficiency.
  - c. consumption as a "lived experience."
  - d. the behavior of online cultures and communities.

**ANSWER:** d

79. According to research which of the following is true of consumer behavior (CB)?
- a. Consumers often express a more favorable attitude for a product promoted with an "amount off" discount.
  - b. Consumers often express a more favorable attitude for a product promoted with "percentage off" discount.
  - c. Consumers do not pay attention to relative advantage while trying out a new product in the market.
  - d. Consumers are less likely to adopt things that do not transcend existing values and knowledge.

**ANSWER:** a

**Chapter 01: What is CB and Why Should I Care?**

80. \_\_\_\_\_ is a field of study that involves the interpretation of relationships between consumers and the things they purchase, the products they own, and the activities in which they participate.
- a. Economics
  - b. Cognitive psychology
  - c. Anthropology
  - d. Statistics

**ANSWER:** c

81. In the context of consumer behavior (CB), researchers derive meaning from talking to people and observing their behavior rather than analyzing data in \_\_\_\_\_.
- a. quantitative research
  - b. interpretive research
  - c. predictive analytics
  - d. prescriptive analytics

**ANSWER:** b

82. Which of the following statements is true of the stakeholder marketing orientation?
- a. Firms with this type of orientation recognize that more than just the buyer and seller are involved in the marketing process.
  - b. It is a way of doing business in which the actions and decision making of the institution prioritize consumer value and satisfaction above all other concerns.
  - c. It stresses solely on the need to monitor and understand competitor actions and to communicate this information throughout the organization.
  - d. Firms with this type of orientation innovate primarily to make the production process as efficient and economical as possible.

**ANSWER:** a

83. A \_\_\_\_\_ is a key component of a firm with a market-oriented culture.
- a. consumer orientation
  - b. stockholder approach
  - c. product orientation
  - d. monopolistic approach

**ANSWER:** a

84. Which of the following situations illustrates a touchpoint?
- a. A consumer placing an order over the telephone
  - b. A consumer asking a passerby for directions at an amusement park
  - c. A consumer engaging in word-of-mouth marketing
  - d. A consumer watching a television commercial

**ANSWER:** a

**Chapter 01: What is CB and Why Should I Care?**

85. In the context of stakeholder marketing, which of the following entities are primary stakeholders?
- a. Communities
  - b. Mass media
  - c. Trade organizations
  - d. Regulating agencies

**ANSWER:** d

86. \_\_\_\_\_ represents the process by which consumers use goods, services, or ideas and transform the experience into value.
- a. Consumption
  - b. Cost conversion
  - c. Benefits conversion
  - d. Expenditure

**ANSWER:** a

87. TuckIn, a restaurant chain, has hired a market research company to help it better understand its customers and their preferences. The restaurant chain has several competitors and has experienced a decline in sales in the past few years. The survey researchers pretended to be customers and observed the interactions of the customers with each other and with the employees of the restaurant. The researchers noted that several customers returned orders because they did not like the food. In this scenario, which of the following is most likely to be true of the research company's approach to consumer research?
- a. The research does not provide useful information to the restaurant.
  - b. The results are objective.
  - c. The results are researcher dependent.
  - d. It is not an acceptable approach for understanding consumer behavior.

**ANSWER:** c

88. Dana and John are planning to furnish their new home. They want to purchase reasonably-priced and good-quality furniture. To make a well-informed decision, they browse the Internet, read home décor magazines, and visit furniture stores to explore the available options. Their efforts are an example of a \_\_\_\_\_ associated with the consumption process.
- a. benefit
  - b. cost
  - c. value
  - d. touchpoint

**ANSWER:** b



**Chapter 01: What is CB and Why Should I Care?**

89. Unlike cognitive psychology, social psychology:
- is not relevant to consumer behavior.
  - is not concerned with thoughts and feelings.
  - focuses on people's behavior in a group.
  - focuses on information processing.

**ANSWER:** c

90. \_\_\_\_\_ consists of the multitude of value-producing seller activities that facilitate exchanges between buyers and sellers.
- Operations management
  - Leasing
  - Resource planning
  - Marketing

**ANSWER:** d

91. How does a company with a consumer orientation differ from a company with a stakeholder orientation?

**ANSWER:** Answers will vary. Consumer (customer) orientation is a way of doing business in which the actions and decision making of the institution prioritize consumer value and satisfaction above all other concerns. A consumer orientation is a key component of a firm with a market-oriented culture. However, an even broader orientation comes when firms adapt stakeholder marketing. Under this orientation, firms recognize that more than just the buyer and seller are involved in the marketing process. In fact, primary stakeholders include customers, employees, owners (or shareholders), suppliers, and regulating agencies; secondary stakeholders include the mass media, communities and trade organizations. Stakeholder marketing orientation recognizes that all stakeholders are involved in and/or are affected by the firm's marketing in some way.

92. List a few topics that can be particularly helpful in enlightening consumers about consumer behavior (CB).

**ANSWER:** Answers will vary. When consumers learn CB, they can apply that knowledge by making better consumer decisions. Several topics can be particularly helpful in enlightening consumers, including the following:

- Consequences associated with poor budget allocation
- The role of emotions in consumer decision making
- Avenues for seeking redress for unsatisfactory purchases
- Social influences on decision making, including peer pressure
- The effect of the environment on CB

## **Chapter 01: What is CB and Why Should I Care?**

93. Briefly explain why internationalization places a greater demand on consumer behavior (CB) research.

**ANSWER:** Answers will vary. The international focus of today's modern company places a greater demand on CB research. Every culture's people will interpret products and behaviors differently. The meanings these consumers perceive will determine the success or failure of the product being offered. Although many restaurant chains can be found worldwide, consumers are not alike everywhere these firms operate. An Outback Steakhouse in Seoul will offer kimchi (fermented cabbage) on the menu, something neither American nor Australian. Companies must deal with geographical distances as well as cultural distances.

94. Discuss the relevance of social psychology and cognitive psychology to the study of consumer behavior (CB).

**ANSWER:** Answers will vary. Psychology is the study of human reactions to their environment. Psychology itself consists of several subdisciplines. Social psychology and cognitive psychology, in particular, are highly relevant to CB. Social psychology focuses on the thoughts, feelings, and behaviors that people have as they interact with other people (group behavior). Consumer behavior most often takes place in some type of social setting or sometimes with the specific intention of affecting the way others view the self. Thus, social psychology and CB overlap significantly. Cognitive psychology deals with the intricacies of mental reactions involved in information processing. 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 CB.

95. Briefly describe what is sharing economy.

**ANSWER:** Answers will vary. The term sharing economy is used to capture the market activity involving temporary usage for hire (rentals) as a replacement for traditional ownership. When the rental transaction activity is consumer to consumer (peer to peer), the term collaborative consumption often is applied. Many new businesses exist to put consumer and consumer together for things other than dates! Airbnb, Uber, Getaround, and girlmeetsdress offer rooms, rides, cars, and dresses for temporary use on a consumer to consumer basis. The sharing economy is fast approaching annual transactions of \$100 billion globally with little sign of the growth slowing. There are various reasons for the trend away from ownership although clearly one big motivator is convenience.

96. List a few characteristics that are exhibited by successful innovations.

**ANSWER:** Answers will vary. A few characteristics exhibited by successful innovations are listed below.

- Relative Advantage—makes things better than before
- Simplicity—all things equal, a simpler innovation is better than a complex innovation
- Observable—things that are observable tend to get adopted faster
- Trialability—things that can be tried with little or no risk get adopted faster
- Consistency—consumers are more likely to adopt things that are congruent with existing values and knowledge

## **Chapter 01: What is CB and Why Should I Care?**

97. Explain why consumers get treated differently in different types of exchange environments.

**ANSWER:** Answers will vary. The answers to the following two questions will help explain why consumers get treated differently in different types of exchange environments.

- Is there any concern about doing something that would make a customer not want to return to do business again?
- Is there any real incentive to provide a pleasant and valuable experience?

For an organization operating in a market with practically no competitive pressure and a captive audience, the answers to the two questions above are (1) not at all competitive and (2) not at all dependent on keeping customers. No matter how poor the service is, they know consumers will return to do more business. The incentive for better customer service remains relatively small. In a highly competitive market, consumers do not have to put up with poor treatment from a firm. They can simply go next door. Thus, firms in a highly competitive market are oriented toward value creation, and consumers typically receive better treatment.

98. Briefly discuss relationship marketing and its significance.

**ANSWER:** Answers will vary. Relationship marketing means the firm's marketing activities aim to increase repeat business as a route to strong firm performance. Relationship marketing recognizes that customer desires are recurring and that a single purchase act may be only one touchpoint in an ongoing series of interactions with a customer. Marketers are increasingly realizing the value of relationship marketing. Wait staff sometimes provide business cards to customers. These customers can use the card to ask for this waiter again on the next visit or to recommend the restaurant and server to a friend. Notice that with relationship marketing, the firm and its employees are very motivated to provide an outstanding overall experience. A relationship marketing orientation create exchange environments where firms truly treat customers as "king."

99. Briefly explain interpretive research.

**ANSWER:** Answers will vary. Interpretive research seeks to explain the inner meanings and motivations associated with specific consumption experiences. Consumer researchers interpret these meanings through the words that consumers use to describe events or through observation of social interactions. With this approach, researchers interpret meaning rather than analyze data. Interpretive research generally falls into the broader category of qualitative research. Qualitative research tools include things such as case analyses, clinical interviews, focus group interviews, and other means by which data are gathered in a relatively unstructured way. In other words, consumer respondents are usually free to respond in their own words or simply through their own behavior. Data of this type requires that the researcher interpret its meaning. Such results are considered researcher dependent, because the interpretation is a matter of opinion until corroborated by other findings.

100. Describe the two common interpretative orientations in the study of consumer behavior (CB).

**ANSWER:** Answers will vary. Two common interpretative orientations are phenomenology and ethnography. Phenomenology represents the study of consumption as a "lived experience." The phenomenological researcher relies on casual interviews with consumers from whom the researcher has won confidence and trust. This may be supplemented with various other ways that the consumer can tell a story. Ethnography has roots in anthropology and often involves analyzing the artifacts associated with consumption. An ethnographer may decide to go through trash or ask to see the inside of a consumer's refrigerator in an effort to learn about the consumer.