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Internal Assessment Test – II

Sub: **Consumer Behaviour**

Code: **22MBAMM303**

Date: **05/03/2024**

Duration: 90 mins

Max Marks: 50

Sem: III

Branch: MBA

OBE

SET -3

Marks CO RBT

Part A -Answer Any Two Full Questions (20*02=40 Marks)				
1(a)	What is diffusion of innovation?	[03]	CO3	L1
Ans.	Diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system. Diffusion is a special type of communication concerned with the spread of messages that are perceived as new ideas. An innovation, simply put, is “an idea perceived as new by the individual.” An innovation is an idea, practice, or object that is perceived as new by an individual or other unit of adoption. The characteristics of an innovation, as perceived by the members of a social system, determine its rate of adoption.			
(b)	Explain the Trait theory of personality and its implications for marketers.	[07]	CO4	L2
Ans.	It is defined as “any distinguishing, relatively enduring way in which one individual differs from another” The trait which measures just one trait, such as self-confidence, the personality tests measure such traits as consumer innovativeness, consumer materialism, and consumer ethnocentrism, the explanation for this are: Consumer innovativeness: The degree to which consumers are receptive to new products, new services, or new practices Dogmatism: A personality trait that reflects the degree of rigidity a person displays toward the unfamiliar and toward information that is contrary to his or her own established beliefs Social character: It has its origins in sociological research, which focuses on the identification and classification of individuals into distinct sociocultural types. The personality trait ranges on a series from inner-directedness to other-directedness. Need for uniqueness: Consumers who avoid appearing to conform to expectations or standards of others. Optimum stimulation level: A personality trait that measures the level or amount of novelty or complexity that individuals seek in their personal experiences. Variety-novelty seeking: Measures a consumer’s degree of variety seeking. APPLICATIONS OF PERSONALITY CONCEPTS IN MARKETING: Cognitive personality factors: Consumer researchers have been increasingly interested in how cognitive personality factors influence various aspects of consumer behavior. In particular, two cognitive personality traits i.e. need for cognition and visualizers versus verbalizers—have been useful in understanding selected aspects of consumer behavior.			

	<p>Need for cognition (NC): Cognition measures a person's craving for or enjoyment of thinking, researchers suggest that consumers who are high in NC are more likely to be responsive to the part of an ad that is rich in product-related information or description; consumers who are relatively low in NC are more likely to be attracted to the background or peripheral aspects of an ad, such as an attractive model or well-known celebrity.</p> <p>Visualizers versus verbalizers: People who are open to and prefer the written word as a way of obtaining information are visualizers and the people who are more likely to respond to and prefer visual images or messages as a source of information.</p> <p>Consumer materialism: Materialism is a personality like a trait that distinguishes between individuals who regard possessions as essential to their identities and their lives those for whom possessions are secondary. Researchers have found some characteristics of materialistic people, they are:</p> <ul style="list-style-type: none"> • The value to acquire and showoff possessions. • They are self-centered and selfish people. • They seek a lifestyle full of possession. • They are not satisfied with their possessions. <p>Consumer Ethnocentrism</p> <p>Consumers who are highly ethnocentric are likely to feel that it is inappropriate or wrong to purchase foreign-made products because of the resulting economic impact on the domestic economy.</p>			
(c)	Compare and contrast the classical conditioning theory of learning and the instrumental conditioning theory of learning. What are the implications of these theories for the marketers?	[10]	CO4	L5
Ans.	<p>The main difference between classical conditioning and instrumental conditioning is that classical conditioning involves involuntary behaviour, whereas instrumental conditioning involves voluntary behaviour.</p> <p>Both classical conditioning and instrumental conditioning are two types of associative learning processes, which involve learning about the relationship between two stimuli. Classical conditioning is a learning process that occurs by linking two stimuli together to produce a new learned response in an individual, while instrumental conditioning is a learning process that occurs by linking behaviour and a consequence for that behaviour.</p>			
2(a)	What are market mavens?	[03]	CO3	L1
Ans.	<p>The term "market maven" usually refers to an individual who is a market participant with a great deal of knowledge and connections, thus having a trusted opinion on market events or speculation. Historical success in the market is typically the driving force behind those who are considered mavens and those who are not. In general, the term is used to describe consumers who have up-to-date information about products, places to shop and different markets. This definition makes sense when talking in the context of the stock market, as the nature of the market itself is highly speculative and based upon opinions in most cases. The media looks to market mavens for opinions and strategies for retail investors and onlookers to follow.</p>			
(b)	What is subculture? Explain the different types of subcultures?	[07]	CO3	L2

Ans.	<p>Culture can be divided into subcultures. A subculture is an identifiable distinct, cultural group, which, while following the dominant cultural values of the overall society also has its own belief, values and customs that set them apart from other members of the same society.</p> <p>TYPES OF SUBCULTURES: Sub-culture categories are:</p> <ul style="list-style-type: none"> – Nationality: Indian, Sri Lanka, Pakistan – Religion: Hinduism, Islam – Race: Asian, black, white – Age: young, middle aged, elderly – Gender: Male, Female – Occupation: Farmer, teacher, business – Social class: upper, middle, lower – Geographic regions: South India, North-eastern India. 			
(c) Ans.	<p>Illustrate the various types of family and roles of family in consumer decision making process.</p> <p>Types Family: The changing structure of family, Three other basic functions provided by the family are particularly relevant to a discussion of consumer behavior. These include: - Economic well-being Emotional support Suitable family lifestyles</p> <p>Emotional well-being: Although families in the affluent nations of North America, Europe, and Asia are no longer formed primarily for economic security, providing financial means to its dependents unquestionably a basic family function. How the family divides its responsibilities for providing economic well-being has changed considerably during past 30 years. No longer are traditional husband as economic provider and wife as home maker and child-rearer still valid. For instance, it is very common for married women with children in the United States and other industrial countries to be employed outside the home for their husbands to share household responsibilities. The economic role of children also has changed. Today, despite the fact that many teenage children work, they rarely assist the family financially. Instead, many teenagers are expected to pay for their own amusements.</p> <p>Emotional support: The provision of emotional nourishment (including love, affection, and intimacy) to its members is an important core function of the contemporary family. In fulfilling this function, the family provides support and encouragement and assists its members in coping with decision making and with personal or social problems. To make it easier for working parents to show their love, affection, and support to their children, greeting card companies have been increasingly creating cards for parents to give to their children (vice-versa)</p> <p>Suitable family lifestyle: Another important family function in terms of consumer behavior is the establishment of a suitable lifestyle for the family. Upbringing, experience, and the personal and jointly held goals of the spouses determine the importance placed on education or career, on reading, on television viewing, on the learning of computer skills, on the frequency quality of dining out, and on the selection of other entertainment and recreational</p>	[10]	CO4	L4

	activities. Family lifestyle commitments, including the allocation of time, are generally influencing consumption patterns.			
3(a) Ans.	Define social class. Social class can be thought of as a continuum that includes a range of social positions on which each member of society can be placed, divided into a small number of specific social classes or strata. Social class is defined as the division of members of a society into a hierarchy of distinct status classes so that members of each class have relatively the same status and members of all other classes have either more or less status.	[03]	CO3	L1
(b) Ans.	Discuss the different types of perceived risks. The perceived risk varies depending on the person, the product, the situation, and the culture. Some of the customers may perceive a high degree of risk depending on the consumption situation. TYPES OF PERCEIVED RISK: <ul style="list-style-type: none"> – Functional Risk: This is the risk that the product will not perform as expected. – Physical Risk: Is the risk to self and others that the product may pose. – Financial Risk: Is the risk that the product will not be worth its cost. – Social Risk: Is the risk that a product choice will bruise the consumer’s ego. – Time Risk: Is the risk that the time spent on in the product may be wasted if the product does not perform as expected. 	[07]	CO3	L2
(c) Ans.	Illustrate the significance of CRM and the various CRM strategies. Customer Relationship Management (CRM) is a process by which a company maximizes customer information in an effort to increase loyalty and retain customers’ business over their lifetimes. As a business strategy "CRM is a customer-focused business strategy that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customized services to each customer". The primary goals of CRM are to, <ul style="list-style-type: none"> Ø Build long term and profitable relationships with chosen customers. Ø Get closer to those customers at every point of contact. Ø Maximize your company’s share of the customer’s wallet. There have been a number of studies in the recent times on how customer retention can contribute significantly to profitability. In the times of Internet, it is worthwhile to analyse how this low-cost reach can lead to profitability. Some companies like Siebel. Oracle and Broad vision have created useful CRM products, which can track a number of dimensions of consumer behaviour. There is a basic need on the part of any organisation to have a good internal coordination before a CRM package can be used effectively. The impact of consumer behaviour dimensions on CRM is equally important to firms conducting business on the Net. A study indicated that though the acquisition costs of consumers can be high on the Net, they spend more over a period of time if they develop loyalty towards an online store. Even so, McKinsey study in 1999 proved that among customer attraction, customer conversion and customer retention, the greatest profitability comes from the investments made in customer retention rather than customer attraction or conversion. Peter Drucker said, “The purpose of a business is to create customers.” Implied in his words and his work is the importance of keeping those same customers and of growing the depth of their relationship with you. Initially, new customers cost you money-money spent on advertising and marketing and money spent learning	[10]	CO4	L3

	what they want and teaching them how best to do business with you. CRM can be the single strongest weapon you have as a manager to ensure that customers become and remain loyal.			
	Part B - Compulsory (01*10=10marks)			
4	<p>Ultra-High Temperature (UHT) treated pasteurized milk is being sold in tetra packs and these packs have a self-life of three months without refrigeration. The Tetra Brick Aseptic (TBA) with 4.5-litre content costs around Rs. 20-24 per litre. Tetra Find Aseptic (TFA) packs which could preserve milk for 45 days cost about 40% lower than TBA packs. Vijaya uses TFA and the price per litre is Rs.19 in spite of the advantage of these kinds of tetra packs, consumer in India have been used to boil milk for generation and may not appreciate the fact that pasteurized milk need not be boiled (even the pouches which are pasteurized milk and refrigerated). Secondly, there is also the taste factor associated with boiling. Tetra packed milk was introduced as early as 1980 by the manufacturers of Amul (GCMMF) but the product didn't catch up. But changing life styles and poor costs (required for refrigeration) may encourage consumer to try this product under the present-day context. Tetra Pak India is attempting to create awareness about the benefits of tetra pack milk. The Annual production of milk is around 72 billion litres per annum and out of this only about 12 % is packaged.</p> <p>Questions</p> <p>1. How would you use consumer behavior principles to formulate a communication plan for tetra packed milk? Justify.</p>	[10]	CO4	L5
Ans.	Students are expected to apply the concept of 'attitude' with relevance to consumer behaviour and its various marketing implications.			

Course Outcomes		Blooms Level	PO1	PO2	PO3	PO4	PO5	PSO1	PSO2	PSO3	PSO4	PSO5
CO1	The students will be able to understand the background and concepts of consumer behaviour.	L1	0	0	0	0	0	0	0	0	0	0
CO2	The students will be able to identify the dynamics of consumer behaviour and the basic factors that influence the consumers decision process.	L3	0	0	0	0	0	0	0	0	0	0
CO3	The students will be able to demonstrate how concepts may be applied	L2	1a,2a, 2b,3a, 3b	0	0	0	0	0	1a,2a, 2b,3a, 3b	0	0	0

	to marketing strategy.												
CO4	Students will be able to apply and demonstrate theories to real world marketing situations by profiling and identifying marketing segments.	L4	1b,1c, 2c,3c, 4	0	0	0	0	0	0	1b,1c, 2c,3c, 4	0	0	0

Cognitive level	KEYWORDS
L1	list, define, tell, describe, recite, recall, identify, show, label, tabulate, quote, name, who, when, where, etc.
L2	describe, explain, paraphrase, restate, associate, contrast, summarize, differentiate interpret, discuss
L3	calculate, predict, apply, solve, illustrate, use, demonstrate, determine, model, experiment, show, examine, modify
L4	classify, outline, break down, categorize, analyze, diagram, illustrate, infer, select
L5	grade, test, measure, defend, recommend, convince, select, judge, support, conclude, argue, justify, compare, summarize, evaluate
L6	design, formulate, build, invent, create, compose, generate, derive, modify, develop, integrate

PO1–Theoretical Knowledge; PO2–Foster Analytical and Critical Thinking Abilities for data based decision making; PO3– Develop Value Based Leadership; PO4 –Ability to Understand and communicate various business aspects to global; PO5 – Ability to lead themselves and others in the achievement of organizational goals contributing effectively to a team environment;
PSO1- Comprehend Contemporary features of Business Management Science and its administration
PSO2- Analyze and interpret the dynamic situations for making Business Management strategies
PSO3- Handle responsibility with the ethical values for all actions undertaken by them
PSO4- Adapt and focus on achieving the organizational goal and objectives with complete zeal and commitment.

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