

Consumer Behaviour

**6th
EDITION**

Chapter 1

The foundations of consumer behaviour

Multiple choice questions

1. _____ is the study of behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of the products and services that they expect will satisfy their needs.

- a. Consumptive behaviour
- b. Consumer behaviour
- c. User behaviour
- d. End-use consumption

Answer: b

Difficulty: 1

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Topic: Ch1 – Foundations of consumer behaviour

2. The term 'consumer behaviour' describes two different kinds of consuming entities: _____ and _____ consumers.

- a. non-profit; government
- b. non-profit; for-profit
- c. personal; organisational
- d. government; private

Answer: c

Difficulty: 1

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Topic: Ch1 – Foundations of consumer behaviour

3. A personal consumer buys goods for all except:
- a. personal consumption.
 - b. gifts.
 - c. home business.
 - d. use of one's household.

Answer: c

Difficulty: 1

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Topic: Ch1 – Foundations of consumer behaviour

4. Organisational consumers include all except:
- a. government agencies.
 - b. households.
 - c. non-profit businesses.
 - d. for-profit businesses.

Answer: b

Difficulty: 1

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Topic: Ch1 – Foundations of consumer behaviour

5. Personal consumers buy goods and/or services:
- a. for themselves and other individuals.
 - b. for use by their company.
 - c. for the production of personal care products.
 - d. as intermediary users.

Answer: a

Difficulty: 1

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Topic: Ch1 – Foundations of consumer behaviour

6. An organisational consumer:
- a. only purchases goods but not services.
 - b. purchases products used in making other products.
 - c. is an end user.
 - d. could be any of these.

Answer: b

Difficulty: 1

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7. Which of the following is an incorrect statement about buyers and users?
- a. The primary focus of marketers should be placed on the buyer.
 - b. The buyer is not always the user.
 - c. The payer is not necessarily the one who makes the product decision.
 - d. The product may be used by people other than the buyer.

Answer: a

Difficulty: 1

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8. New product introductions and changes in technology have caused product life cycles to:
- a. lengthen.
 - b. disperse.
 - c. shorten.
 - d. remain the same.

Answer: c

Difficulty: 1

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9. Industry trade practices, advertising and pricing practices are monitored by the:
- a. Pricing Commission.
 - b. Federation of Australian Commercial Television Stations (FACTS).
 - c. Australian Bureau of Statistics.
 - d. Australian Competition and Consumer Commission.

Answer: d

Difficulty: 1

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10. Service providers know that marketing their offerings can be quite difficult because services cannot be tested or purchased in advance, their quality may not be consistent, and because services are:

- a. perishable.
- b. expensive.
- c. inconsistent.
- d. unpredictable.

Answer: a

Difficulty: 1

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11. The following are all benefits for Australian businesses exporting their products and services internationally, except:

- a. increasing their sales.
- b. achieving economies of scale.
- c. attaining a complex company structure.
- d. growing and surviving in the long-term.

Answer: c

Difficulty: 1

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Topic: Ch1 – Foundations of consumer behaviour

12. Today, the _____ that consumers are experiencing allows for greater customisation of products, services and promotional messages than older marketing tools.

- a. digital revolution
- b. one-to-one concept
- c. consumerism movement
- d. environmental conversion

Answer: a

Difficulty: 1

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Topic: Ch1 – Foundations of consumer behaviour

13. The digital revolution introduced all of the following dramatic changes into the business environment, except:

- a. consumers have more power than ever.
- b. consumers face more barriers to accessing information.
- c. consumers can receive more personalised products and promotions.
- d. consumers are able to provide the business with feedback.

Answer: b

Difficulty: 1

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Topic: Ch1 – Foundations of consumer behaviour

14. The digital revolution introduced all of the following dramatic changes into the business environment, except:

- a. marketers are facing much greater difficulty in obtaining large amounts of information on their customers.
- b. marketers are able to reach their customers more easily and efficiently.
- c. marketers can gather complex and valuable data on consumers' buying patterns and personal characteristics.
- d. organisations are able to provide much higher levels of customisation in their offerings.

Answer: a

Difficulty: 1

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15. All of the following are examples of customisation of products and services except:

- a. Amazon.com sending personalised emails to previous book purchasers announcing newly published books on similar topics.
- b. Qantas sending tailored emails to its frequent flyer members with specialised offers.
- c. an online business sending you updated product information on your recent purchase.
- d. when entering a keyword, the website displaying all related products containing that keyword with price information included.

Answer: d

Difficulty: 2

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16. The _____ concept assumes that consumers will buy the product that offers them the highest quality, the most features and the best performance.

- a. production
- b. product
- c. selling
- d. marketing

Answer: b

Difficulty: 1

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17. The selling concept fails to consider:

- a. consumer needs.
- b. consumer satisfaction.
- c. personalisation of products.
- d. all of the above.

Answer: d

Difficulty: 2

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18. The consumer-oriented philosophy that evolved when marketers realised it would be easier to sell more goods to consumers who had already expressed interest is:

- a. the selling concept.
- b. the marketing concept.
- c. the societal marketing concept.
- d. the customer satisfaction philosophy.

Answer: b

Difficulty: 2

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19. The implicit marketing objective of the production concept included:

- a. quick production and sales of goods.
- b. efficient production of goods to satisfy the target market's wants and needs.
- c. cheap, efficient production and intensive distribution of goods.
- d. cheap and quick production to satisfy the target market's wants and needs.

Answer: c

Difficulty: 2

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20. The underlying premise of the marketing concept is that a company should:

- a. strive to make products available at the lowest prices possible.
- b. make what it can sell.
- c. sell what it can make best.
- d. include the latest features and technologies in their products.

Answer: b

Difficulty: 2

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21. The key assumption in applying the marketing concept is to:

- a. analyse the wants and needs of the target market.
- b. project the number of units that need to be sold in the next period.
- c. look for available efficiencies in the production of the product.
- d. be 'in love' with your product and promote it aggressively.

Answer: a

Difficulty: 1

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22. Which of the following is an example of the marketing concept?

- a. Ferdinand Porsche creating a 'people's car', The Volkswagen which was produced intensively in a cheap and efficient manner.
- b. A funeral insurance company aggressively advertising its policy options on television to a wide variety of consumers.

- c. A modern technology company creating a new mobile device to suit the wants and needs of the population.
- d. Qantas offering and emailing specialised deals to their frequent flyer customers suited to their individual needs.

Answer: d

Difficulty: 2

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23. The selling orientation:
- a. is typically used when demand exceeds supply.
 - b. relies on aggressive persuasion.
 - c. generally develops positive word-of-mouth.
 - d. none of the above.

Answer: b

Difficulty: 1

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24. The societal marketing concept sees all marketers adhering to principles of social responsibility in the marketing of their goods and services which means that:

- a. marketers should focus on satisfying the needs and wants of their target market.
- b. marketers should focus on preserving the environment and enhancing the well-being of society.
- c. marketers should balance the needs and wants of their target markets in ways that preserve and enhance the well-being of consumers and society.
- d. marketer should balance the needs and wants of their target markets with their business objectives.

Answer: c

Difficulty: 2

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Topic: Ch1 – Foundations of consumer behaviour

25. The major deterrent to the implementation of the societal marketing concept is:

- a. unethical consumer behaviour.
- b. the lack of ethics training in business schools today.
- c. the general deterioration of morals in Australian society.
- d. the short-term orientation by which most companies are managed.

Answer: d

Difficulty: 1

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26. According to the societal marketing concept, businesses would not:

- a. sell foods with high levels of nutrients and vitamins.
- b. emphasise quality over price in their promotions.
- c. use celebrities or athletes to advertise alcohol to teenagers.
- d. do all of these.

Answer: c

Difficulty: 2

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Topic: Ch1 – Foundations of consumer behaviour

27. The _____ requires that all marketers adhere to principles of social responsibility in the marketing of their goods and services.

- a. marketing concept
- b. societal marketing concept
- c. environmental marketing concept
- d. ethical marketing concept

Answer: b

Difficulty: 1

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28. The discipline of consumer behaviour has been strongly influenced by:

- a. companies' need to focus on the features of products to satisfied consumers.
- b. the fields of psychology, sociology and anthropology.

- c. the Japanese and other international competitors producing better products.
- d. the major differences between the needs of personal and organisational consumers.

Answer: b

Difficulty: 2

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29. Focus groups, observational research and surveys are all examples of which of the following?

- a. Secondary research.
- b. Advertisement.
- c. Primary research.
- d. Anthropological research.

Answer: c

Difficulty: 2

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Topic: Ch1 – Foundations of consumer behaviour

30. Astute marketers realise that in order to outperform the competition, they must achieve full profit potential from each and every customer by viewing each customer as a(n) _____ rather than a _____.

- a. product; person
- b. relationship; transaction
- c. opportunity; possibility
- d. profit; loss

Answer: b

Difficulty: 2

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Topic: Ch1 – Foundations of consumer behaviour

31. Which of the following are the four drivers of a successful relationship between customers and marketers?

- a. Customer trust, customer retention, customer value and customer satisfaction.
- b. Customer retention, customer feedback, customer willingness-to-spend

and customer satisfaction.

- c. Customer feedback, customer trust, customer value and customer loyalty.
- d. Customer satisfaction, customer loyalty, customer willingness-to-spend and customer feedback.

Answer: a

Difficulty: 3

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32. _____ is defined as the ratio between the customers' perceived benefits (economic, functional, physiological) and the resources (monetary, time, effort, psychological) used to obtain those benefits.
- a. Customer satisfaction
 - b. Customer value
 - c. Customer relationship management
 - d. Consumer decision making

Answer: b

Difficulty: 2

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Topic: Ch1 – Foundations of consumer behaviour

33. Some consumers flock to the thousands of McDonald's outlets because they know what to expect and know they are getting value for the resources expended. Other consumers however, do not feel they get value for money. This is because:

- a. the notion of consumer value does not apply to fast-food chains.
- b. those consumers do not know what value for money is.
- c. those consumers cannot afford to purchase McDonald's products.
- d. the notion of consumer value is an individual's relative and subjective assessment.

Answer: d

Difficulty: 1

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34. Lexus claims to deliver its buyers quality, zero defects in manufacturing,

and superior and personal post-purchase service. This is an example of (a):

- a. quality control management.
- b. corporate futuristic vision.
- c. customer satisfaction guarantee.
- d. value proposition.

Answer: d

Difficulty: 2

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35. The concept of customer satisfaction is a function of:

- a. customer experience.
- b. customer knowledge.
- c. customer expectations.
- d. price.

Answer: c

Difficulty: 2

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36. Customers whose experience exceeds expectations will most likely experience:

- a. satisfaction.
- b. delight.
- c. disappointment.
- d. dissatisfaction.

Answer: b

Difficulty: 1

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37. A study that identified several types of customers, identified _____ as being customers whose experiences exceeded their expectations and who provide positive word-of-mouth about the company.

- a. loyalists
- b. apostles
- c. mercenaries

d. activists

Answer: b

Difficulty: 2

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38. _____ are very satisfied customers but have no real loyalty to the company and may defect because of a lower price elsewhere or on impulse, defying the satisfaction–loyalty rationale.

- a. Apostles
- b. Activists
- c. Hostages
- d. Mercenaries

Answer: d

Difficulty: 2

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39. It is important to retain customers and keep them highly satisfied for several reasons, except:

- a. it is usually more expensive to win new customers than to keep existing ones.
- b. to avoid negative word-of-mouth.
- c. a satisfied customer is a repeat customer.
- d. satisfied customers will endure unsatisfactory service from a company but will feel obligated not to switch to a competing brand.

Answer: d

Difficulty: 1

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40. Which of the following sources of information about a product is a consumer most likely to trust?

- a. A company airs a television advertisement featuring real customers using their products.
- b. An online blog with recommendations and reviews about a certain product set up independently by customers.

- c. An advertisement flyer at their local supermarket.
- d. Customer reviews featuring on the company website.

Answer: b

Difficulty: 1

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41. Studies have shown that small reductions in customer defections produce significant increases in profits because of all of the following reasons except:

- a. loyal customers buy more products.
- b. loyal customers are less price-sensitive.
- c. loyal customers pay less attention to competitors' advertising.
- d. loyal customers will not mind paying higher prices than new customers.

Answer: d

Difficulty: 2

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42. The fact that not all customers are equal in terms of profitability has encouraged companies to categorise customers into tiers. The popular 'customer pyramid' groups customers into one of four tiers: platinum, gold, iron and:

- a. sand.
- b. wood.
- c. lead.
- d. copper.

Answer: c

Difficulty: 1

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43. In the customer pyramid classification, where customers are ranked according to profitability, the gold tier group members are those who are all of the following except:

- a. heavy users.
- b. somewhat price-sensitive.

- c. usually willing to try new offerings.
- d. likely to buy from several providers.

Answer: c

Difficulty: 3

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Topic: Ch1 – Foundations of consumer behaviour

44. The consumer's recognition of a product need happens in the _____ stage of the consumer decision-making model.
- a. input
 - b. process
 - c. post-purchase
 - d. output

Answer: a

Difficulty: 2

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45. The input stage of the consumer decision-making model is most influenced by:
- a. psychological factors.
 - b. affective factors.
 - c. sociocultural environment.
 - d. physiological environment.

Answer: c

Difficulty: 2

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46. The input stage of the consumer decision-making model is where consumers:
- a. become aware of a product need.
 - b. make decisions.
 - c. evaluate choices.
 - d. buy the product.

Answer: a

Difficulty: 1

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47. The researcher is most interested in the psychological factors that affect purchase in:

- a. the input stage.
- b. the process stage.
- c. the output stage.
- d. all of the stages in the model.

Answer: b

Difficulty: 2

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48. Product trial or product exploration happens in:

- a. the input stage.
- b. the process stage.
- c. the output stage.
- d. a separate stage.

Answer: c

Difficulty: 1

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49. The consumers' experience with product exploration happens in the:

- a. input stage.
- b. process stage.
- c. output stage.
- d. post-purchase stage.

Answer: b

Difficulty: 2

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50. When a consumer buys a new product, that purchase is more likely to signify adoption of that product when it is a relatively; _____ and _____ product.

- a. high-priced, durable
- b. low-priced, durable
- c. high-priced, non-durable
- d. low-priced, non-durable

Answer: a

Difficulty: 2

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True/false questions

1. Consumer behaviour is defined as the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of the products and services that they expect will satisfy their needs.

Answer: True

Difficulty: 1

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2. Consumer behaviour includes two types of consuming entities: the personal consumer and households.

Answer: False

Difficulty: 1

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3. Organisational consumers include both commercial for-profit and non-profit organisations.

Answer: True

Difficulty: 1

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4. The person who purchases a product is always the end user.

Answer: False

Difficulty: 1

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5. Personal consumers buy goods and services for commercial reasons and are not the end-user of those goods and services.

Answer: False

Difficulty: 1

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6. It is possible for a person to be the buyer, payer and consumer of a product.

Answer: True

Difficulty: 1

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7. Many product life cycles are increasing as products are modified, improved or replaced by new and substitute products.

Answer: False

Difficulty: 2

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8. Many product life cycles have shortened due to new product development and changes in technology.

Answer: True

Difficulty: 1

AACSB: Application of Knowledge

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9. With respect to services marketing, the product offering cannot be tested in advance of purchase nor is its quality consistent over time.

Answer: False

Difficulty: 2

AACSB: Application of Knowledge

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10. The digital revolution allows for greater customisation with greater efficiencies in order to reach the ultimate goal of conducting the maximum number of transactions.

Answer: False

Difficulty: 3

AACSB: Application of Knowledge

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11. As with traditional advertising, the digital revolution allows for two-way interactive exchanges between customers and marketers.

Answer: False

Difficulty: 1

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12. Recent developments in technology indicate that the TV and the computer will merge into a single device that will provide households with interactive capabilities with broadcasters and high-speed wireless access to the Web.

Answer: False

Difficulty: 1

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13. The Australian Securities and Investments Commission monitors business and industry practices, advertising and pricing practices at the federal level.

Answer: False

Difficulty: 2

AACSB: Application of Knowledge

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14. The production concept assumes that consumers are mostly interested in product availability at low prices.

Answer: True

Difficulty: 2

AACSB: Application of Knowledge

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15. Whenever supply exceeds demand, the production concept can work.

Answer: False

Difficulty: 2

AACSB: Application of Knowledge

Topic: Ch1 – Foundations of consumer behaviour

16. The product concept assumes that consumers will buy the product that offers them the highest quality, the best performance and the most features.

Answer: True

Difficulty: 1

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Topic: Ch1 – Foundations of consumer behaviour

17. A marketer 'in love' with his or her product is typical of the selling concept.

Answer: False

Difficulty: 3

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18. The selling concept focuses on selling products that the target market demands.

Answer: False

Difficulty: 2

AACSB: Application of Knowledge

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19. The selling concept is typically utilised by marketers of unsought goods such as life insurance.

Answer: True

Difficulty: 2

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20. The key assumption underlying the marketing concept is that, to be successful, a company must determine the needs and wants of specific target markets and deliver goods or services better than the competition.

Answer: True

Difficulty: 2

AACSB: Application of Knowledge

Topic: Ch1 – Foundations of consumer behaviour

21. The societal marketing concept calls on marketers to fulfil the needs of the target audience in ways that improve society without regard to the objectives of the company.

Answer: False

Difficulty: 2

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22. The term consumer research represents the process and tools used to study consumer behaviour.

Answer: True

Difficulty: 1

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23. The disciplines of psychology, sociology and archaeology have strongly influenced developments in the field of consumer research.

Answer: False

Difficulty: 1

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24. The use of focus groups and in-depth interviews with subjects are examples of quantitative research.

Answer: False

Difficulty: 2

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25. An organisation using online data freely available from the Australian Business Statistics (ABN) website for their consumer research, is considered an example of primary data.

Answer: False

Difficulty: 2

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26. The concept of customer satisfaction is a function of customer expectations.

Answer: True

Difficulty: 2

AACSB: Application of Knowledge

Topic: Ch1 – Foundations of consumer behaviour

27. According to customer satisfaction research, one type of customer, the mercenary, is a very satisfied consumer who has no real loyalty to the company.

Answer: True

Difficulty: 2

AACSB: Application of Knowledge

Topic: Ch1 – Foundations of consumer behaviour

28. Studies have shown that small reductions in customer defection produce increased profits because loyal customers are more price-sensitive than new customers.

Answer: False

Difficulty: 2

AACSB: Application of Knowledge

Topic: Ch1 – Foundations of consumer behaviour

29. According to the 'customer pyramid' model, the 'lead' tier of customers includes heavy users who are not price-sensitive.

Answer: False

Difficulty: 3

AACSB: Application of Knowledge

Topic: Ch1 – Foundations of consumer behaviour

30. In the simplified model of consumer decision making, the process stage of the model focuses on the external sociological influences on the consumer.

Answer: False

Difficulty: 2

AACSB: Application of Knowledge

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31. The output stage of the consumer decision-making model consists of two closely related post-decision activities: purchase and post-purchase evaluation.

Answer: True

Difficulty: 2

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Topic: Ch1 – Foundations of consumer behaviour

Essay Questions

1. Discuss some of the positive effects of the digital revolution on today's marketing practices.

Some of the positive effects include:

- Allowing consumers much greater customisation of products, services and promotional messages than older marketing tools.
- Enabling marketers to build and maintain relationships with customers on a much greater and more efficient scale than ever before.
- Enabling marketers to collect and analyse increasingly complex data on consumers' buying patterns and personal characteristics.
- Enabling consumers to obtain more information about products and services (including prices) more easily, efficiently and from the comfort of their own homes or workplaces.
- Consumers can use 'intelligent agents' to locate the best prices for products or services, bid on various marketing offerings, bypass

distribution outlets and middlemen, and shop for goods 24 hours a day, seven days a week, around the globe.

- Consumers can find reviews for products they are considering buying that have been posted by previous buyers, they can click a button to compare the features of different product models at the sites of online retailers, and they can subscribe to 'virtual communities' of people who share the same interests.
- Information and communication technology (ICT) enables marketers to customise the promotional messages directed at many customers.
- Marketers can track consumers' purchase behaviour (e.g. via online purchases or even in-store via scanner data). They can also gather information by requiring visitors to register and provide some personal information before they get access to the website's features. Thus, marketers can develop and update their consumer databases quickly and efficiently.
- Technological advances have also given us the personal digital assistant (PDA) that is increasingly becoming connected to the Web. It is now possible to have our mobile phone and PDA combined into one product (e.g. the Blackberry).

Difficulty: 2

AACSB: Application of Knowledge

Topic: Ch1 – Foundations of consumer behaviour

2. What is the difference between the personal consumer and the organisational consumer? In your answer provide an example of each type of consumption.

The personal consumer buys goods and services for his or her own use, for the use of the household, or as a gift. In each case, the final user is the individual, or end user. Examples for personal consumption include anything for the individual or household's own use (e.g. an automobile, television, mobile phone, home furniture, etc.).

The organisational consumer includes for-profit and non-profit businesses, government agencies, and institutions like schools, hospitals and prisons, all of

which buy products and services to run their organisations. Examples for organisational consumers include any that are not an end-user (e.g. raw materials and metals bought by an automobile manufacturer, ingredients such as flour bought by a bakery, raw cotton bought by clothes manufacturers, etc.).

Difficulty: 1

AACSB: Application of Knowledge

Topic: Ch1 – Foundations of consumer behaviour

3. Explain the selling concept and the marketing concept and compare their approaches.

With the selling concept, the primary focus changes from improving the product to selling the product. Many companies exert a tremendous 'hard sell' on consumers in order to move goods they unilaterally decide to produce. The implicit assumption in the selling orientation is that consumers are unlikely to buy a product unless they are actively and aggressively persuaded to do so. The problem with a selling concept is that it does not take consumer satisfaction into account. If consumers are induced to buy a product they don't want or need, their unhappiness is likely to be communicated by negative word-of-mouth, which may dissuade other potential consumers.

The key assumption underlying the marketing concept is that, to be successful, a company must determine the needs and wants of specific target markets and deliver the desired satisfaction better than the competition. While the selling concept focused on the needs of the seller, the marketing concept focuses on the needs of the buyer.

To identify unsatisfied consumer needs, companies had to engage in extensive marketing research. In so doing, they discovered that consumers were highly complex individuals, subject to a variety of psychological and social needs quite apart from their survival needs. They discovered that the needs and priorities of different consumer segments varied dramatically. They also discovered that, in order to design new products and marketing strategies that would fulfil consumer needs, they had to study consumers and their consumption behaviour in depth. Thus, market segmentation and the marketing concept

provided the foundation for the application of consumer behaviour principles to marketing strategy.

The selling concept's major focus is to sell the products that the marketer is best at producing. The marketing concept does the opposite; it makes what it knows will sell. The selling concept is used for products that consumers are unlikely to buy; hence, it requires some form of 'hard sell' approach. The marketing concept has already ensured the product is in demand by conducting consumer research to explore their needs.

The selling concept does not consider customer satisfaction and long-term relationships. The marketing concept focuses on customer satisfaction and building and strengthening relationships with their customers to ensure repeat business.

Difficulty: 3

AACSB: Application of Knowledge and Analytical Thinking

Topic: Ch1 – Foundations of consumer behaviour

4. Explain the societal marketing concept. Why is it often difficult for companies to implement?

The societal marketing concept adheres to the principles of social responsibility in the marketing of goods and services; it seeks to satisfy the needs and wants of target markets in ways that preserve and enhance the wellbeing of both consumers and society.

A serious deterrent to the widespread implementation of the societal marketing concept is the tendency for most business managers to embrace a short-term orientation that emphasises increased market share, quick profits and the share-price of company. This is understandable in light of the fact that managerial performance is usually evaluated on the basis of short-term results. When personal advancement depends on quick profits, marketing decisions tend to be based on anticipated short-term economic results.

The societal marketing concept necessarily requires a long-term perspective, however this can be in conflict with many companies' objectives, where results are often only measured and rewarded over the short-term.

Difficulty: 3

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5. Describe the four drivers of successful relationships between marketers and customers.

1. Customer value – the ratio between the customer's perceived benefits (economic, functional and psychological) and the resources (monetary, time, effort and psychological) used to obtain those benefits.
2. Customer satisfaction – the consumer's perception of the performance of the product or service in relation to his or her expectations. The extent to which a customer is satisfied is vital in the development of an organisation's sustainable competitive advantage.
3. Customer trust – establishing and maintaining consumer trust in the company and its products increases customer retention.
4. Customer retention – attempts to make it in the best interest of customers to stay with the company rather than switch to another firm. Retaining customers increases profits because loyal customers buy more products and are less price-sensitive. It is also cheaper to service existing customers. And finally, loyal customers spread positive word-of-mouth and refer other customers.

Difficulty: 3

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6. Identify and concisely describe the three distinct and interlocking stages of the consumer decision making model.

The three stages are:

1. The input stage – influences the consumer’s recognition of a product need and consists of two major sources of information: the firm’s marketing efforts (the product itself, the price, its promotion and where it is sold) and the external sociological influences on the consumer (family, friends, neighbours, other informal and non-commercial sources, social class, and subcultural and cultural memberships).
2. The process stage – focuses on how consumers make decisions. The psychological factors inherent in each individual affect how the external inputs (i.e. environmental factors) from the input stage influence the consumer’s recognition of a need, the pre-purchase search for information and the evaluation of alternatives. The experience gained through evaluation of alternatives in turn affects the consumer’s existing psychological attributes.
3. The output stage – consists of two closely related post-decision activities: purchase and post-purchase evaluation. These decision activities differ for high- or low-priced products. For a low-priced, nondurable product (e.g. shampoo or batteries) the consumer may be influenced by a store or brand manufacturer’s coupon and may actually be a trial purchase: if the consumer is satisfied, he or she may repeat the purchase. For a relatively high-priced, durable product (such as a notebook computer or smart phone) the purchase is more likely to signify adoption.

Difficulty: 3

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