Chapter-1 Introduction to Consumer Behavior

Self Assessment Questions

1. ........ are society's relatively permanent and ordered divisions whose members share similar values, interests, and behaviors?
   a) Lifestyles
   b) Subcultures
   c) Social classes
   d) Purchase decisions

2. Family is one of the ........... factors that influence consumer behavior.
   a) psychological
   b) business
   c) personal
   d) social

3. ........ are groups to which an individual wishes to belong, as when a teenage football player hopes to play someday for Inter Milan.
   a) Leisure groups
   b) Social class groups
   c) Membership groups
   d) Aspirational groups

4. Opinion leaders are sometimes referred to as ..............
   a) networkers
   b) the middle class
   c) the influentials
   d) the upper class

5. A .............. consists of the activities people are expected to perform according to the persons around them.
   a) motive
   b) role
   c) life-cycle
   d) tradition

6. The way in which the product is delivered to meet the customers' needs refers to:
   a) new product concepts and improvements.
b) selling.
c) advertising and promotion activities.
d) place or distribution activities.

6. The key term in the American Marketing Association's definition of marketing is:
a) process.
b) sales.
c) products.
d) value.

7. A critical marketing perspective is the process of determining:
a) the value of a product, person, or idea.
b) how places compete with each other.
c) the worth and impact of marketing activities.
d) which type of promotional strategy works best.

8. When customer expectations regarding product quality, service quality, and value-based price are met or exceeded ………… is created.
a) customer satisfaction
b) planning excellence
c) a quality rift
d) a value line

9. An understanding of customer behavior is the basis for strategic marketing formulation.
a) True b) False

10. Providing free samples of perfumes (scent) in magazines is an example of which of the following?
a) Classical conditioning.
b) Operant conditioning.
c) Social learning.
d) Behavioral learning.

11. Which of the following is not an example of habitual decision making?
   a) Buying a latte from Starbucks every morning on the way to work.
   b) Buying your favorite brand of shampoo in your fortnightly grocery shop.
   c) Setting up a mortgage account with a new bank.
   d) Running to the shop every Sunday to purchase the Sunday papers.

12. Post-purchase re-evaluation of the consumer product acquisition process attempts to measure the degree of:
   a) selling success experienced by the vendor.
   b) consumer satisfaction with the purchase.
   c) follow-up effectiveness of the firm.
   d) advertising influence on the purchase.

13. Which of the following consumer buying behaviors requires the least effort?
   a) High involvement buying situation.
   b) New buying situation.
   c) Routine buying.
   d) Impulsive buying.

14. The process that creates changes in behavior is called:
   a) selective adaptation.
   b) learning.
   c) involvement manipulation.
   d) attitude adjustment.

15. An indifference curve shows combinations of two goods that:
   a) a consumer could buy with their given income.
   b) would provide the consumer with the same level of satisfaction.
   c) could provide the consumer with similar levels of satisfaction.
d) could be available to the consumer in a given time period.

16. Which of the following statements is NOT TRUE of indifference curves?
   a) They could intersect.
   b) They are convex to the origin.
   c) They are downward sloping.
   d) They exhibit higher levels of utility as you move from the origin.

17. An indifference curve between two commodities where one is a ‘bad’ and the other a ‘good’ would:
   a) be vertical to the axis measuring units consumed of the ‘bad’.
   b) remain downward sloping.
   c) be vertical to the axis measuring units consumed of the ‘good’.
   d) be upward sloping.

18. Imagine a budget constraint between ‘good y’ on the vertical axis and ‘good x’ on the horizontal. If that budget line were to become shallower it could be due to:
   a) an increase in the price of ‘good x’.
   b) a change in consumer preference towards ‘good x’.
   c) an increase in income.
   d) an increase in the price of both goods, yet with the price of ‘good y’ increasing more than that of ‘good x’.

19. The most important reason for studying consumer behavior from a general sense is the role it plays in our lives.
   a) True
   b) False

20. A consumer with a given income will maximize their utility when:
   a) the marginal utilities derived from each commodity consumed are proportional to their prices.
   b) the total utility derived from each commodity consumed is equal.
   c) the marginal utility derived from each commodity is equal.
d) the marginal utility derived from each product consumed is zero.

Answers for Self Assessment Questions

1. (c)  2. (d)  3. (d)  4. (c)  5. (b)
6. (d)  7. (c)  8. (a)  9. (a)  10. (a)
11. (c) 12. (b) 13. (c) 14. (b) 15. (b)
16. (b) 17. (d) 18. (d) 19. (a) 20. (a)
Chapter-2 Consumer Modeling

Self Assessment Questions

1. The organized forms of social behavior and their repetition are called
   (a) Culture
   (b) Value
   (c) Customs
   (d) Norms

2. “Economics is the Science of Wealth” who gave this definition?
   (A) J. K. Mehta
   (B) Marshall
   (C) Adam Smith
   (D) Robbins

3. “Economics is what economists do.” It has been supported by—
   (A) Richard Jones
   (B) Comte
   (C) Gunnar Myrdal
   (D) All of the above

4. “Human Welfare is the subject of Economics.” This statement is associated with the name of which of the economists?
   (A) Marshall
   (B) Pigou
   (C) Penson
   (D) All of the above

5. Who has given scarcity definition of economics?
   (A) Adam Smith
   (B) Marshall
6. “Economics is a science” the basis of this statement is —
   (A) Relation between cause and effect
   (B) Use of deductive method and inductive method for the formations of laws
   (C) Experiments
   (D) All of the above

7. Characteristics of economic laws are —
   (A) Mere statements of economic tendencies
   (B) Less certain
   (C) Hypothetical
   (D) All of the above

8. Which theory is generally included under micro economics?
   (A) Price Theory
   (B) Income Theory
   (C) Employment Theory
   (D) None of the above

9. Whose opinions have revolutionized the scope of macro economics?
   (A) Adam Smith
   (B) J.B. Say
   (C) J.M. Keynes
   (D) All of the above

10. Which of the following is an economic activity?
    (A) Teaching of a teacher in the school
    (B) To teach son at home
11. A major goal of psychoanalytic psychotherapy is
(A) to better understand functional families.
(B) to elicit feelings of intimacy.
(C) to restructure the personality.

12. A basic psychoanalytic belief is
(A) a key to understanding human behavior is to understand the unconscious.
(B) therapists should strive to understand the objective facts of a client's life.
(C) insight rarely leads to lasting change.

13. In psychoanalytic theory, counter transference and transference
(A) rarely play a role in the process.
(B) are key pieces of the therapeutic process.
(C) assist with the accurate diagnosis of the client.

14. Which of the following would NOT be a technique in psychoanalytic psychotherapy?
(A) interpretation
(B) abreaction
(C) miracle question

15. Normative culture is that sub-division of non-material culture that consists of
(a) Norms
(b) Values
(c) Mores
(d) Standard way

16. Cognitive culture consists of the.................aspects of a cultural system.
(a) Mental
(b) Social
(c) Economical
17. The Primary civilization of India is divided into
(a) Little tradition and great tradition
(b) Big tradition and small tradition
(c) Educated tradition and uneducated tradition
(d) Rural tradition and caste tradition
18. Little tradition refers to
(a) Folk or unlettered peasants
(b) Urban culture
(c) Caste system
(d) Village jajmani system
19. Social organization means
(a) Planned activities
(b) Organized activities
(c) Calculated activities
(d) Defined activities
20. Social control has two aspects. These are
(a) Pressure oriented and value oriented
(b) Pressure oriented and norms oriented
(c) Culture oriented and customs oriented
(d) Religion oriented and education oriented

Answers for Self Assessment Questions
1. (a) 2.(c) 3.(d) 4.(d) 5.(c)
6. (d) 7.(d) 8.(a) 9.(c) 10.(a)
11. (c) 12.(a) 13.(b) 14.(c) 15.(a)
16. (a) 17.(a) 18.(a) 19.(a) 20.(c)
Chapter-3 Influence of Social Class

Self Assessment Questions

1. Social stratification refers to:
   a) the division of labour according to the possession of natural abilities.
   b) the possession of psychological traits which signify differences in status and rewards.
   c) the differences between individuals in terms of their abilities.
   d) the differences between people which are structured and persist over time.

2. Which form of stratification is based upon land ownership and an interlocking system of rights and obligations?
   a) Communism.
   b) Feudalism.
   c) Class.
   d) Patriarchy.

3. Which explanation of stratification does the 'great chain of being' refer to?
   a) Psychological.
   b) Libertarian.
   c) Naturalistic.
   d) Divine.

4. What is Marx's concept of class position based upon?
   a) Social honour.
   b) Innate abilities.
   c) Authority relations.
   d) Economic position.

5. The embourgeoisment thesis is best described as:
   a) the introduction of political and social reform.
   b) the incorporation of working class people into the middle class value system.
   c) the equalization of income and wealth distribution.
   d) an explanation for increased levels of social mobility.

6. Social mobility refers to:
a) the demise of manufacturing industry.
b) the expansion of service sector employment.
c) the increasing support for conservative policies by working class people.
d) the opportunity to move up or down the social scale.

7. The 'establishment' refers to:
   a) a set of elitist cultural standards shared by educated people.
   b) the creation of a new class of upwardly mobile and wealthy young people.
   c) a network of social and personal relationships which preserve the privileges of the elite.
   d) the use of private education to gain social advantage over others.

8. The basis of social classes is mostly economic but they are mere economic groups or divisions.
   a) True
   b) False

9. Maintaining interpersonal connectivity and social enhancement both emphasize the social benefits of participation, and are group-referent.
   a) True
   b) False

10. Two of the most important psychological factors that impact consumer decision-making process are product ………. and product involvement.
    A) Marketing
    B) Strategy
    C) Knowledge
    D) Price

11. Which of the following is the most valuable piece of information for determining the social class of your best friend's parents?
    A) The number of years schooling that they had
    B) Their ethnic backgrounds
    C) Their combined annual income
    D) Their occupations

12. Changes in consumer values have been recognized by many business firms that have expanded their emphasis on …………… products.
A) Latest technology
B) Timesaving, convenience-oriented
C) Health related
D) Communication

13. Many subcultural barriers are decreasing because of mass communication, mass transit, and ....................

A) The rising unemployment situation
B) An influence of political power
C) The use of new technology
D) A decline in the influence of religious values

14. Different social classes tend to have different attitudinal configurations and ........... that influence the behavior of individual members.

A) Personalities
B) Values
C) Finances
D) Decision makers

15. .................. is the single factor that best indicates social class.

A) Time
B) Money
C) Occupation
D) Fashion

16. .................. is the definition of reference groups.

A) Groups that an individual looks to when forming attitudes and opinions
B) Groups of people who have been referred to by someone they know
C) Groups of office colleagues
D) Chat groups on the internet
17. ………… are factors that have been shown to affect consumer behavior.
   A) Brand name, quality, newness, and complexity
   B) Advertising, marketing, product, and price
   C) Outlets, strategies, concept, and brand name
   D) Quality, advertising, product positioning, and strategy

18. The reason that higher prices may not affect consumer buying is ………..
   A) Most consumers prefer brand names which have higher prices
   B) 70% of the total population looks for quality services and is willing to pay higher prices
   C) Consumers believe that higher prices indicate higher quality or prestige
   D) Most consumers feel that the price is actually affordable

19. Marketing strategies are often designed to influence …………. and lead to profitable exchanges.
   A) Consumer decision making
   B) Sales strategies
   C) Advertising strategies
   D) Export strategies

20. …………. can influence the consumers’ thoughts about products.
   A) Marketing and popularity
   B) Advertising, sales promotions, salespeople, and publicity
   C) Sales promotion, popularity, and marketing
   D) Billboards

Answers for Self Assessment Questions
1. (d) 2. (b) 3. (d) 4. (d) 5. (b)
6. (d) 7. (c) 8. (b) 9. (a) 10. (c)
11. (d) 12. (b) 13. (c) 14. (b) 15. (c)
16. (a) 17. (a) 18. (c) 19. (a) 20. (b)
Chapter-4 Consumer Satisfaction and Relationship Marketing

Self Assessment Questions

1. When backed by buying power, wants become ________.
   a) demands
   b) social needs
   c) exchanges
   d) self-esteem needs

2. When marketers set low expectations for a market offering, they run the risk of ________.
   a) failing to attract enough customers
   b) disappointing loyal customers
   c) decreasing customer satisfaction
   d) incorrectly identifying a target market

3. In addition to attracting new customers and creating transactions, the goal of marketing is to
   ……………… customers and grow their business
   a) recognize
   b) entertain
   c) retain
   d) educate

4. Consumer research, product development, communication, distribution, pricing, and service
   are all core ……………… activities.
   a) production
   b) marketing
   c) management
   d) customer relationship management

5. In the case of excess demand,……… may be required to reduce the number of customers or to
   shift demand temporarily or permanently
   a) surplusing
   b) marketing
   c) demarketing
   d) negotiating

6. Selecting which segments of a population of customers to serve is called ………………
a) target marketing
b) positioning
c) market segmentation
d) customization

7. …………….. is the set of benefits a company promises to deliver its consumers to satisfy their needs.
   a) A value proposition
   b) A money-back guarantee
c) Good customer service
d) An attribute

8. Which of the following marketing management concepts is most likely to lead to marketing myopia?
   a) customer-driven marketing
   b) selling
c) societal marketing
d) production

9. The product concept says that a company should …………………….
   a) improve marketing of its best products
   b) market only those products with high customer appeal
c) focus on the target market and make products that meet those customers' demands
d) devote its energy to making continuous product improvements

10. The ………. concept holds that achieving organizational goals depends on knowing the needs and wants of target markets and delivering the desired satisfaction better than competitors do.
    a) product
    b) selling
c) equity
d) marketing

11. Which of the following reflects the marketing concept philosophy?
    a) "We don't have a marketing department, we have a customer department."
    b) "When it's profits versus customers' needs, profits will always win out."
    c) "You won't find a better deal anywhere."
    d) "We build them so you can buy them."
12. When customers don't know what they want or don't even know what's possible, the most effective strategy is ……………. marketing.

   a) societal
   b) customer-driven
   c) production
   d) product

13. The ……………. concept holds that firms must strive to deliver value to customers in a way that maintains or improves both the consumer's and society's well being.

   a) equity
   b) societal marketing
   c) product
   d) marketing

14. The set of marketing tools a firm uses to implement its marketing strategy is called the …………….

   a) marketing effort
   b) product mix
   c) marketing mix
   d) TQM

15. Building, keeping, and growing profitable value-laden relationships with all customers of a company is called …………….

   a) customer perceived value
   b) societal marketing
   c) customer lifetime value
   d) customer relationship management

16. To capture the full essence of customer relationship management, which of the following should a marketing manager take into consideration?

   a) capturing a customer's lifetime value
   b) creating a sense of community surrounding a brand
   c) owning customers for life
   d) all of the above

17. Customers buy from stores and firms that offer the highest ……………. 

   a) value for the dollar
   b) customer perceived value
   c) concern for society's interests
18. Which of the following is the term for customers who make repeat purchases and tell others about their positive experiences with a product or service?
   a) satisfied customers
   b) social customers
   c) butterflies
   d) customer evangelists

19. Frequent flyer programs offered by airlines are an example of a …………………
   a) frequency marketing program
   b) club marketing program
   c) consumer relationship management technique
   d) structural benefit provided for top customers

20. Which of the following has not contributed to the deeper, more interactive nature of today's customer relationships?
   a) online social networks
   b) traditional advertising
   c) video sharing
   d) e-mail

Answers for Self Assessment Questions
1. (d) 2.(a) 3.(c) 4.(b) 5.(c)  
6. (a) 7.(a) 8.(d) 9.(d) 10.(d)  
11. (a) 12.(b) 13.(c) 14.(d) 15.(d)  
16. (d) 17.(b) 18.(d) 19.(a) 20.(b)
Chapter-5 Individual Determinant of Consumer Behavior

Self Assessment Questions

1. Our evaluations of virtually any aspect of the social world is known as:
   a) attitudes.
   b) cognitions.
   c) schemas.
   d) heuristics.

2. Which of the following is not one of the ways in which attitudes are acquired?
   a) classical conditioning
   b) observational learning
   c) instrumental conditioning
   d) semantic association

3. Research indicates that it appears that some attitudes involving "gut-level" preferences are more …………… than attitudes involving more cognitive aspects.
   a) heritable
   b) genetic
   c) salient
   d) dominant

4. Which of the following is NOT one of the components that make up the strength of an attitude?
   a) accessibility
   b) knowledge
   c) intensity
   d) salience

5. In the ………….there are two routes to attitude change, the central route and the peripheral route.
   a) attitude-to-behavior process model
   b) elaboration likelihood model
   c) theory of planned behavior
   d) prototype/willingness model

6. The negative reaction to threats to one's personal freedom often increases resistance to persuasion is known through a process known as:
   a) resistance.
b) reactance.
c) reciprocity.
d) hostility.

7. The tendency to evaluate mixed information in a way that it strengthens our initial views and makes them more extreme describes a process known as:
   a) selective avoidance.
   b) biased assimilation.
   c) selective exposure.
   d) attitude polarization.

8. James has just expressed his values and beliefs on an issue. This is an example of the _____ function of attitudes.
   a) self-identity
   b) ego-defensive
   c) self-esteem
   d) impression motivation

9. Messages that arouse strong emotions tend to:
   a) enhance persuasion.
   b) have no effect on persuasion.
   c) influence the audience only specific recommendations are not given.
   d) decrease persuasion.

10. Douglas McGregor's view that suggests that employees will exercise self-direction and self-control when they are committed to the objectives of the work is called:
    a) Theory A
    b) Theory X
    c) Theory Z
    d) Theory Y

11. Which step in Maslow's Hierarchy of Needs Theory deals with achieving one's potential?
    a) Self-actualization
    b) Physiological
    c) Social
    d) Esteem

12. Which of the following would be classified by Herzberg as a hygiene factor?
    a) Promotion
b) Responsibility  
c) Achievement  
d) Company policy

13. Who proposed that achievement, affiliation and power are three important needs that help explain motivation in workplace situations?

a) McGregor  
b) McClelland  
c) Alderfer  
d) Maslow

14. Personality is a set of response tendencies that are consistent and endure over time.

a) True  
b) False

15. Which of the following is not an attribute of agreeableness personality dimension?

(a) Altruism  
(b) Complexity  
(c) Trust  
(d) Modesty.

16. The leader who allows complete freedom in decision making and do not participate in the group activities is

(a) Autocratic  
(b) Democratic  
(c) Lassez fair  
(d) none of the above.

17. Maslow places needs at the bottom of hierarchy.

(a) Esteem  
(b) belongingness  
(c) Safety  
(d) physiological.
18. Self concept theory is governed by the desire to attain self consistency and the desire to enhance one’s self esteem.

   a) True
   b) False

19. Users, influencers & deciders' are roles taken by people in organizational:

   a) buy classes
   b) buying centres
   c) buy phases

20. The ultimate goal of marketing is:

   a) to satisfy consumer needs for information
   b) to raise consumer awareness
   c) to manage effectively, long run customer behavior
   d) to facilitate consumer experimentation

**Answers for Self Assessment Questions**

1. (a)  2.(d)  3.(a)  4.(d)  5.(b)
16. (d)  7.(d)  8.(a)  9.(a)  10.(d)
11. (a)  12.(d)  13.(b)  14.(a)  15.(b)
17. (a)  18.(a)  19.(b)  20.(c)
Chapter 6 Influence of Reference Groups

Self Assessment Questions

1. Which of the following is NOT a characteristic of a reference group?
   a) Reference groups can have a positive effect on a person's sense of membership.
   b) Reference groups are psychologically significant for a person's attitudes and behavior.
   c) Reference groups can have a negative effect on a person's sense of membership.
   d) Reference groups are based on objective criteria.

2. What was a major contribution of Milgram's obedience studies?
   a) They consistently investigated variations on ONE factor that influenced obedience.
   b) The original study had to be revised to make the following studies ethically sound.
   c) They demonstrated obedience to authority under conditions with significant consequences for oneself and another.
   d) They confirmed what experts on human behavior had predicted about obedience to an authority figure.

3. To what does the term frame of reference refer?
   a) Explicit laws and rules that proscribe inappropriate behaviours in a group.
   b) The way that other people provide us with a range of possible behaviours.
   c) The polar opposite opinions expressed in a group.
   d) Objective roles that people play in a certain context.

4. What has cross-cultural research on conformity told us?
   a) That individualist societies show higher rates of conformity than interdependent societies.
   b) That collectivist societies show higher rates of conformity than individualist societies.
   c) That individualist and interdependent societies in the rates of conformity than they show.
   d) That individualist societies show higher rates of conformity than collectivist societies.

5. Which one is NOT a characteristic of normative influence?
   a) It leads people to conform to positive expectations of others.
   b) It is relevant in ambiguous situations.
   c) It shows people how to avoid social disapproval.
   d) It motivates people to gain social approval.

6. The so-called dual-process dependency model of social influence claimed that:
a) people depend on others to provide either information about reality or else social approval.
b) there are two opposing forces that cause dependency.
c) people are easily influenced by others because of their early fixation at either the anal or the oral stage of development.
d) people depend on their own individual standards as well as those of the group.

7. What is the meaning of 'minority influence'?

a) It is the process by which minorities are influenced by majorities.
b) It is the term applied to the processes by which minorities change the attitudes of their members'.
c) It is the process by which minorities change the attitudes of majorities.
d) It is the minor part of people's social development.

8. Consumer socialization is the process by which young people acquire the skills, knowledge and attitudes relevant to their functioning as consumers.

a) True
b) False

9. According to research, there are four factors that influence consumer buyer behavior:

a) psychological, personal, social, CRM systems
b) cultural, organizational, personal, psychological
c) cultural, social, personal, psychological
d) none of the above

10. The psychological factors influencing consumer behavior are;

a) motivation, perception, learning, beliefs and attitudes
b) culture, subculture, social class
c) reference groups, family, roles and status
d) all of the above

11. Which of the following statements is not true?

a) Sigmund Freud assumed that people are largely unconscious about the real psychological forces shaping their behavior
b) The term motivation research refers to qualitative research designed to probe consumers’ hidden, subconscious motivations
c) Abraham Maslow sought to explain why people are driven by particular needs at particular times
d) Selective retention means that marketers must try to understand the mind-sets of consumers and how these will affect interpretations of advertising and sales information.

12. The consumers' five steps of adopting a new product refer to which of the following?

   a) Awareness, interest, evaluation, trial, adoption
   b) Awareness, promotion, evaluation, trial, adoption
   c) Adoption, interest, evaluation, trial promotion
   d) Awareness, interest, cash cows, trial, adoption

13. Habitual buying behavior occurs under conditions of low-consumer involvement and little significant brand difference.

   a) True
   b) False

14. According to the linear model of communication an advertiser is an example of:

   a) Source
   b) Receiver
   c) Feedback
   d) Signal

15. According to the linear model of communication turning down the TV/radio during the adverts is an example of:

   a) Receiver
   b) Source
   c) Feedback
   d) Noise

16. According to the linear model of communication a radio jingle is an example of:

   a) Source
   b) Feedback
   c) Signal
   d) Receiver

17. According to the linear model of communication a television viewer is an example of:

   a) Source
   b) Receiver
   c) Noise
   d) Signal
18. According to the linear model of communication dialling a free phone number in response to an advert is an example of:

   a) Feedback
   b) Noise
   c) Source
   d) Receiver

19. What is the conversion effect?

   a) A conversion effect is the gradual conversion of the minority's attitudes by the majority.
   b) A conversion effect is a temporary and superficial change of the majority's attitudes.
   c) It refers to when the majority actively accepts a minority's point of view.
   d) It refers to when the majority passively accepts a minority's point of view.

20. The buying behavior of individuals and groups are strongly influenced by the social class to which they belong, or aspire to belong.

   a) True
   b) False

**Answers for Self Assessment Questions**

1. (b)  2. (c)  3. (b)  4. (b)  5. (b)  
6. (a)  7. (a)  8. (a)  9. (c)  10. (a)  
11. (d)  12. (d)  13. (a)  14. (a)  15. (d)  
16. (c)  17. (b)  18. (a)  19. (c)  20. (a)
Chapter-7 Consumer Decision-Making Process

Self Assessment Questions

1. Customer delivered value is the difference between total customer value and total customer cost of a marketing product. This value can be interpreted as what?
   a) Value maximisation.
   b) Profit to the customer.
   c) Profit to the company.
   d) Value cost to company.

2. Relationship marketing is focused upon the development of robust links between the company and its customers. Which of the following are value-building approaches to customer relationship marketing?
   a) Structural, political and economic benefits.
   b) Financial, social and structural benefits.
   c) Financial, political and economic benefits.
   d) Social, political and financial benefits.

3. What is the difference between transaction marketing and relationship marketing?
   a) Transaction marketing tracks the customer payments.
   b) Focus upon one sales transaction at a time.
   c) Transaction marketing tracks customer payments and credits.
   d) All of the above.

4. Under which of the following conditions would relationship marketing not be suitable for a company?
   a) When a company has long time frames or 'horizons'.
   b) When companies use Global e-procurement systems.
   c) When a company has high switching costs.
   d) All of the above.

5. Which of the following are examples of adding financial benefits to customer relationship?
   a) Computer linkages to improve information transfer.
   b) Computer programmes to improve information transfer.
   c) Individualising products and services for customers.
   d) Frequent flyer programmes.

6. The implementation of a Customer Relationship Management programme has one predominant caveat. What is this caveat?
a) The cost of the system must not exceed the benefit of the return on investment.
b) Appropriateness of the system to both supplier and customer.
c) System must be easily implementable.
d) Success is based upon the type of industry in which the supplier and customer are part of.

7. Relationship marketing is an integral part of what type of marketing philosophy?
   a) Product philosophy.
   b) Production philosophy.
   c) Customer and marketing philosophy.
   d) Selling philosophy.

8. Customers 'invest' more than money into the purchase of a product and these ancillary factors include time, energy and psychic costs. These factors are combined to represent what?
   a) Total value cost.
   b) Total value.
   c) Cost to customer.
   d) Total customer cost.

9. What methods can a company employ to increase 'customer value' for the purchase of a new car?
   a) Strengthen the service component by offering an extended 3-year warranty on all parts and labour.
   b) Augment the product by offering free servicing for 1 year.
   c) Improve customer service training to personnel.
   d) All of the above.

10. How can a company decrease 'total customer cost' for the purchase of a new washing machine?
    a) Free delivery service.
    b) Simplified ordering system.
    c) Price discounts.
    d) All of the above.

11. The concept of relationship marketing was formerly used to stress the specificity of services marketing.
    a) True
    b) False

12. The primary drawback of the majority of Internet companies is what?
a) Reliance upon technology.
b) Slow downloading of graphics.
c) Lack of personal customer service.
d) Lack of customer interface.

13. What is the name given to the system comprised of the value chains of the company and its suppliers, distributors and ultimately customers, who work together to deliver value to customers?
   a) Customer value partnerships.
   b) Customer value chains.
   c) Customer value delivery system.
   d) Customer delivery systems.

14. The Profit Impact of Marketing Strategies studies have shown a strong correlation between which of the following?
   a) High product quality and profitability.
   b) Research and development and profitability.
   c) Profitability and partnerships.
   d) Profitability and marketing penetration strategies.

15. Total Quality Management (TQM) strives for quality excellence through which of the following mechanisms?
   a) Formulating strategies and policies that direct resources.
   b) Consistently high standards of research, marketing, sales training, advertising and customer service.
   c) Design of programmes to improve the quality of products and services.
   d) All of the above.

16. The revenues created by a customer over time will exceed the company's costs of attracting, selling and servicing that customer. This is referred to as what?
   a) Customer development value.
   b) Customer lifetime value.
   c) Customer profitability.
   d) Customer value.

17. Relationship marketing is the process of creating, maintaining and enhancing strong, value-laden relationships with its customers and stakeholders. Relationships are built on various levels. What type of relationship marketing is being used when a company works continuously with the customer to discover ways to deliver better value?
a) Proactive.
b) Partnerships.
c) Reactive.
d) Accountable.

18. A market comes into existence because it fulfills the needs of the consumer.
   a) True  
   b) False

19. Relationship marketing is the process of creating, maintaining and enhancing strong, value-laden relationships with its customers and stakeholders. Relationships are built on various levels. What type of relationship marketing is being utilized when a company employee phones a customer to enquire about the service received?
   a) Partnerships.
   b) Accountable.
   c) Basic.
   d) Reactive.

20. If the performance of a purchased product or service greatly exceeds the customer's expectations, this results in what type of customer?
   a) Ambivalent customer.
   b) Satisfied customer.
   c) Delighted customer.
   d) Dissatisfied customer.

**Answers for Self Assessment Questions**

1. (c)  2.(b)  3.(b)  4.(b)  5.(d)
6. (a)  7.(c)  8.(d)  9.(d)  10.(d)
11. (a) 12.(c) 13.(c) 14.(a) 15.(d)
16. (b) 17.(b) 18.(a) 19.(b) 20.(c)
Chapter-8 Organizational Buying Behavior

Self Assessment Questions

1. Which of the following is not representative of the decision making process in business to business markets?
   a) More complex buying decisions.
   b) Buyers and sellers are more dependent upon each other.
   c) More formalized approach to the purchasing process.
   d) The process does not require a detailed product or service specification.

2. Inelastic demand occurs when:
   a) a rise in the price of one component does not affect the demand for it.
   b) a rise in the price of one component results in a drop in demand for it.
   c) a fall in the price of one component does not affect the demand for it.
   d) buyers are inflexible when negotiating prices.

3. Demand in organizational markets tends to be inelastic because:
   a) currency fluctuations make pricing difficult.
   b) demand for one component is linked to demand for another.
   c) demand for one component is not linked to demand for another.

4. Which of the following is not typical behavior with the adversarial approach to supplier negotiations?
   a) Emphasis on lowest unit price.
   b) Sporadic communication.
   c) Integrated operations.
   d) Regular price quotes.

5. Problem-solving such as the repeat order for stationery supplies for a large business, which is carried out regularly is called:
   a) complex problem solving.
   b) routine problem-solving.
   c) simple problem-solving.
   d) extended problem-solving.

6. Which of the following is an example of variety-seeking buying behavior?
   a) Routine purchase such as stationery.
   b) Comparative review of new computers for the office.
   c) Purchasing capital equipment.
7. Which of the following is an example of habitual buying behavior?

a) Selecting a new product or component.
b) Comparative review of stationary prices and products.
c) Purchasing capital equipment.
d) Routine purchase such as fuel for a fleet of vehicles.

8. Which of the following is an example of dissonance-reducing buying behavior?

a) Choosing a new supplier.
b) Routine purchase such as stationery.
c) Review and selection of a new product or component.
d) Purchasing capital equipment.

9. Which of the following is an example of complex buying behavior?

a) Routine purchase such as stationery.
b) Purchasing capital equipment.
c) Selecting a new computer for the office.
d) Choosing a new supplier.

10. Quality is the extent to which the customers or users believe the product or service surpasses their needs and expectations.

a) True
b) False

11. If an industry has a small number of easily-identifiable customers, this is called:

a) Industrial concentration.
b) Oligopoly.
c) Geographical concentration.

12. A situation in which a firm has bought the product before from the same suppliers is called:

a) A regular purchase.
b) A modified rebuy.
c) A straight rebuy.

13. A situation where the firm has some experience of the product to be purchased, but also needs to revise the purchase is called:

a) A new purchase.
b) A modified rebuy.
c) A straight rebuy.
14. Which of the following is NOT part of the B2B decision-making process?

a) Precipitation.
b) Product specification.
c) Participation.

15. Someone who handles the search for, and negotiates with, suppliers is called:

a) Gatekeeper.
b) Decider.
c) Buyer.

16. One who controls the flow of information is called:

a) An influencer.
b) A gatekeeper.
c) A decider.

17. Factors such as prestige, career security and social needs are called:

a) Non-profit influences.
b) Non-economic influences.
c) External influences.

18. Consumer market is a huge market in millions of consumers where organizational buyers are unlimited in number for most of the products.

a) True  
b) False

19. What information sources is an organizational buyer likely to consult in the search for a supplier of computers?

a) Promotional literature and also face-to-face interaction with salespeople who can provide product feature information.
b) Opinions of others, particularly other members of the decision-making unit who may be experts in this field.
c) Public information, including reports in computer magazines and the trade press. These provide a relatively unbiased perspective on the alternatives available.
d) All of the above.

20. The organizational buying process may involve autonomous or joint decision making

a) True  
b) False
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