Seat No.: _____ Enrolment No._____

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA – SEMESTER (3) – EXAMINATION – SUMMER 2016

Subject Code: 2830101 **Date: 04/05/2016**

Subject Name: Consumer Behavior (CB)

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.**

Q. No.	Question Text and Option	**6**
Q.1 (a)	Purchasing a T.V. is an example of A. Routinized problem solving B. Extensive problem solving C. Limited problem solving D. None of the above	
1.		
2.	An individual's desired state of being (personal) is termed as: A. Actual self image B. Ideal self image C. Social self image D Ideal social self image	
3.	Family is an example of: A. Dissociative groups B. Aspirational groups C. Secondary groups D. Primary groups	
4.	nAFF stands for: A. Need for affirmation B. Need for affrontation C. Need for affiliation D. None of the above	
5.	Consumers who are the last to latch on to an innovation are called: A. Laggards B. Achievers C. Majority D. Innovators	
6.	When a daughter learns preparing tea watching her mother prepare tea, it is - A. Experimental learning B. Classical learning C. Observational learning D. Cognitive learning	
Q.1 (b)	Explain the following terms with relevant examples: 1. Attitude 2. Absolute threshold 3. Reference group 4. Semiotics	**04**
Q.1 (c)	Explain the theory of Maslow's hierarchy of needs.	**04**
Q.2 (a)	Explain the tri-component model of attitude formation.	**07**
(b)	Citing examples, explain how marketers position their offerings keeping in mind the family life cycle.	**07**
	OR	
(b)	Explain the theory of learning applicable to the purchase of a cell –phone.	**07**
Q.3 (a)	Which are the theories / strategies of attitude change?	**07**

	(b)	Prepare a questionnaire to measure consumer attitude towards Mountain Dew.	**07**

OR

Q.3	**(a)**	Explain the classical conditioning theory of learning, and its applications in marketing.	**07**
	(b)	How would you apply the ELM model for marketing of a laptop and a new energy drink?	**07**
Q.4	**(a)**	Explain the consumer decision making process, with relevant examples.	**07**
	(b)	How will the social class of consumers influence their decision making related to holidays, vacations and tours and travels?	**07**

OR

Q.4	**(a)**	Write a note on the factors influencing adoption of a new innovation.	**07**
	(b)	With relevant and adequate examples, explain how the Indian culture and specific subcultures are having an impact on our consumption decisions and choices.	**07**

Q.5 **Attempt ANY ONE CASE:**

Case 1: A PRODUCT FAILURE AT SATURN

Saturn is attempting to create committed customers. Saturn, a division of General Motors, advertises around the theme:
A different kind of company. A different kind of car.
Thought Saturn cars cost only $10,000 to $16,000, the firm attempts to provide its customers the same level of service and consideration typically associated with expensive luxury cars. Its stated objective i5 to be "the friendliest, best-liked car company in the world " The company states: "We're going to do more than what the customer expects, and in the long run, I think it will enhance our image."
Saturn's attempt to build an image of a high-quality car built by skilled, caring workers and sold in helpful, no pressure dealerships, had received two small tests in its first two years. In one, it had to recall and replace 1,836 cars that had received improper coolant. In another, it had to repair 1,480 cars with faulty seat-back recliners. In the second case, the firm made a TV commercial showing a Saturn representative flying to location to fix the car of a resident who had purchased it in the first year of its launch.
However, in 1993 Saturn began receiving reports of a wire short-circuiting and causing a fire. Thirty-four fires (no injuries) were reported. Saturn faced a dilemma. A recall would involve 350,000 cars and a direct expense of as much as $ 35 million. Any negative publicity associated with the recall could seriously depress sales. Saturn had yet to break even and General Motors was under serious financial pressure.
Saturn managers decided to deal with the problem in a manner consistent with its company objective described early. It quickly notified all purchasers of the affected cars and asked them to contact their dealers to have the defective wire replaced at no charge. The dealerships extended their operating hours, hired extra personnel, arranged door-to door pickup and delivery, provided free car washes, and often provided barbecues or other festivities. All the repaired cars had a courtesy card placed inside that said: "We'd like to thank you for allowing us to make this connection today.

We know an event like this will test our relationship, so we want to repeat to you our basic promise - that everyone at Saturn is fully committed to making you as happy a Saturn owner as we can." **14**

According to Steve Shannon, Saturn's director of consumer marketing, the decision to handle the recall in this manner was simple: "The measure of whether we are a different kind of company is how we handle the bad times as well as the good. We're trying to minimize the inconvenience and show that we stand behind the cars, so that our owners don't lose faith in us or the cars."

How have consumers responded to the recall? Mrs. K, a customer, learned of the recall from friends who had heard of it on news reports before she received her letter from Saturn. She took her car to the dealer who served her coffee and doughnuts during the 24-minute repair. Her response: "I expected this would be my first bad experience with Saturn. But it was so positive, I trust them even more than when I purchased the car."

Q.1) How will publicity about the recall affect Saturn's image among non-owners?

Q.2) Evaluate the manner in which Saturn handled the recall.

OR

Case 2: Renault Duster

When French automotive giant Renault first entered India through a joint venture with Mahindra & Mahindra, it placed high hopes on its maiden product offering Logan - a mid-sized sedan launched in 2007. But the car with its dated looks and high pricing failed to strike a chord with Indian consumers. Such was the scale of the failure that it ended up killing the joint venture in 2010. Renault's brand name took a massive hit in India. Ironically, the Logan's failure laid the foundation for the success of Renault's compact sport-utility vehicle (SUV) Duster.

After its break-up with Mahindra & Mahindra, Renault chose to go alone. It set up a Rs 4,500 crore factory at Oragadam near Chennai along with its global partner Nissan Motor Company. The first few products it rolled out from the new plant were positioned as "image drivers". It launched premium sedan Fluence in May 2011 and premium SUV Koleos that September. Its next offering was the Pulse, a compact car launched in January 2012. The Pulse was a cross-badged version of Nissan's Micra, and was also positioned as a premium offering. Renault's focus on resurrecting its image in India and consequent premium offerings meant poor volumes in a country that prefers value for money.

Renault desperately needed a "volume driver" to shore up its operations. It identified a gap in the SUV segment. "There were SUVs costing Rs 20 lakh and above manufactured by global players and those priced from Rs 6 lakh to Rs 10 lakh produced by Indian companies. The company launched the Duster priced between Rs 8 lakh and Rs 12 lakh in July 2012. The Duster took the Indian market by storm and grabbed a 23 per cent market share within a year.

The Duster was Renault's first 'real' offering in India after the Logan. "The Logan's failure reminded us of the importance of understanding the customer, getting the product right and positioning the Duster correctly at the time of the launch," says Marc Nassif, Managing Director, Renault India.

The company went back to the drawing board to understand the Indian customer. It identified a focus group of about 200 people whose profile matched the potential buyer of the Duster. It then short-listed 30 families from this focus group across five Indian cities for an ethnographic study spread over two months. During this period members of the product development team lived with their target customers to observe them, understand their lives and needs. They also spent time with the customers to know what they liked and did not like about their vehicles.

The exercise enabled the company to understand what a car should have to meet an Indian customer's needs. "We understood that a critical purchasing factor of a car in India is the exterior design," a company executive said. "People loved an SUV with rugged looks that stood out in a crowd, but at the same time wanted it to operationally perform like a sedan - easy to drive and [offering] good fuel efficiency." The study revealed that Indian consumers liked a strong dose of chrome on their cars, especially the exterior. They liked body-coloured bumpers. Inside the car they preferred a dual-tone interior, and wanted the switches for power windows on the door rather than in the central console. Since a good proportion of Indian cars are chauffer-driven, the rear seats needed special treatment. Indians preferred inclined seats for greater comfort. Rear air-conditioning was critical and so was the armrest, a mobile charger and a reading light. Some storage space was also welcomed.

The European Duster did not have these attributes. Renault made several changes in the car to suit Indian conditions.

When the car finally hit the market, Nassif was proved right. Today, more than 60,000 Dusters are running on Indian roads. "The Duster succeeded because it is the right product at the right time in the right segment at the right price," says Sumit Sawhney, Executive Director for Sales and Marketing at Renault India.

Of late, Sawhney's job has become a trifle difficult. SUV sales - like auto sales in general - have slumped in recent months. Enhanced competition from rivals such as Ford's compact SUV EcoSport is chipping away the Duster's market share (it dropped to 20 per cent in July). Nassif, for his part, has a different challenge now. The Duster has resurrected Renault's brand image in the country, and Nassif realises the company needs to capitalise on the car's success. "The Renault brand cannot sustain in India only on the Duster. We will need more products," he says. Renault India needs many more Duster-like successes.

Q.1) What steps were taken by Renault to understand the Indian consumer?

Q.2) Which strategies will you recommend to Renault to ensure more ‘Duster-like’ successes?

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