

**NEW SCHEME**

**Third Semester MBA Degree Examination, Dec.06/Jan. 07**  
**Business Administration**  
**Consumer Behavior**

[Max. Marks:100

Time: 3 hrs.]

**Note: Answer any 4 Questions from Q1. to Q7.**  
**Q8 is compulsory.**

- 1 a. What do you mean by Consumer Buying Behavior? (03 Marks)
- b. Discuss the relevance of consumer behavior knowledge to Marketing Management non profit and social marketing and Government decision making. (07 Marks)
- c. Describe the consumer decision - making process. Explain with an example of an automobile purchase. (10 Marks)
- 2 a. Write a short note on consumer movement. (03 Marks)
- b. What are the important bases for market segmentation? What is market aggregation strategy? (07 Marks)
- c. What is Qualitative research? What are the types of qualitative research and the different types of projective techniques used in qualitative research? (10 Marks)
- 3 a. How is culture defined? (03 Marks)
- b. Discuss briefly the psycho analytical theory by Sigmund Freud. (07 Marks)
- c. Discuss in detail Maslow's hierarchy of needs. What is its relevance to the marketer? (10 Marks)
- 4 a. What is learning? What is the role of memory in learning process? (03 Marks)
- b. Discuss the significance of ethics in marketing. (07 Marks)
- c. Discuss in detail the Howard Sheth model. (10 Marks)
- 5 a. Social classes exhibit status. Explain. (03 Marks)
- b. Discuss the significance of family decision making and consumption related roles. (07 Marks)
- c. Enumerate the important components of communication. How is this understanding pertinent to design, persuasive communications strategy? (10 Marks)
- 6 a. State any characteristics (three) for South Indian sub culture. (03 Marks)
- b. Write a note on the changing teenage market and their role in the Indian Marketing scene. (07 Marks)
- c. Differentiate between Organizational buyer and final consumer buyers. (10 Marks)
- 7 a. What are the important sources of information in the search for information in the consumer decision making process? (03 Marks)
- b. What is Diffusion process of an innovation? What are different stages in the adoption process? (07 Marks)
- c. How does culture and social values influence on consumer buying behaviour? Explain. Also discuss relationship marketing in cross cultural context with suitable examples. (10 Marks)

## 8 Caselet : Bath soaps in India.

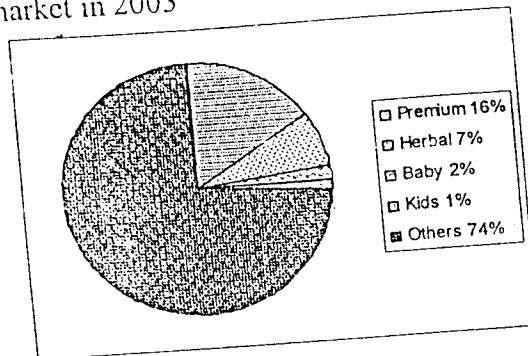
The FMCG, Market, today, is flooded with numerous brands with similar attributes in the same category. The dynamic consumer purchasing behaviour dictates companies to segment the market creatively and go for more customized products. From mass markets, most of the FMCG companies are now focusing on niche markets. Niche marketing helps marketers to address a small segment of consumers by satisfying their specific needs and simultaneously increasing the share holder's wealth.

Bath soap market in India :

Bath soaps are among the highest penetrated products within FMCG market and have a reach of 95% of the urban and 87% of the rural house holds. The competition brought in a few benefits to the consumer : Bath soaps with upgraded offerings and better quality.

Soap Market segmentation

Exhibit 1 : Bath soaps market in 2003



(Compiled from various sources )

Earlier, most of the FMCG soap companies targeted mass markets, very few focused on niche markets. Market experts say brand extension in bath soap category often leads to brand cannibalization. Hence it has become difficult for FMCG companies to go for creative segmentation. Developing a product for a niche market requires focus on its resource utilization to make it successful. It is really a puzzle for marketers in identifying the customer insights in a country like India because of its disparity in patterns of consumption. Very few players have segmented soap category within their niche offerings. Some of the niche segments in the soap category are herbal or ayurvedic soaps, premium soaps, junior /kids soaps, and baby soaps. The total sales of bath soaps accounted for nearly 4300 crores in the year 2003. The estimated market share of these niche segments is given in exhibit 1.

Today consumers are provided with more options to choose in a single category. The company with the first mover advantage will gain in each segment, but it's the player with a unique positioning in each segment, who will lead the market. Therefore, gaining consumer insight is the key to niche marketing in the both soap segment.

Questions for the case let :

- How was the "Soap category" in the past targeted? Explain. (05 Marks)
- M.S. Banga, Ex - Chairman HLL (Hindustan Lever Limited) says "Niche Marketing is the order of the day" . What is the meaning of this statement and its relevance to experience of Bath soaps in India? (05 Marks)
- What are the basic characteristics surrounding Herbal soaps and Premium soaps segment in India? (05 Marks)
- What in your opinion is the Baby soap segment and Junior/kids soap segment in India, should do to increase their levels in Market share? (05 Marks)

**NEW SCHEME**

**Third Semester M.B.A Degree Examination, July 2007**  
**Business Administration**  
**Consumer Behavior**

Time: 3 hrs.]

[Max. Marks: 100

Note : 1. Answer any **FOUR** questions, from Q 1 to Q7.  
2. Q 8 Case Study is compulsory.

- 1 a. What do you understand by the term 'Consumer Movement'? (03 Marks)  
b. Explain briefly the various tools used to conduct motivational research. (07 Marks)  
c. Why Frustration occurs? Explain the different defence mechanisms to reduce frustration. (10 Marks)
- 2 a. What is crisis in communication? (03 Marks)  
b. Explain the strategies to reduce the 'Cognitive Dissonance'. (07 Marks)  
c. Explain with diagram "Howard Sheth Model" of Buying Behaviour. (10 Marks)
- 3 a. Why the study of consumer behaviour is important? (03 Marks)  
b. What is perceived risk? Explain the different types of risk, consumers undertake while purchasing any product / service. (07 Marks)  
c. Explain the various ways consumers dispose the product after the useful life. (10 Marks)
- 4 a. What do you understand by post-purchase evaluation? (03 Marks)  
b. Explain the dynamics of opinion leadership? (07 Marks)  
c. Discuss the various stages of family life cycle and its impact on buying behavior. (10 Marks)
- 5 a. Comment on 'Viral Marketing'. (03 Marks)  
b. Explain the Adoption process. (07 Marks)  
c. Describe the consumer decision making process with an example. (10 Marks)
- 6 a. Explain the concept 'CRM'. (03 Marks)  
b. Explain the 'Online Buying Behaviour'. (07 Marks)  
c. Explain the 'Consumer Gifting Behaviour'. (10 Marks)
- 7 a. What do you understand by 'Brand Personification'? (03 Marks)  
b. Critically evaluate the 'Maslow's Hierarchy of needs' model. (07 Marks)  
c. What is ethics in marketing? Give example of some unethical practices in marketing. (10 Marks)

## 8 Case Study :

A certain store was keeping a number of brands of washing machines. They had washing machines to cater to the needs of all the segments of the society. They were stocking IFB, Videocon, BPL, National, Godrej and locally made washing machines as well, they had both automatic, semi-automatic and manual machines. The automatic machines were bought by the higher income group. The middle income group were content with semi-automatic machines. Manual hand operated machines were for the lower class of client etc. and also those living in the rural areas, where electrification was not complete or the electricity went off for days together.

It was observed that when customers came to buy all automatic machine, they usually came with their sponsor and they looked mainly at the colour, style of functioning, electric consumption, care for handling, price factors, etc. Many customers would not buy on their first visit. They would come back after an interval of time, and bought the machine after careful considerations of the attributes that they were looking for. Many would change their choice, and come back to buy semi-automatic, instead of automatic machines.

The sale was observed to be highest during marriage seasons and at festival times. There was a great influence of the house-wives in buying these washing machines as they were the ultimate users.

With a lot of information imparted by the media, and the children being exposed to it for several hours, in a day, they seemed to have a good knowledge of the attributes and had a great say in the purchases and their opinions were also given weightage by the parents. Since a chain store is more interested in the sales to materialize, rather than pushing any particular brand, the salesmen are directed to satisfy the customers or the family queries. This should be their first consideration.

## Questions :

- Do you feel that group interaction helps the buyer in his decision-making process?  
Elaborate. (05 Marks)
- What should be the role of the marketer in the above case regarding: " (05 Marks)
- Advertisement. (05 Marks)
- Promotion. (05 Marks)
- Persuasion and closing the sales.

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Based on the research findings, product lines that would appeal to the target customers were selected. The retail promotion was run for a full week, full page advertisement were released each day in the two local Hindi newspapers, and also in one English newspaper that devotes six pages to the coverage of the state.

Each evening a sample of 100 target market customers was interviewed by telephone as follows :

1. Target customers were asked if they had read the newspaper that day. This was done to determine their exposure to advertisement.
2. After a general description of the product lines, the respondents were asked to recall any related retail advertisement they had seen or read.
3. If the respondents were able to recall they were asked to describe the ad, the promoted products, sale prices, and the name of the sponsoring store.
4. If the respondents were accurate in their ad interpretation, they were asked to express their intentions to purchase.
5. Respondents were also asked for suggestions to be incorporated in future promotions targeted at this consumer segments.

Immediately after the close of promotion, 500 target market customers were surveyed to determine what percentage of the target market actually purchased the promoted products. It also determined which sources of information influenced them in their decision to purchase and the amount of their purchase.

Results of the study showed that ad exposure was 75 percent and ad awareness level was 68 percent and was considered as high. Only 43 percent respondents exposed to and aware of the ad copy could accurately recall important details, such as the name of the store promoting the retail sale. Just 43 percent correct interpretation was considered as low. Of those who could accurately interpret the ad copy, 32 percent said they intended to respond by purchasing the advertised products and 68 percent said they had no intention to buy. This yields an overall intention to buy of 7 percent. The largest area of lost opportunity was due to those who did not accurately interpret the ad copy.

The post - promotion survey indicated that only 4.2 percent of the target market customers made purchases of the promoted products during that promotion period. In terms of how these buyers learned of the promotion, 46 percent mentioned newspaper (English) and 15 percent learned about sale through word of mouth communication.

The retail promotion was judged as successful in many ways, besides yielding sales worth Rs.900000, however, management was concerned about not achieving a higher level of ad comprehension, missing a significant sales opportunity. It was believed that a better ad would have at least 75 percent correct comprehension among those aware of the ad. This in turn would almost double sales without any additional cost.

Questions :

- a. Why would some consumers have high - involvement levels in learning about this sale promotion? (05 Marks)
- b. Is a level of 75 percent comprehension realistic among those who become aware of an ad? Why or why not? (05 Marks)
- c. Do you think such promotions are likely to influence the quality image of the retail store? Explain. (05 Marks)
- d. Was the method of consumer research used by the researchers appropriate? What other methods would have been more suitable to elicit the responses? (05 Marks)

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Tudor shoes were positioned as simple, no fuss yet elegant shoes particularly targeted at office goers. The shoes had a reputation of being comfortable and reasonably priced and had a good market share despite competition from Bata, Windsor, Lee Cooper, Woodland, Liberty etc.

Prashant looked keenly at the moving feet of hurrying office goers. His trained eyes could notice the changing scenario. A significantly large number of office goers no longer seemed to have any preference for “no fuss” shoes. There was a very distinct shift in preference for heavy looking bold shoes. Consumers’ perceptions about the types of shoes appropriate for wearing to office were changing from regular six-hole laced shoes to these heavy looking bold shoes. As a result of these shoes shift in consumer perceptions and preferences, the market share of Tudor shoes had declined by 10 percent within the last two years.

The trend was disturbing and Prashant called a meeting of departmental heads. The outcome of meeting was as Indian urban consumers had undergone a significant change about the workplace and products, Tudor shoes should shed off its image of being “Traditional” and keeping pace with times should become “contemporary” as more and more consumers were going for branded shoes.

Departmental heads agreed that consumers carry a definite “price-quality” perception about most branded products, including shoes. High price is generally perceived as denoting high quality. To take advantage of such consumer perceptions, it was decided to move away from “high quality – affordable price” and targeting the middle class consumers to a “high price – high quality” image. The decision makers saw better prospects for the company by making such a move. In larger cities especially, shoes were no longer viewed a necessity but had become a part of fashion accessory and lifestyle expression.

For the last four decades Tudor fashions were known for making popular and affordable shoes. After the decision, the company took a one hundred eighty degree turn. It developed dedicated showroom with premium priced shoes and other accessories such as leather bags, belts, purses and T-shirts etc.

The results were quite contrary to expectations and the decrease in market share continued despite the new efforts. Apparently, the reasons for such results seem to be quite simple: for decades, consumers carried the image of Tudor shoes as good quality in the affordable range. This created considerable confusion among consumers and they felt betrayed. They turned away to other brands, national as well as local. The main appeal for the consumer was missing. The premium brands were perceived to be in category that catered to upper middle and upper class consumers. When consumers considered premium shoes, other brands came to Recall, not the Tudor.

- a. What kind of information was the basis for CEO’s decision about Tudor shoes? (05 Marks)
- b. Analyse the pros and cons of Prashant’s decision about Tudor shoes. (05 Marks)
- c. Suggest an approach which in your view might have been successful in changing consumer perceptions and attitudes about Tudor shoes. (05 Marks)
- d. You are a marketing communication consultant. Suggest an ad campaign to help Tudor establish a premium image for its shoes. (05 Marks)

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CASE STUDY

BURNOL

Burnol was first launched about 60 years ago, as a cream to soothe and heal skin burns, by Boots Pure Drug Co. (India) Private Ltd. Over the years, this burns relief ointment also became almost a generic product. By mid 1960 s, Burnol had become an integral part of the Indian housewife's life which revolved around either wood-fed or kerosene cooking stoves.

In 1972, competition surfaced when S,K and F launched "Shield", a rival cream, followed by "Mediguard" from J.L. Morrison. Burnol saw them both off.

By 1974, Burnol was being advertised on Doordharshan as a burn's ointment. This helped the brand burrow its way deep into the Indian house-care consciousness.

The 1980's saw a decline in the dangers of kitchen cooking, as most middle class homes switched to LPG stoves and electric spark lighters (replacing match boxes). Almost on cue, Burnol sales started stagnating. In 1987-88, Burnol hired IMRB to conduct a product usage and awareness study. The brand had a strong presence in the minds of the consumers but yet not in wide spread use. Burnol's turmeric image was seen to stain clothes. So, Boots changed the cream from deep to non-staining light yellow and relaunched the product. The new adcampaign urged people to keep the product in easy reach. The result was a short spurt in sales that quickly died down.

In 1990, Boots again decided to reposition Burnol as a wide-appeal, multiple usage antiseptic with a changed brand name, "Anti-septic Burnol 3-in-1". Its colour was made lighter, dissociating it with turmeric, and was given a new perfume. But alas, the brand could not dent the established brand equity of other Over The Counter (OTC) antiseptic creams, such as Boroline, Dettol and Savlon.

Frustrated, in July 1997, Boots sold Burnol to Reckitt Piramal, who repositioned it as a First Aid cream "Burnol Plus". However, organizational changes in Reckitt Piramal forced the sale of Burnol to Dr. Morepen in 2001.

Dr. Morepen wants to be realistic about Burnol's future. It would like to review the product image and consumer attitude towards the brand and decide whether the brand's essential uniqueness is to be preserved or not.

Questions:

- i) Analyze the case and identify the significant issues.
  - ii) What is the level of consumer involvement in such a product category?
  - iii) Why attempts to give the brand a new image failed?
  - iv) What strategies would you recommend to change consumer attitude towards the brand?
- (20 Marks)

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**Third Semester MBA Degree Examination, Dec.09-Jan.10**  
**Consumer Behaviour**

Time: 3 hrs.

Max. Marks:100

**Note:1. Answer any FOUR full questions, from Q.No. 1 to Q.No. 7.**  
**2. Q.No. 8 is compulsory.**

- 1
  - a. Differentiate between consumer and customer. (03 Marks)
  - b. What is frustration? Explain the different defense mechanism to reduce frustration. (07 Marks)
  - c. Explain with the diagram "Howard Sheth model" of buying behaviour. What is another name of "Howard Sheth model"? (10 Marks)
- 2
  - a. List out the steps in the consumer research process. (03 Marks)
  - b. Explain "Maslow's Hierarchy of Needs model" in detail. (07 Marks)
  - c. Explain in detail the four views of consumer decision making. (10 Marks)
- 3
  - a. Explain the term "consumer ethnocentrism". (03 Marks)
  - b. What is perceived risk? Explain the different types of risk and how do customers handle risk. (07 Marks)
  - c. What is ethics in marketing? Give some examples of unethical practices in marketing. (10 Marks)
- 4
  - a. List out the elements of the learning process. (03 Marks)
  - b. Briefly discuss the social class categories in India. (07 Marks)
  - c. Explain the multi - attribute attitude model with an example. (10 Marks)
- 5
  - a. List out the factors responsible for social stratification. (03 Marks)
  - b. Explain how acculturation is important from a marketers point of view. (07 Marks)
  - c. What are reference groups? Explain the different types of reference groups with examples. (10 Marks)
- 6
  - a. What are consumer action groups? (03 Marks)
  - b. Explain how children play an important role in family decision making with an example. (07 Marks)
  - c. Explain the various ways consumers dispose the product after the useful life. (10 Marks)
- 7
  - a. What is brand switching behaviour? (03 Marks)
  - b. Explain the strategies used by companies to maintain a long term relationship with its customers. (07 Marks)
  - c. Explain how persuasive communication is important to reach the target audience with an example. (10 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.  
 2. Any revealing of identification, appeal to evaluator and /or equations written eg. 42+8 = 50, will be treated as malpractice.

**8 CASE STUDY :**

A certain showroom dealing in refurbished cars used to put on display, the Maruti 800, Maruti Omni, Santro and many other cars. Both the automatic and manual brands of cars were available for display. The automatic models of cars were bought by usually the software engineers and the businessman. The refurbished cars were usually bought by the first time car buyers.

It was observed that when the customers came to buy the car, they would usually come with their family, which would include Father, Mother, Wife and Children and some times friends and relatives. It was noticed that most of them were interested in purchasing vehicle through finance. Most of the sales would usually take 3 – 4 weeks to close.

The sales were observed to be the highest during the year end and festival season. There was a great influence of the housewives and the children in buying these cars as they were the ones who would enjoy the ride along with their father / husband.

Since the show room is interested in sales to materialize, rather than pushing any brand, the salesman are directed to satisfy the customers or the family queries.

This should be their first consideration.

Questions :

- a. Do you feel that group interaction helps the buyer in his decision making process?  
Elaborate. (05 Marks)
- b. What should be the role of marketer in the above case regarding :
  - i) Advertisement
  - ii) Promotion.
  - iii) Persuasion and closing the sale. (15 Marks)

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**Case study continued...**

In 2001-02, India got its first hyper market in the form of 'Big Bazaar', launched by PRIL. From 2003 onwards, Big Bazaar included a 'Gold Bazaar'. Big Bazaar targeted middle and lower middle class Indian consumers. "The store is a support to the home maker's constant effort of saving the maximum while giving the best to her family", said Kishore Biyani, MD, PRIL. The company opened its first Big Bazaar store in Mumbai, with merchandise ranging from apparels and household products to consumer electronics. As price was proposed as the key differentiator, the stores offered 5 – 60% discount across product ranges, with 25 – 60% discount on apparels and 5 – 20% discount on other product categories. It also focused on unbranded products, especially in apparels that constituted 40% of its sales.

To maintain low prices, the company hunted for good deals in the market, to buy merchandise at considerably less rates. In the case of jeans, for instance, it sourced the discontinued Ruf n Tuf brand of apparels from Arvind Mills Ltd. In India, the readymade jeans market consumed 72 million pairs of jeans a year. Of the 72 million pairs, three million pairs were sold 'off the pavements' and Big Bazaar wanted to make inroads into that market. The price positioning of Ruf n Tuf jeans at Rs.299, was supposed to take on this off pavement market where most of the jeans were priced between Rs.375 and Rs.400. "The consumer can now shop at Big Bazaar and pick up jeans or tops for as much if not less than what they would, in the un-organized retail sector", said Darshan Mehta, president, Arvind Mills. To cut back on costs, the Big Bazaar stores were built on warehouse format, with less focus on store ambience. Biyani opined that Big Bazaar was focused on giving the best possible deal to its customers, rather than focusing on the ambience of the store.

Taking cue from international retail players like Wal-Mart and Carrefour, the company decided to focus on the value-proposition, to attract its target customers, Big Bazaar used 'Is se sasta aur achha kahin nahin' as a punch line, emphasizing its focus on low prices. It also communicated 'Price challenge offer', wherein the consumer can return the merchandise purchased from Big Bazaar if she/he finds a similar product elsewhere, at a lower price. It also communicated 'Purane do naya lo' offer. With its clear positioning as value-for-money, Big Bazaar became a success story.

Despite this growth, Big Bazaar faces intense competition today. Its main competitors are Giant hyper markets owned by RPG Group, and Star India Bazaar owned by Trent, a Tata Group Co. The competition would increase further if the government of India allows FDI in the retail sector which will result in international players entering the Indian market. India already has some international players like Marks and Spencers, Dairy Farm International Holding Ltd. and Life Style International, which either have a franchise setup or a joint venture in India. It is to be seen if Big Bazaar will be able to hold its ground in the face of increasing local and international competition.

**Questions:**

- a. How did Big Bazaar offer the 'best possible deals' and discounted prices to its consumers? (05 Marks)
- b. Biyani opined that Big Bazaar was focused on giving the best possible deals to its customers, rather than focusing on the store ambience. Is ambience irrelevant for discount stores? (05 Marks)
- c. What are the ways in which Big Bazaar can attract more number of customers? (05 Marks)
- d. What strategies you recommend to the Big Bazaar to beat the competition? (05 Marks)

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