

CMR Institute of Technology
Department of Management Studies and Research Centre

Answer key

1st Internal Assessment Test (IAT-1) – III Semester MBA (2018-20 Batch)

Subject: Consumer Behaviour

Sub Code: 18MBAMM301

Date: 06-09-2019

Time: 10.00-11.30 am

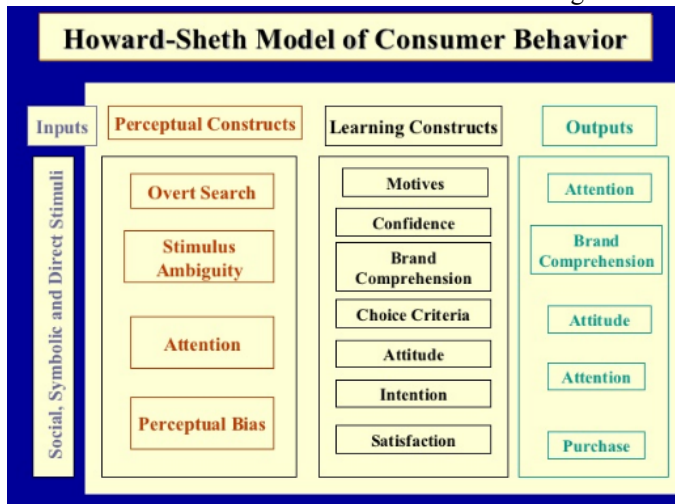
Duration: 90 mins

Part A - Answer Any Two Full Questions (20*02=40 Marks)

1 (a) What is the difference between a customer and a consumer?
 Customer: One who shops, buys and pays
 Consumer: One who uses, experiences, consumes

- (b) Discuss the nature and characteristics of CB
1. Influenced by various factors
 - *Marketing, personal, social and cultural factors*
 2. Undergoes a constant change
 3. Varies from product to product
 4. Varies from consumer to consumer
 5. Varies from region to region and country to country
 6. Leads to purchase decision
 7. Improves standard of living
 8. Reflects status

(c) Summarize the Howard-Sheth Model of CB with diagram.



Howard-Sheth model is one of models that represent consumer behaviour on the market. It attempts to explain the rationality of choice of the product by the consumer under conditions of incomplete information and reduced processing capability. It analyses the external symptoms of behaviour, reactions and thought processes that cannot be subject to direct observation.

Howard-Sheth model (fig. above) is based on the assumption that the consumer behaves rationally during purchase, process is repeatable and is result of incentives which have their source in the environment (input variables). It consists of four main groups of variables:

I. Input variables, i.e. stimuli arising from the marketing activities and social environment of the consumer. Include three different types of stimuli, which are:

- significant incentives - physical characteristics and the attributes of a product, such as price, quality, originality and accessibility, brand characteristics,
- symbolic incentives - verbal or visual characteristics of the product, form of product perceived by buyer/customer, effect of advertising and promotion messages used by seller,
- social stimuli - whose source is the social consumer environment, family, reference groups, and society in general.

II. Hypothetical constructs, including the psychological variables influencing consumer behaviour during the decision-making process. It is regarded by the authors as abstract, not defined and not intended directly. They distinguished two main constructs:

- perceptual constructs - describe obtaining and processing information, attention to stimulus, sensitivity to messages, receptivity, blocking information, prejudice, etc.,
- learning constructs - how buyer forms attitudes, opinions, and knowledge influencing his buying decisions, evaluation after purchase, brand comprehension, etc.

III. Output variables: purchase intention, attitude, brand perception and attention. They are noticeable effects of internal processes, for example: decision to implement the purchase, disclosure of customer view and interest, as well as the declaration of other activities. The most important output variable from the point of view of marketing is actual purchase, because it involves earning out

