



K.S. SCHOOL OF ENGINEERING AND MANAGEMENT, BANGALORE - 560109
DEPARTMENT OF MANAGEMENT STUDIES
III SESSIONAL TEST QUESTION PAPER 2019 – 20 ODD SEMESTER
SET-B

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Degree	:	MBA	Semester	:	III
Batch	:	2018 - 2020	Date	:	26/11/2019
Course Title	:	Consumer Behaviour	Course Code	:	18MBAMM301
Duration	:	90 Minutes	Max Marks	:	50

Note: Answer ONE full question from each part and Part C is compulsory

Q. No.	Question	Marks	K Level	CO mapping
PART-A				
1(a)	Define cross culture. List out the cross cultural marketing problems in India.	3	K1 (Remembering)	CO5
Sol	<p>The effort to determine to what extent the consumers of two or more nations are similar or different</p> <ul style="list-style-type: none"> The greater the similarity between nations, the more feasible to use relatively similar marketing strategies Marketers often speak to the same “types” of consumers globally <p>Problems in Cross Cultural marketing</p> <ol style="list-style-type: none"> Problems related to product selection: Problems related to promotion/marketing communication: Problems related to pricing: Problems related to selection of distribution channels <ul style="list-style-type: none"> Problems related to product selection: The marketer going for cross cultural marketing has to select the customers / market not on the basis of the superficial similarities of age or income, but by using the real motivating factors that prompt them to accept or reject products. Problems related to promotion/marketing communication: e.g. Ariel in the Middle East and also Pepsi promotions according to the area and location. 			

	<ul style="list-style-type: none"> • Problems related to pricing: the marketer has to adjust his pricing policies according to the local economic conditions and customs. • Problems related to selection of distribution channels 			
(b)	Explain the various types of subculture with an example.	7	K2 (Understanding)	CO5
Sol	<p>A subculture is a group or segment of people within a culture that differentiates itself from the parent culture. Ex: Hindu cultures various segments of subculture like Gowdas, Lingayats, Naidus.</p> <p>Types of Subculture are</p> <ol style="list-style-type: none"> 1. Religious Sub-culture 2. Nationality Subculture: 3. Geographic Sub-culture: 4. Gender as a Sub-culture 5. Age Sub-culture <p>Nationality Subculture: Sub-cultures could be based on nationality. While we are all Asians, we are distinct with respect to culture, and are different in terms of language, customs and traditions etc. Thus, we are classified as Indians, Burmese, Nepalese, Pakistani etc With in a particular country. Like in India – Anglo Indians, Parsees, Moghuls, Pathans, Indo-Chienese,Sinhalese, etc.</p> <p>Religious Sub-culture: People also exhibit differences when it comes to the religions that they belong to. Hindus, Muslims, Christians, Sikhs, Parsis etc. are all different from one another and have different values and beliefs, customs and traditions etc. As consumers, they make purchase choices and purchase decisions that are influenced by the dictates of their religious leaders, scriptures, and holy books. Based on different faiths, Beliefs,& Religion. Like Muslims, Sikhs, Christians, Hindus, Buddhists, etc.</p> <p>Geographic & Religious Sub-culture: Within a country, we could be different across geography, climatic conditions, regions and terrains, and</p>			

density of population. This is more so in cases where the country is large and borders spread across a huge population occupying a vast territory. People tend to develop regional affinity and identification, and this gets reflected in the food they eat,

Clothes they wear, interests they pursue, etc. They constitute as distinct sub-cultures and people across such sub-cultures are different to each other.

For example, we can be classified as North Indians and South Indians. As consumers, our needs are different and would translate into various wants, for example, i) differences in food habits, and demand for poori-sabji, paratha, idli-vada etc.; or ii) differences in clothing, and demand for cottons, woolens and silk.

Ex:South Indians, North Indians, North-east Indians.

Racial Sub-culture:

In USA Caucasians, Africans, Asian, American & American Indians.

Gender as a Sub-culture: All societies have assigned different traits & roles for Males & females, like breadwinners for Males & Homemakers for females etc. Because gender roles have an impact on acts of behavior, gender constitutes an important cultural sub-group. Males and females across all cultures are assigned different traits and characteristics that make them masculine and feminine. They also perform different roles in society and are two distinct sub-groups.

Age:

Infants, kids, teenagers and adolescents, adults and the aged, may all be looked up as distinct sub-groups. They have different values and beliefs, and all this impacts upon their

priorities in life. Daily lifestyles, activities and interests, fashion and accessories, food and diet, etc. receive varying priorities across the various sub-groups. For example, an aged person would prioritize health and go in for nutritious home food as opposed to young man who would prioritize work and go in for fast food. Today we see a rising trend amongst kids, adolescents and the young towards

	junk food, and they constitute a lucrative segment for restaurants providing fast food.			
(c)	You are a marketer; identify the various types' social class categories with examples.	10	K3 (Applying)	CO5
Sol	<p>Various types' social class categories</p> <ol style="list-style-type: none"> 1. The Upper-Upper Class--Country Club 2. The Lower-Upper Class--New Wealth 3. The Upper-Middle Class--Achieving Professionals 4. The Lower-Middle Class--Faithful Followers 5. The Lower-Lower Class--Rock Bottom <p>The Upper-Upper Class--Country Club</p> <ul style="list-style-type: none"> • Small number of well-established families • Belong to best country clubs and sponsor major charity events • Serve as trustees for local colleges and hospitals • Prominent physicians and lawyers • May be heads of major financial institutions, owners of major long-established firms • Accustomed to wealth, so do not spend money conspicuously <p>The Lower-Upper Class--New Wealth</p> <ul style="list-style-type: none"> • Not quite accepted by the upper crust of society • Represent "new money" • Successful business executive • Conspicuous users of their new wealth <p>The Upper-Middle Class--Achieving Professionals</p> <ul style="list-style-type: none"> • Have neither family status nor unusual wealth • Career oriented • Young, successful professionals, corporate managers, and business owners • Most are college graduates, many with advanced degrees • Active in professional, community, and social activities • Have a keen interest in obtaining the "better things in life" • Their homes serve as symbols of their achievements • Consumption is often conspicuous • Very child oriented 			

	<p>The Lower-Middle Class--Faithful Followers</p> <ul style="list-style-type: none"> • Primary non-managerial white-collar workers and highly paid blue-collar workers • Want to achieve “respectability” and be accepted as good citizens • Want their children to be well behaved • Tend to be churchgoers and are often involved in church-sponsored activities • Prefer a neat and clean appearance and tend to avoid faddish or highly-styled clothing • Constitute a major market for do-it-yourself products <p>The Lower-Lower Class--Rock Bottom</p> <ul style="list-style-type: none"> • Poorly educated, unskilled laborers • Often out of work • Children are often poorly treated • Tend to live a day-to-day existence 			
OR				
2(a)	What do you mean by Reference group?	3	K1 (Remembering)	CO5
Sol	Reference group is defined as the comparison group while purchasing the product.			
(b)	“The importance of knowing and understanding husband-wife decision making in modern marketing is vital”. Explain the dynamic of husband-wife decision making.	7	K2 (Understanding)	CO5
Sol	<p>Dynamics of Husband Wife decision making</p> <ol style="list-style-type: none"> 1. Autonomic decisions 2. Husband-dominated decisions: 3. Wife-dominated decisions: 4. Syncratic decisions <p>Autonomic decisions: Where decisions are made unilaterally by the spouse.</p> <p>Husband-dominated decisions: Where husband has the most significant influence in purchase outcome.</p> <p>Wife-dominated decisions: Where wife has the most significant influence in purchase outcome.</p> <p>Syncratic decisions: Where the spouses jointly decide about the purchase.</p>			
(c)	Identify the various types of Reference group & marketing strategy.	10	K3 (Applying)	CO5
Sol	1. Shopping Group:			

- 2. Virtual Groups or Communities:
- 3. Consumer Action Group:
- 4. Friendship Group:
- 5. Workplace group
- 6. Indirect group

1.Shopping Group:

Two or more people who shop together whether for food for clothing or simply to pass time can be called as shopping group. The motivation for shopping with purchase range from primary social motive to helping reduce the risk when making an important decision.

2.Virtual Groups or Communities:

Computers and internet.

3. Consumer Action Group:

These groups are dedicated to providing consumers with assistance in their effort to make the right purchase decisions in their effort to make the right purchase decisions, consume products and services in a healthy and responsible manner and to generally add to the overall quality of their lives. E.g. youth development, community volunteerism, legal assistance, and wildlife concerns, public health, disaster relief, energy conservation, education, smoking.

4. Friendship Group:

Friendship group are typically classified as informal group, because they are usually unstructured and lack specific authority levels. In terms of relative influences, after an individual's family, his or her friends are most likely to influence the individual purchase decision. Friends fulfill wide range of needs; they provide companionship, security and opportunities to discuss problems that an individual may be reluctant to discuss with family members.

5. Normative Reference Group:

Reference group that influences general or broadly defined values or behaviour are called normative reference group. An example of child's normative reference group is the immediate family, which is likely to play an important role in holding the child's general consumer's value and

	behaviour. 6. Indirect Reference Group: reference group with whom a person doesn't have direct face to face contact, such as movie stars, sports heroes, political leaders, TV personalities or even a well-dressed and interesting looking person or a street corner is called indirect reference group.			
PART-B				
3(a)	What is post purchase dissonance?	3	K1 (Remembering)	CO6
Sol	Post-purchase Dissonance: Doubt or anxiety (nervous) experienced after taking a difficult purchase decision. If customer thinks that if he had purchased some other product it would have been better than the one he brought.			
(b)	Compare the difference between CRM with E-CRM.	7	K2 (Understanding)	CO6
Sol	CRM	E-CRM		
	CRM is a customer focus business strategy that aims to increase customer satisfaction and customer loyalty by offering service to each customer.	Internet CRM has enhance an organisations capabilities by providing access to its customers and supplier via the web.		
	Customer contact initiated through traditional means of retail store	In addition to telephone contact also initiated to internet e-mail wireless mobile & PDA technologies.		
	Implementation is longer and management is costly because the system is situated at various locations and on several servers.	Reduced time and cost. System implementation & expansion can be managed in one location on one server.		
	Personalized views for difference audience are not possible. Individual customization required programmed of changes.	Highly individualized dynamic & personalized view based on purchases & preferences are possible. Each audience individually customizes the views.		
	Work with back end application through ERP system	Design for front end application which in turn interface with back end application through ERP		

	system data ware house and data mart.			
(c)	Determine the various elements/dynamics of diffusion of innovation.	10	K3 (Applying)	CO6
Sol	<p>Four elements of diffusion</p> <p>(1) Innovation,</p> <p>(2) Channels of Communication</p> <p>(3) Social System, and</p> <p>(4) Time.</p> <p>Communication channels</p> <p>How quickly an innovation spreads through a market depends to a great extent on communication between marketer and consumer as well as communication among consumers i.e. W.O.M. Correct communication channels used during the process of diffusion, oriented towards behaviour and preferences of the target category of adopters. Internet, TV, radio, banners, Sms, News papers, e-Commerce.</p> <p>The simplest channel is face-to-face word-of-mouth. It can also be a very effective method as the communication includes Body Language and vocal intonation as well as words. Marketers interested in diffusion pay attention to how the information (product related) is spread through various communication channels. Not only this they are interested in knowing the impact of both the messages and the channels on the adoption or rejection of new products. Once the awareness is created, early adopters will depend more on friends and relatives to help them evaluate new products.</p> <p>Time: Time is the backbone of the diffusion process.</p> <p>Proper timing of introduction of innovation (new product) into the market. This form of time has been characterized as the amount of time gap between the consumers' initial awareness of the new product and the point at which they</p>			

purchase or reject the product.

Three ways of considering time are important:

- a) The amount of purchase time.
- b) The identification of adopter categories.
- c) The rate of adoption.

Innovation:

The first step in the process of diffusion is innovation that can be defined as any idea or product perceived by the potential adopter to be new.

Innovations can be technological advances that create new or improved products, or they can be symbolic representations that change the meaning of products.

Marketers are concerned with the spread of new products, particularly innovations, across markets. This means how the new product is adopted, as success of new product is linked to profitability, on an average only one out of five products that a company develops and tests is successful. Therefore, by diffusion of new products we mean that the majority of products are not adopted by consumers and diffused across groups.

The Social System

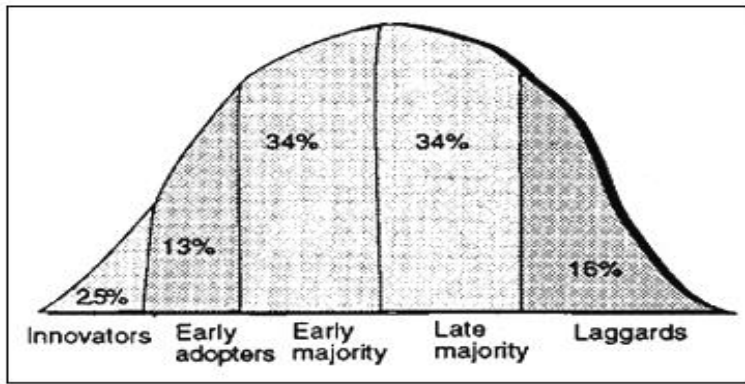
A social system is a physical, social, or cultural environment to which people belong and within which they function.

The diffusion(spread) of a new product usually takes place in a social setting frequently referred to as a social system. The orientation of a social system, with its own special values or norms, is likely to influence the acceptance or rejection of new products.

If the social system is modern in orientation, the acceptance of innovations is likely to be high. If the social system is traditional in orientation, innovations that are perceived as radical or as infringements on established custom are likely

	to be avoided.			
OR				
4(a)	Define CRM. List the advantages of CRM.	3	K1 (Remembering)	CO6
Sol	<p>CRM is a broad approach for creating, maintaining and expanding customer relationships.</p> <p>CRM is a business strategy directed to understand, anticipate and respond to the needs of an enterprise's current and potential customers in order to grow the relationship value. This definition can be defined by five views.</p> <p>The relationship marketing approach has great significance from the organisations' point of view due to the following:</p> <p>Benefits of CRM</p> <ul style="list-style-type: none"> • Reduced costs, because the right things are being done (ie., effective and efficient operation) • Increased customer satisfaction, because they are getting exactly what they want (ie. meeting and exceeding expectations). • Ensuring that the focus of the organisation is external. • Growth in numbers of customers • increase customer retention • evaluation of customer profitability • increases margin & profits • increases sales revenues • low cost for recruiting potential customers • Increased customer satisfaction, because they are getting exactly what they want (ie. meeting and exceeding expectations). • Ensuring that the focus of the organisation is external. • growth in numbers of customers • Maximisation of opportunities (eg. increased services, referrals, etc.) • Increased access to a source of market and competitor information. • highlighting poor operational processes • long term profitability and sustainability 			
(b)	Explain the various categories of adopters with neat diagram.	7	K2 (Understanding)	CO6

Sol



The concept of **adopter categories** involves a classification scheme that indicates where a consumer stands relative to other consumers when he or she adopts a new product.

Consumers are classified into five adopter categories;

- **Innovators,**
- **Early Adopters,**
- **Early Majority,**
- **Late Majority, And**
- **Laggard**

Innovator: Venturesome

Innovators

These are the high class people who adopt any new products which are available in market. So they are ready to take risk.

Innovators contains 2.5% of market .so they acts as a opinion leadership

They are very eager to try new ideas. This interest leads them out of a local circle of peer networks and into more cosmopolite social relationships. Communication patterns and friendships among a clique of innovators are common, even though the geographical distance between the innovators may be considerable. Being an innovator has several prerequisites. These include control of substantial financial resources to absorb the possible loss owing to an unprofitable innovation and the ability to understand and apply complex technical knowledge. The innovator must be able to cope with the high degree of uncertainty about an innovation at the time that the innovator adopts.

Early adopters

- **13.5%** of the buyers adopt new idea or products
- **They** carefully verify & gather information about new product before purchasing it.
- They seek the advice of innovators who used the new

	<p>products</p> <p>Early majority</p> <ul style="list-style-type: none"> • This consists 34% of consumers who adopt new product. • This people are more thoughtful & shrewd & • they learn & wait & watch by hearing from the experience of the early adopters • They are the middle class people <p>Late majority</p> <ul style="list-style-type: none"> • They are next 34% of buyers of new products • They are more conservative in their approach & not immediately respond to favor of changes • They prefer new product only after a public opinion is in favor of the product • This people are with limited education & salary. <p>Laggard</p> <ul style="list-style-type: none"> • This are the last category of product adopters • It consists 16% Of market to accept products • This buyers are cautious, deliberation, conservative in their buying behaviour • They are the lagging in their behaviour to accept new products • This are the uneducated ,poor & old traditional people 			
(c)	<p>“Marketers are aware of the impact of CRM exerts on consumers and they deliberately attempt to stimulate sales.”</p> <p>Identify the various types of CRM used by marketers & justify it.</p>	10	K3 (Applying)	CO6
Sol	<p>There are several different approaches to CRM, with different software packages</p> <ol style="list-style-type: none"> 1. Operational CRM 2. Analytical CRM 3. Collaborative CRM 4. Social CRM <p>Operational CRM</p> <p>Operational CRM provides support to "front office" business processes.</p> <p>Interactions with customers are stored in customers' contact histories, and staff can retrieve customer information as necessary. The contact history provides staff members with immediate access to important information on the customer</p>			

(products owned, prior support calls etc.), eliminating the need to individually obtain this information directly from the customer.

Analytical CRM

Analytical CRM generally makes use of large volumes of data and other techniques to produce useful results for decision-making. The more information that the analytical software has available for analysis, the better its predictions and recommendations will be.

Designing and executing targeted marketing campaigns

- Analyzing behavior of the customer in making decisions relating to products and services (e.g. pricing, product development)
- Analysing customer profitability.

Collaborative CRM

Collaborative CRM information of company's dealings with customers that are handled by various departments within a company, such as sales, technical support and marketing. Staff members from different departments can use information collected when interacting with customers.

Consumer Relationship CRM

Consumer Relationship System (CRS) covers aspects of a company's dealing with customers handled by the Consumer Affairs and Customer Relations department within a company. Departments handle in-bound contact from anonymous consumers and customers. Early warnings can be issued regarding product issues (e.g. item recalls) and consumer feedback.

Social CRM


The rapid growth in social media and social networking forced CRM product companies to integrate "social" features into their traditional CRM systems. Other emerging capabilities include messaging, sentiment analysis, and other analytics. Many industry experts contend that Social CRM is the way of the future, but there are certain disadvantages. Top CRM minds agree that online social communities and conversations can be dangerous for companies. They must be monitored frequently.

<p>5</p>	<p>Case Study:</p> <p>Marketers are now working to harness the new-found communications power of their everyday customers by turning them into influential brand ambassadors, Companies like Sony, Microsoft and McDonald’s are now developing a new breed of brand ambassador programs that organize and multiply consumer to consumer interactions about their brands. Marketers select their brand ambassadors very carefully, based on customers’ devotion to brand and the size of their social circles.</p> <p>For the ambassador, rewards include product samples, gifts discounts and token cash payments. Perhaps most important to many brand enthusiasts, they get inside access to company’s information about new product and services about to be launched. One such success story was Sony. Sony used brand ambassadors to jumpstart the launch of its new GPS camera, a high tech device that draws on satellite tracking technology to let you record the exact location of every picture you take and later map them out using Google maps. Out of 2000 or more online applicants, Sony picked only 25 brand ambassadors.</p> <p>The ambassadors were given a free camera and other equipment along with lesson on how to use them. They were encouraged to show the camera to friends, associates, and anyone else who asked handout discount coupons and blog weekly about their travel and picture taking adventures on a dedicated Sony micro site.</p> <p>Questions:</p> <ol style="list-style-type: none"> a) Identify the importance of Ambassadors as reference group. b) Determine the various types of Reference group. 	<p>10</p>	<p>K3 (Applying)</p>	<p>CO5</p>
<p>Sol</p>	<p>Importance of Ambassadors as reference group.</p> <ul style="list-style-type: none"> • A reference group includes individuals or groups that influence our opinions, beliefs, attitudes and behaviors. They often serve as our role models and inspiration. • Marketers view reference groups as important because they influence how consumers interpret information and make purchasing decisions. • They serve not only as sources of current evaluation but also as sources of aspiration and goal attainment (as a means of antici-patory socialization) 			

B	Types of Reference groups 1. Shopping Group: 2. Consumer Action Group: 3. Virtual Groups or Communities: 4. Friendship Group: 5. Indirect Reference Group: 6. Normative Reference Group			
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