

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 3 – • EXAMINATION – WINTER 2015

Subject Code: 2830101

Date: 03/12/2015

Subject Name: Consumer Behavior

Time: 10.30 AM to 01.30 PM

Total Marks: 70

Instructions:

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

6

Q.1 (a) Consumers with many resources and open to change are termed

1. A. Fulfilled B. Strivers
C. Achievers D. Actualizers

In Maslow's theory, the need to become all that one is capable of becoming is

2. A. Achievement B. Status
C. Self-esteem D. Self-actualization

The term used to describe the individual's internal drive to act to satisfy unfulfilled needs or achieve unmet goals is known as

3. A. Behavior B. Expectation
C. Motivation D. Drive

You go to the supermarket and buy a loaf of bread. It is the same bread that you 'always' buy and your decision is classed as low involvement. Your decision making behaviour can be defined as

4. A. Habitual decision making B. Frequent decision making
C. Extended decision making D. Limited decision making

In trait theory, the degree of receptiveness a consumer feels toward "new experiences" is called:

5. A. consumer ethnocentrism B. consumer innovativeness
C. consumer narrowness D. consumer materialism

When a market is divided into subsets by age groupings, what is this called:

6. A. Customer value B. Product concept
C. Market segmentation D. Production orientation

Q.1 (b) Explain the following terms:

04

1. Motivational research
2. Selective attention
3. Consumer socialization
4. Upward mobility

Q.1 (c) Explain the functions of attitudes.

04

Q.2 (a) Explain the concept of consumer Self – image.

07

(b) How are the concepts of absolute threshold, differential threshold and j.n.d. applied in marketing?

07

OR

- (b) How does a brand's personality influence consumption? Explain with reference to the Aaker's dimensions of brand personality. **07**
- Q.3** (a) Which are the elements of consumer learning? Which are the two major classes of theories to understand consumer learning? Explain. **4 + 3**
- (b) Citing examples, suggest strategies for changing consumer attitudes. **07**
- OR**
- Q.3** (a) Explain the attitude towards the object and attitude towards the behavior models. **3 + 4**
- (b) How shall the understanding of the ELM model help the marketer in communication strategy? **07**
- Q.4** (a) Describe in detail the Family Life Cycle, with appropriate examples. **07**
- (b) An innovation - LED Bulbs have started gaining popularity. Which are the factors that would influence the adoption of LED bulbs? **07**
- OR**
- Q.4** (a) Define culture. What are the characteristics of culture? **2 + 5**
- (b) What are the applications of study of social class in marketing? **07**

In the morning of December 15, 2010, Mr. Rohit Kumar, Area Sales Manager (North Bihar) of Global TV Limited was quite upset. He was anxious about the Annual Sales Meeting that he had to attend in the coming week in New Delhi.

Rohit had left his previous organization, Vishal Network Ltd., three months back after working there in direct sales for around seven years. He had an excellent sales record. He had been appointed as the Area Sales Manager of Global TV Limited and was held responsible for the complete North Bihar region. North Bihar sales area covered the northern part of Bihar, comprising of primarily Muzaffarpur, Motihari and Sitamahri districts. The company had huge expectations from him. Rohit was therefore feeling concerned and was trying to devise some concrete plans which would facilitate him in escalating Global TV Limited's market share in north Bihar, thereby moving towards fulfilling the company's expectations.

A great opportunity in the form of the forthcoming ICC world Cup 2011 was knocking at the door and Rohit recognized that with the cricket fans of north Bihar, it was a make or break opportunity which he required to tap with the pre-arranged organizational resources.

Rohit appointed some of his sales people to conduct micro-level attitudinal survey on the prospective customers of north Bihar. The results highlighted the important factors hindering the increase in customer base. Rohit prepared a list of these factors:

Factor 1 – *Satisfactory existing relationship with the local cable operator:* Customers had a positive and favorable attitude towards the cable operators because of their familiarity and long-term relationships with them. The customers felt that the cable operator was known to them personally and attended to all the technical complaints as early as possible. Therefore, they did not feel the need to change over to the DTH system.

Factor 2 – *DTH perceived as a rich man's service:* there was a perception amongst the customers that the DTH service was for the rich people, and not for the middle class.

Factor 3 – *Higher installation and rental charge of DTH:* For a package of about 125 channels that included the major channel categories and most watched channels, cable providers charged a rental of Rs. 180 per month in the suburban areas. They even kept the installation charges very low. In cities, the cable providers usually took deposits to the tune of Rs. 500 which was reimbursable at the time of discontinuance of the services by the customer. DTH, on the other hand, had high set-up costs, including the installation charges and monthly subscription charges. The initial set-up for DTH required a price as high as Rs. 1000 and the channel package offers were priced over and above this. The rental charged was perceived to be quite high by the consumers. This resulted in lower switching of consumers from cable to DTH. The price per channel ratio was also very high in case of DTH providers, and cable was stealing the march in this area over them. It was thus important for DTH to improve its distribution and customer services rapidly to meet the increasing customer participation in the process of value realization. Also, DTH had to closely monitor its costs to be able to challenge cable's supremacy.

Factor 4 - *Cumbersome payment procedure*: it was found that the prospective customers considered the payment procedure of DTH service very cumbersome. In case of cheque payments, normally the drop box method was being used. But the number of drop boxes was highly inadequate in smaller towns. Furthermore, only cheques above Rs. 1500 could be deposited. Another payment option was e-charging, but customers of rural areas and suburbs were unable to use this option due to low penetration of internet. For paying through the mobile option, handsets required to support JAVA MIDP 2.1 and telecom connection was needed to be GPRS activated. Connection error in GPRS, unavailability of network, incorrect PI, incorrect Global Sky subscriber id, incorrect card details, etc. led to transaction failures. On the other hand, the cable operator was normally a local person and collected the rentals from home at a convenient time of the customer.

Factor 5- *no differentiation between DTH brands*: this factor highlighted the fact that there were a growing number of DTH service providers creating a clutter. There was not much differentiation between them which confused the customers in their purchase decisions. Thus, the DTH brands needed to differentiate themselves from each other in the market to capture more continued attention of the consumers.

Moreover, in the last week, one of Rohit's friends had said that all DTH services were very expensive and therefore did not target the middle class population of India. This made him think that if the mobile market could appeal to mass market, why not DTH? Till now. The company had concentrated their marketing efforts towards the urban high-middle class and upper class niche. Now it was time to concentrate on changing the middle income customers' attitude and perception

Towards the DTH services as well as the Global TV brand.

With these thoughts in mind, Rohit finally sat down to prepare a comprehensive marketing plan to address all the challenges and thereby come up with a strategy to augment the market share.

(Fictitious case)

Q.1) Which model of attitude formation is applicable in this case? Prepare a questionnaire to measure the attitude as per the applicable model.

Q.2) Which aspects of Maslow's hierarchy would you address to change consumers' motivation towards DTH? Which theory of learning would you adopt to teach consumers about DTH and Global TV?

OR

Rajasthan Spinning & Weaving Mills (RSWM) is one of the largest textile manufacturers in the country with a turnover of Rs. 1500 crores. *Mayur suitings* is a textile brand launched by RSWM almost 30 years back. Till 2007, *Mayur* captured a steady market share of about 7% in the Rs. 10,000 crore Indian suitings market. *Mayur* was especially famous for its predilection for celebrity endorsements. In 1980s, *Dinesh* (endorsed by Sunil Gavaskar) started this practice in the purview of garment manufacturing industry. Siyaram also followed the same footsteps.

Mayur, the competitor of *Dinesh* and *Siyaram*, became noticeable since 1995, when they roped in Shahrukh Khan, the matinee idol of Bollywood to endorse the brand. Although at that point of time Shahrukh was not a superstar, he had already shown the prospect of reigning Bollywood for years to come. He endorsed *Mayur* for four years from 1995 to 1999 with a tagline, Shahrukh 'Mayur' Khan. The advertisement was a hit which drove *Mayur* to the big league. The brand gradually became very popular.

Across the years, the brand was endorsed by Chandrachur Singh, Sharad Kapoor, Lisa Ray and Virender Sehwag. *Mayur* is a typical case of celebrity endorsements which portrays both positive as well as negative aspects of using a celebrity. *Mayur* has always highlighted its celebrity endorser and not any unique selling proposition. Probably so, when Shahrukh was withdrawn from the advertisement copies. The brand was not able to uphold the impetus. With Shahrukh, the company entrusted on the idea of catching the potential stars to hit the market. That may be one of the reasons why Chandrachur Singh was roped in after the success of his film 'Machis'. But in the long run, Chandrachur failed to gain stardom like Shahrukh.

Later on, the brand moved from movies to cricket and signed a contract with Virender Sehwag who was at the peak of his career at that time. In 2007, when Virender Sehwag was passing through a bad patch in his career, he was dropped and Salman Khan became the endorser. In 2007, the brand went in for a massive expansion. Mr. Riju Jhunhunwala, Joint managing Director, RSWM Ltd. said, "We plan to undertake several initiatives over the next two to three years to make *Mayur* an affordable and favored brand in the country." The further added that at that time the brand was sold through 100 distributors and almost 1500 authorised outlets across India. The company planned to augment the number of distributors and retail points radically by 2010. In this context, the company assumed Salman to be the perfect fit for the brand as he enjoyed a great aspirational connect with the consumers across all segments. The company, for its new advertisement planned to double its promotional budget. *Mayur suitings*, which was a Rs. 100 crores brand in 2007, hoped to clock a turnover of Rs. 300 crores in the next three years.

The brand was so captivated to the celebrity concept that they even used a tagline 'Stars ki pasand'. Nonetheless, this tagline did not add much value to the advertisement, perhaps because this tagline was a perfect mismatch with their 'value for money' positioning. The failure of the celebrity to execute and outshine the brand also acted against the brand as the brand solely depended on the celebrities to develop its brand value. In other words, the brand failed to stand on its own.

Mayur envisages the critical issue of finding out a significant differentiation based on the brand's USP rather than focusing only on the celebrity. The market is fiercely competitive with brands like Raymond, Grasim and Reid & Taylor. Even though *Mayur* is targeting a much lower end of the garment market cluster, yet the brand has to relive itself to arrive at its aspiration.

- Q.1) Should *Mayur* shift from its strategy of celebrity endorsements? If yes, why? And what should it do to revive the brand? **6**
- Q.2) Which aspects of reference group did *Mayur* try to capitalize upon? Did it work for *Mayur*? Why? **5**
- Q.3) Why did consumers fail to perceive *Mayur* despite its use of celebrities? **3**
