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10MBAMM313

Third Semester MBA Degree Examination, December 2012
Consumer Behavior

Time: 3 hrs.

Max. Marks:100

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

- 1 a. Define consumer behaviour. What are the differences between consumer and customer? (03 Marks)
b. Explain different levels of consumer decision making. (07 Marks)
c. Describe the strategies involved in designing persuasive communication. (10 Marks)
- 2 a. What do you mean by diffusion of innovation? (03 Marks)
b. What is reference group appeals? Explain the types of reference group appeals. (07 Marks)
c. What is perceived risk? Explain how consumer handle risk. (10 Marks)
- 3 a. Who is a surrogate layer? (03 Marks)
b. Explain the altering component of the multi attribute model. (07 Marks)
c. Why does frustration occur? What are the defense mechanism for reducing frustration? (10 Marks)
- 4 a. What is on-line decision making? (03 Marks)
b. Define attitude and mention the strategies of attitude change. (07 Marks)
c. Explain the input-output model of consumer behavior with a suitable diagram. (10 Marks)
- 5 a. What is consumer ethnocentrism? (03 Marks)
b. Analyze the stages of consumer adoption process. (07 Marks)
c. Mention the strategic applications of classical conditioning theory. (10 Marks)
- 6 a. Explain the importance of figure and ground in perception. (03 Marks)
b. What is meant by perception, What are the elements of perception? (07 Marks)
c. What is opinion leadership? Explain the dynamics of opinion leadership. (10 Marks)
- 7 a. What is dogmatism? (03 Marks)
b. Define the term "motivation". Explain the two types of needs. (07 Marks)
c. Explain consumer innovativeness and related personality traits. (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.

CASE STUDY**Whole Foods Market Versus Fresh Direct.com**

Whole Foods Market is a supermarket chain with less than two-hundred stores selling healthy, gourmet products such as organic vegetables, free range poultry, foods without artificial ingredients or hydrogenated fats, and many environment-friendly products such as nonpolluting detergents and chlorine free diapers. The company began in the 1970's as a natural food store that caters to hippies. Through the purchase of small health-food stores in major cities, the company gained more exposure and access to distribution channels for natural foods. During the late 1980's and the 1990's the company's growth was fueled by the upsurge in America's desire for healthy living and their interest in gourmet cooking. Whole foods does very little advertising but receives constant free media exposure because it is often mentioned in popular TV series, praised by celebrities and so on. The company educates customers about foods, provides recipes and even arranges trips where customers meet the local fishermen. Whole foods prices are significantly higher than products in traditional supermarkets because the keys to its profitability are higher profit margins for products than traditionally yield slim margins. But as the company's CEO pointed out, Americans spend for less of their income on food than other nations and that's why most of it doesn't taste very good: if they want to eat higher quality foods, they have to pay for them. In 2005 whole foods started its plans to double the number of stores by 2015.

Fresh Direct.com is an online grocer operating in New York city since 2002 that delivers both fresh and processed foods and other perishable and nonperishable groceries. Ordered by customers online via user-friendly shopping list software. The fresh foods are prepared and the orders are assembled in a single facility, and the company uses computers and sophisticated, highly automated assembly and delivery tools. The orders are delivered to thousands of customers during specific "time windows". Which are very difficult to keep because of New York heavy and unpredictable traffic patterns? Learning from the mistakes of long gone online grocers, the company offers a limited selection of products, but its meat and seafood orders are freshly prepared. Fresh direct has plans to expand even before becoming profitable. The keys to the company's Success are increasing the number of its subscribers and ensuring that customers order consistently, reducing its operating costs through more powerful technology and automation and maintaining the accuracy of the orders and the delivery periods. Generally, customers have been satisfied with the quality of the products, although occasionally, the quality of the meats, seafood and fresh produce fell below the expectations of some customers. Unlike whole foods, fresh direct does not specialize in organic foods but carries line of such items and its prices are comparable and sometimes lower than those in conventional supermarkets.

Questions:

- Analyze the case. (05 Marks)
- a. "Although very different, whole foods and fresh direct are both successful because they understand consumers behavior and effectively cater to customers needs". Discuss this statement. (05 Marks)
 - b. How do the emergence and operations of each company illustrate applications of the marketing concept? (05 Marks)
 - c. Please identify, describe, and compare the challenges that each company faces as it tries to expand. (05 Marks)

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