

July 2013

Bachelor of Business Administration (BBA) Examination

VI Semester

Consumer Behaviour

Time 3 Hours]

[Max. Marks 80

Note : Attempt any four questions (out of seven questions) from Section A. Each question of Section A carries 15 marks. Section B is compulsory and carries 20 marks.

Section A

1. (a) How is the study of consumer behaviour helpful in developing market strategy ?
(b) Explain the consumer decision making process.
2. (a) What is the importance of cross-cultural analysis ? Explain the problems marketers face during cross-cultural analysis.
(b) What is the impact of consumer motives on decision making process? Explain the different types of motives.
3. (a) Explain the types of involvement with appropriate example.
(b) What do you understand by end chain model ?
4. (a) How does perception influence consumer decision making process?
(b) Who are called the customer's reference group ? Enumerate the types of reference group.
5. (a) What is the relationship between Social Class Life Style and Buying Behaviour ?
(b) How can effective market segmentation lead to understanding consumer behaviour ?
6. (a) Enumerate the barriers to accurate perception process.
(b) Explain the Howard Sheth Model of Consumer Buying Behaviour.
7. Write short notes on any three of the following :
(a) Types of Attitude.
(b) Tricomponent Model of Attitude.
(c) Hierarchy of Effect Model.
(d) Values.
(e) Economic Model.

Section B

8. Analyze the case and answer the questions at end :

M/s DULEATH LTDs - 'DURCOM SHOES'

Since 1960's, M/s Duleath Ltd has been in the business of manufacturing and selling of leather to companies which make leather shoes and other

related products. With the post liberalisation period, that is from 1991 onwards, the company Duleath Ltd was contemplating entering the shoe manufacturing industry. The reason for this was,

- (a) Government giving encouraging support to the industry, if the companies in this field were to go for selling finished products made of leather and more so if the firm can export finished leather shoes and other leather products to the foreign market.
- (b) Other leading countries like Korea and Taiwan, who are leading leather goods manufacturers in the world were being forced to slow down their production due to the rising cost of production.

In this context, India had distinct advantages (1) A large livestock population, ensuring availability of raw material (2) abundance of inexpensive skilled manpower and (3) encouragement and support from the government. All the above mentioned reasons were the encouraging signs to a company engaged in manufacturing leather to diversify into manufacturing finished products of leather.

With the intention of going for selling of 'shoes' the company set up its own factory with R & D facility at Noida. In 1993 the Company's R & D department successfully developed a material 'Durcom' which showed all the necessary properties of shoe material permeability, strength, flexibility and durability. The company set up a sub unit to produce shoes with this new material and also conducted a test marketing. The pilot study indicated an enthusiastic consumer response.

Seeing the overwhelmed consumer response, the company set up a large plant with a huge investment. The company entered into tie-ups with selective shoe makers (having a good company image) to buy the material from Duleath Ltd. and make attractive show models of it. The company also agreed to have an inhouse trained team of sales people to visit the shoe retail outlets and train their sales persons on how to sell shoes. Duleath also helped the companies by providing the necessary P. O. P. materials and window displays at an initial cost of Rs. 2 crores for nation wide advertising.

The company Duleath Ltd. set a premium price for 'Durcom' because :

- (a) The company felt that 'Durcom' offered a certain superior quality over leather in terms of durability and more ease of care.
- (b) Initially to use the material for manufacturing high priced shoes, which will indicate quality.
- (c) After adopting a skimming price strategy, the company would later consider penetrating the lower priced shoe market segment.

The first three years after the launch of 'Durcom' shoes showed pleasing results with the number of 'Durcom shoes' being sold increasing from 10,000 in the first year in 1995, to 25,000 till June 1997. But from July 1997, the sale of 'Durcom Shoe' began to fall drastically. There was even a falling trend in the rate of rebuying by former buyers of the shoe. The feed back from their salesman indicated :

- (a) High price buyers did not get motivated by the factors emphasised by 'Duleath' high durability and ease of care.
- (b) Some complaints were received from the buyers of 'Durcom Shoes' that they found the shoes unusually 'warm'.

Questions for discussion :

1. Where do you think the company went wrong in analysing the consumer shoe buyer behaviour?
2. Do you think it would be preferable for the company to identify a new buyer market (lower priced shoe market segment) ? If so, what steps would you suggest to help the prospective buyer to go through the buying decision process ?

