

MANAGEMENT PROGRAMME**Term-End Examination****June, 2007****MS-61 : CONSUMER BEHAVIOUR**

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

Note : This paper consists of two Sections, A and B. Attempt any **three** questions from Section A. Section B is **compulsory**. All questions carry equal marks.

SECTION A

1. (a) Why do some marketers feel that lifestyle segmentation is more appropriate than demographic segmentation in today's marketing scenario ?
- (b) A marketer of high end perfume for women wants to use AIO segmentation to select appropriate marketing strategy for his product. Which segments, in your view, would be the most suitable for such a product and why ?

2. Which theory of learning, classical conditioning, instrumental conditioning or cognitive learning best explains the following consumption behaviour ? Give reasons for your answer in each case.

- (a) Buying a personal computer for the first time
- (b) Switching from one brand of detergent to another
- (c) Preferring to buy your shirts from the same brand outlet

3. Which stage of the family life cycle would constitute the most suitable segment for the following products ?

- (a) Timeshare Holiday homes
- (b) Fast food
- (c) DVD Players

Justify your answer in each case.

4. How do consumers seek to reduce post purchase dissonance ? As a marketer of consumer durables, explain how you can provide positive reinforcement to the consumers after they have purchased your brand.

5. Write short notes on any **three** of the following :

- (a) Buying situations with extensive pre purchase information search
- (b) Attitude change strategies
- (c) Influence of culture on consumer behaviour
- (d) Assignment of decision roles in a family
- (e) VALS II Typology

SECTION B

6. Read the case study given below and answer the questions given at the end of the case.

Using the power of reference

It is one thing to talk about consumer satisfaction, it is quite another thing to achieve it. To achieve superior satisfaction among its business customers, marketers at two giant software companies, Sun Microsystems and Siebel Systems, have come up with an old fashioned method : let the customers talk to each other.

These companies have instituted a reference program for their Business to Business customers, in which designated customers who are already satisfied with the services they receive are willing to communicate with potential or new customers. At both Sun and Siebel, suitable customers are nominated — usually by the salespersons who know them best. Then these customers are contacted and asked whether they would like to participate in a reference program. If they decline, that's fine. If they accept they have a number of options with regard to how they want to participate. They might be willing to take calls or accept visits from prospective customers of Sun or Siebel; they might participate in a

customer round table or breakfast; they could do speaking engagements or media appearances. In addition, they are likely to meet with Sun or Siebel executives on a regular basis for updates. EMI Industries, one of the major customers of Siebel recently agreed to host calls and grant interviews to trade publications about its experiences with Siebel. Similarly, Target, one of the retailers for Sun, participated in a media campaign for Sun. How does this help get Sun's message across? "An ad that says 'Target saves a certain amount per year' means much more to the audience than just saying 'retailers save...'" explains Sun's senior program manager, Aaron Cohen.

These existing customers prove to be powerful reference influence and the reference relationship benefits everyone. Customers benefit from greater exposure, such as appearing in ad campaigns; and potential customers get the information they need in a credible manner from a peer.

However, S Roy, executive secretary of the National Association of Sales Professionals warns that there could be downsides to this approach of using reference group influence. He advises against mobilizing too many existing

customers too soon in the program, suggesting that it is better to establish a long-term relationship first.

In the end, the reference program is all about relationships. With this program, “you understand your users. It increases their involvement, and your revenues — you keep in close contact with the customers in your reference program leading to closer rapport. The potential customers also get into a relationship of trust with the company since they feel that the company must be confident of its services to let existing customers interact freely with the potential ones”.

Questions :

- (a) How do you evaluate existing customers as reference groups, to be used by a company in its marketing strategy, based on the experience of Sun and Siebel ? Can you think of circumstances where such reference group strategy may not work ?
- (b) What could be the possible disadvantages of using such a strategy ? Critically analyze.

