

SET -3
SOLUTION KEY

Part A -Answer Any Two Full Questions (20*02=40 Marks)				
1(a)	What do you understand by habitual buying behavior?	[03]	CO2	L1
Ans.	<p>This situation takes place when the consumer buys out of habit and skips steps in the purchase process. The customer wants to spend little or no time on shopping and the same brands are usually re-purchased (often from the same retailers). In this category, items are bought regularly. They have little risk because of the consumer experience. The key step for this type of decision-making is problem awareness. For example, groceries, newspapers, and haircuts.</p> <p>This type of decision-making is most relevant to such retailers as supermarkets, dry cleaners, and fast-food outlets.</p>			
(b)	Discuss the various consumer rights.	[07]	CO1	L2
Ans.	<p>Right to Safety: The consumer right is referred to as ‘right to be protected against the marketing of goods and services which are hazardous to life and property’. It is applicable to specific areas like healthcare, pharmaceuticals and food processing; this right is spread across the domain having a serious effect on the health of the consumers or their wellbeing.</p> <p>Right to be Informed: The right to be informed about the quality, quantity, potency, purity, standard and price of goods or services, as the case may be so as to protect the consumer against unfair trade practices’ in the Consumer Protection Act of 1986. Consumers should be protected against fraudulent, deceitful or grossly misleading information, advertising, labeling or other practices. They should be provided with full information concerning the product or service.</p> <p>Right to Choose: The right to be assured, wherever possible of access to a variety of products and services at competitive prices. Even in a competitive market, consumers should have an assurance of satisfactory quality and services. For regulating the market place, there is just one factor required and that is competition. The existence of cartels, oligopolies, and monopolies proves to be counterproductive to consumerism.</p> <p>Right to be Heard: Consumers should be assured that their interest will receive full and sympathetic consideration in the formulation of Government policy and fair and expeditious treatment in its administrative tribunals. This right helps to</p>			

empower the consumers of India for putting forward their complaints and concerns fearlessly and raising their voice against products or even companies and ensure that their issues are taken into consideration as well as handled expeditiously

Right to Seek Redressal: This right ensures compensation to consumers for the loss suffered by them or injury caused to them by the sellers. In a broader sense, the term 'redress' includes all the means open to consumers to set right the perceived wrongs or to prevent future abuses. Consumer courts like District Consumer Disputes Redressal Forums at the district level, State Consumer Disputes Redressal Commissions and National Consumer Disputes Redressal Commissions have been incorporated with the help of the consumer protection act. These consumer grievance redressal agencies have fiduciary as well as geographical jurisdictions that address consumer cases between businesses and consumers.

Right to Consumer Education: Unless consumers are made aware of their rights and the remedies available to them, they cannot protect themselves against the unfair and unethical trade practices of unscrupulous traders. The right makes sure that the consumers in the country have informational programs and materials which are easily accessible and would enable them to make purchasing decisions that are better than before. Therefore, consumers should be educated about their rights through consumer education. Such education can be provided by educational institutions, voluntary organizations, and institutional agencies.

Right to Healthy Environment: The products or services supplied to the public should not bring any harmful effects to the physical environment. They should not pollute air or water. They should not adversely affect the lives of users as well as non-users. Every consumer has the right to a healthy environment.

Right to Basic Needs: The right to basic needs means the right to basic goods and services that guarantee survival. It includes adequate food, clothing, shelter, healthcare, education, and sanitation.

(c)	Illustrate the nature and characteristics of Indian consumers.	[10]	CO1	L3
Ans.	<p>Young Demographics: The Indian market is blessed with young demography. With 60% of the population below 30 years of age, the Indian market offers exciting opportunities for marketers. The youngsters demand a new set of</p>			

products and services. The rapid growth of the Indian economy has created a lot of opportunities for younger consumers which have enabled them to earn handsome amounts of money from a very young age.

Aspirational Consumer: Indian consumers are becoming more and more aspirational. Aspirational products need not be expensive products. Consumers now look for better-designed products at a price that offers excellent value. That is why firms now increasingly understand the importance of design in the marketing of products.

Value-Consciousness: Even though there is an increased propensity for spending, Indian consumers have not let go of the value-conscious nature. Brands like Indica and Nokia thrive by catering to this value-conscious nature of the Indian consumers. Even at the luxury end of the markets, consumer's features and comparisons with competing brands.

Networked Consumer: The global trend of a networked consumer is Indian consumers are more connected in the Indian market also before. While most of the consumer connection is happening in the worldwide web, the scope of networking is not limited to online. In the Indian context, the Penetration of mobile telephony has also enabled networking between consumers.

Socially Conscious: Indian consumers are also becoming more and more socially conscious. There is an increased awareness of good practices, trust, honesty, transparency, and ethics. Soft values have become more important in the mind of consumers. The reflection of this trend can be seen in the numerous CSR campaigns that are run by the brands.

Brand Switchers: The ever-increasing competitors have spoiled Indian consumers with choices. Like, automobiles, mobiles, and toothpaste, Indian consumers have got plenty of brands to choose from. This choice has in a way allowed consumers to switch brands without much suffering. Since product features have largely become commoditized, brand managers have to find vets, powerful differentiators, to encourage consumers to stay with the brand.

Thinking Beyond Categories: Like global counterparts. Indian consumers have started thinking beyond product categories. Categories are largely becoming irrelevant. The boundaries between various categories have blurred. Take the

example of mobile phones which are now acting as a camera, music player, organizer, e-mail gadget and gaming device. This category blurring has resulted in an increasingly competitive environment for marketers. The competition which was earlier limited to a category has expanded across multiple categories. This has created a need for increased investment in R&D and product innovation among the companies.

Religious Diversity: The one billion people of India belong to seven different religious groups viz., Hindus, Muslims, Christians, Sikhs, Buddhists, and Zoroastrians. In addition, there are other persuasions and there are sects, sub-sects, castes, and sub-castes. Each religion has its own hierarchic structure, concretized through centuries of practices. Each caste has its own customs established over generations. In birth and death, in marriage and family life, the individual is entangled in the chores of his religion or caste. What is welcome for one religion is taboo for the other, and something totally banned in one religion is an accepted practice in another.

Diversity in Dress and Food Habits: As far as dress is concerned, India holds-out the picture of widely varying styles. Almost every state, or religious community, has its own traditional styles of dress. The same is the case with ornaments and jewelry. As regard, rice is the staple food in the South and wheat in the North. Of course, in several of the southern states, people now consume wheat products as co-food items. Likewise, certain Southern dishes have become popular in the north. Still, the basic difference in food habits remains for meat-eaters, there are several restrictions; for the Hindu, beef is taboo, for the Muslim, pork is taboo, for the Christian, both are delicious. Some use coconut oil as the cooking medium. Some use groundnut oil, and some others, mustard or gingerly oil.

Working Women: This segment is the one, which has seen tremendous growth in the late 40s. This has opened the floodgates for Indian retailers. The working woman today has grown out of her image of been the home-maker. Today, she is rubbing shoulders with men. Working women have their own minds in a decision to purchase the products that appeal to them.

2(a) Define motivation from the perspective of consumer behavior.

[03]

CO3

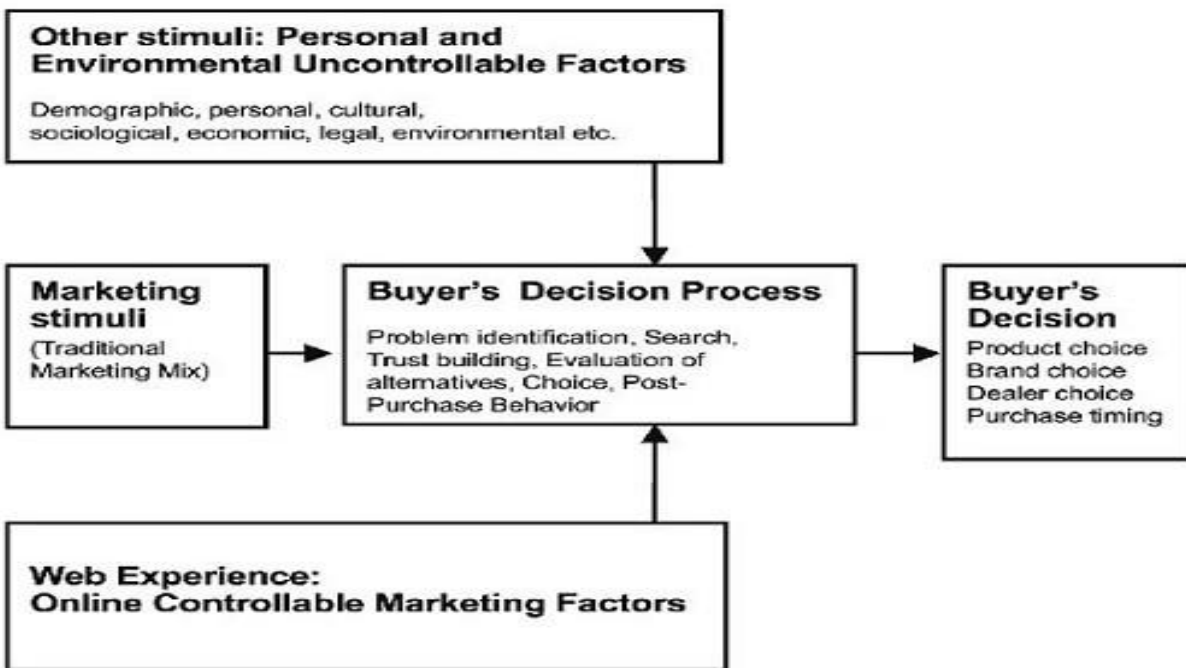
L1

Ans. People are motivated by many things, some positive others not. Some motivating factors can move people only a short time, like hunger which will last only until

you are fed. Others can drive a person onward for years. **Motivation** is the driving force within individuals that impels them to action. Motivation is the activation or energization of goal-oriented behavior. Motivation may be intrinsic or extrinsic. The term is generally used for humans but, theoretically, it can also be used to describe the causes for animal behavior as well. According to various theories, motivation may be rooted in the basic need to minimize physical pain and maximize pleasure, or it may include specific needs such as eating and resting, or the desired object, hobby, goal, state of being, ideal, or it may be attributed to less-apparent reasons such as altruism, morality, or avoiding mortality.

(b) Illustrate the various stages of online buying decision making process.

Ans.



(c) Explain the situational influences and its impact on consumer behavior.

Ans.

Situational influences on consumer buying behavior are actually impermanent conditions that impact how they behave. It pertains to whether consumers really purchase a marketer's product, purchase supplementary products, or do not purchase anything from him (Kauffman, 1996). Situational influences are unique to a time or place that can affect consumer decision-making and the value received from consumption. Situational influences include the effect that the physical environment has on consumer behavior. For example, the presence of music in an environment may shape consumer behavior and even change buying patterns. Similarly, music can affect one's feelings when waiting for service. If so,

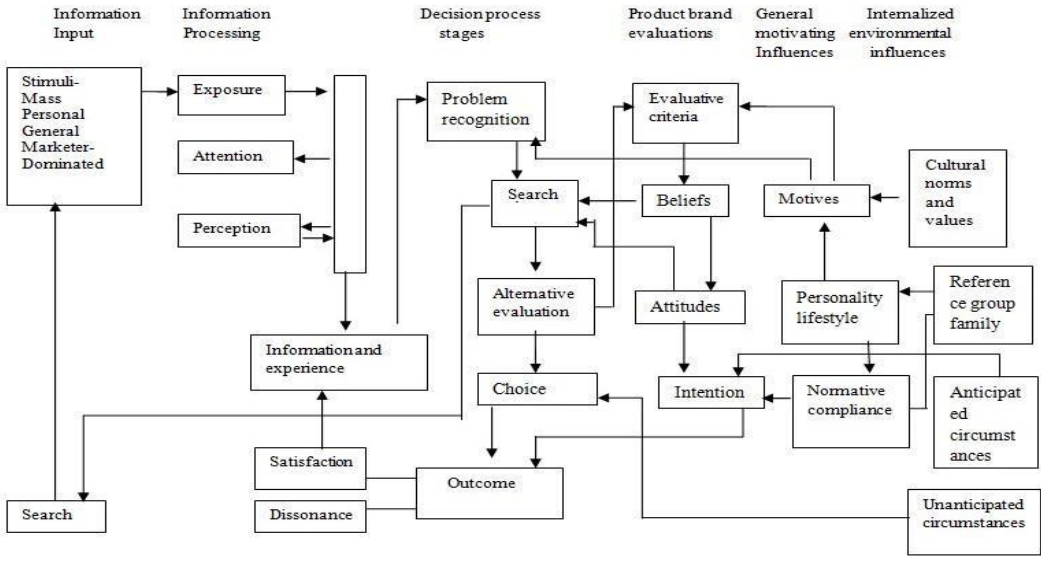
	<p>a market for music that creates positive effects on consumers exists. Other characteristics that alter the environment are of interest to consumer behavior researchers. Situational influences are temporary environmental conditions that exist at a specific time and place and which influence consumer behavior. A 'situation' is the set environmental factors, or conditions, that a consumer responds to. Marketers are interested in the various types of situations and the characteristics of situations. By understanding the influence of situations, marketers can develop situation inventories. This means situations can be used to position products. Different types of products will have different types of situational influence.</p>			
3(a) Ans.	<p>What do you understand by consumerism?</p> <p>In the word Consumerism, "Consumer" means the user or customer and "ism" means movement", and hence, consumer movement is popularly known as "Consumerism. It is an organized and collective movement of consumers. This movement started in the year 1920 to protect the interest of the consumers. The main object of this movement is to educate and unite consumers and to fight for the protection of their rights. As per economics, consumerism means economic policies laying emphasis on consumption. In a sense, it is believed that consumers are free to make a choice and should dictate society's economic structure. The term "consumerism" had been first used in the year 1915 and referred to "advocacy of the rights and interests of consumers" defined in Oxford English Dictionary but here in this article the term "consumerism" means the sense which was first used in 1960, "emphasis on or preoccupation with the acquisition of consumer goods'.</p>	[03]	CO1	L1
(b) Ans.	<p>Discuss the positive and negative motivation with relevant examples.</p> <p>Positive motivation is a response that includes enjoyment and optimism about the tasks that you are involved in. Positive motivation induces people to do work in the best possible manner and to improve their performance. Under this better facilities and rewards are provided for their better performance. Such rewards and facilities may be financial and non-financial. Negative motivation aims at controlling the negative efforts of the work and seeks to create a sense of fear for the worker, which he has to suffer for lack of good performance. It is based on the concept that if a worker fails in achieving the desired results, he should be punished. Negative motivation involves undertaking tasks because there will be undesirable outcomes, eg. failing a subject, if tasks are not completed. Almost all</p>	[07]	CO3	L2

students will experience positive and negative motivation, as well as the loss of motivation, at different times during their life at University.

(c) Describe the Engel-Kollat-Blackwell Models of Consumer Behaviour with a neat diagram.

[10] CO4 L4

Ans.



Part B - Compulsory (01*10=10marks)

4 A well-known electronics company is introducing a new smoke detector with a special feature that makes the alarm beep once a minute when the detector’s batteries are weak and need to be replaced. Assume that the company discovers that in many detectors the batteries can be too weak to properly operate the alarm for some time before the “beep” features is activated.

CO1 L5

Question:

- a. Should the manufacturer: (a) recall and redesign the smoke detector, (b) stop making the alarm without recall and inform current owners of the problem by mail, or (c) continue marketing the smoke detector while informing buyers of the need of changing batteries regularly? Justify.
- b. How can an understanding of consumer behavior help the company select the most effective strategy to handle this situation?

[5]
[5]

Ans.

Students are expected to solve the case by applying the concepts of factors influencing consumer behavior and the justifying the importance of consumer behavior study for managers.