

IMT-50

CONSUMER BEHAVIOUR

Notes:

- a. Write answers in your own words as far as possible and refrain from copying from the text books/handouts.
- b. Answers of Ist Set (Part-A), IInd Set (Part-B), IIIrd Set (Part – C) and Set-IVth (Case Study) must be sent together.
- c. Submit the assignments in IMT CDL H.O. along with the assignments Question Papers for evaluation .
- d. Only hand written assignments shall be accepted.

<u>A. First Set of Assignments</u>	5 Questions, each question carries 1.5 marks.
<u>B. Second Set of Assignments</u>	5 Questions, each question carries 1.5 marks.
<u>C. Third Set of Assignments</u>	5 Questions, each question carries 1.5 marks. Confine your answers to 150 to 200 Words.
<u>D. Forth Set of Assignments</u>	Two Case Studies : 7.5 Marks. Each case study carries 3.75 marks.

SECTION - A

- 1) "The discipline of consumer behaviour is rooted in the marketing concept". Elucidate. Discuss the need to study consumer behaviour and its interdisciplinary nature.
- 2) Distinguish between customer and consumer with the help of suitable examples. Discuss the importance of consumer research in the discipline of consumer behaviour.
- 3) Why do marketers initiate market segmentation? A reputed manufacturer of sports and fitness goods is planning to open a nationwide chain of health and fitness centres. How can they use psychographics to segment the market?
- 4) (a)How is Brand personality different from Brand Image and Brand personification? Explain with the help of examples.
(b) What is the difference between selective attention and perceptual defence? What are basic principles of Perceptual organization.
- 5) Explain briefly the needs for power, affiliation and achievement. Identify three advertisements for different products that are designed to appeal to these needs.

SECTION - B

- 1) How do consumers store and retain information. What do you understand by the process of retrieval?
- 2) (a)Why is Theory of reasoned action Model called the extended Fishbein's model? Give examples to explain the difference.
(b) Distinguish between Likert scale and semantic differential scales for measuring attitudes.
- 3) What are reference groups? What are the various reference group appeals being used by marketers. Explain with suitable examples.
- 4) Discuss the use of the Family Life Cycle (FLC) concept by marketers to segment the market. Which would be the most appropriate FLC segment to be targeted for the following products.
 - i) Ready to eat breakfast cereal.
 - ii) A Home Furnishing retail store.
- 5) What are the characteristics of a business buyer? How does the buy class (straight rebuy, new task and modified rebuy) influence the business buying behaviour?

SECTION - C

- 1) 'Meaning subjective'. Elucidate. Differentiate between signal relations, sign relations and symbol relations.
- 2) Discuss the effects of psychological noise on the communication process. What strategies can a marketer use to overcome psychological noise?
- 3) How is Social Class defined? Describe the correlation between social status or prestige and income. Which is a more useful segmentation variable?
- 4) Define extensive, limited problem solving and routinized response behaviour. What level of consumer decision making will be used by consumers for the following two cases :
 - i) Selection of school for their child.
 - ii) Purchase of an anniversary greeting card.
- 5) Briefly state the various stages of the Consumer decision making process that a consumer will go through when purchasing a Laptop for the first time. What is meant by cognitive dissonance and how will it be overcome in this case.

CASE STUDY - 1

In June 2010, C.K. Ranganathan, 50, founder of CavinKare, suffered a drug allergy. The enforced six-month break gave him much needed time to reflect on the business he founded as a partnership firm back in 1983.

On the face of it, Ranganathan had reasons to feel satisfied. In business circles, CavinKare is a legend - the David of the fast moving consumer goods, or FMCG, sector, which successfully took on Goliaths like HUL, and P&G. CavinKare's first and most memorable innovation, in 1983, was the sachet: it sold shampoo in tiny, low-priced sachets at a time when the big players only marketed it in high-priced bottles. By doing so it discovered a vast, untapped market and forced its big rivals to follow suit. Today 87 per cent of shampoos sold in India are in sachets, of which CavinKare has a 30 per cent share.

Yet Ranganathan was worried. He was concerned that around seven of every 10 innovations presented to him were aimed at the relatively low-end segment of consumers. No doubt it was this segment that brought CavinKare its initial success, and still provided about 60 per cent of the company's revenues, but Ranganathan wanted to target the premium segments, where margins were much higher.

He also felt that CavinKare had become a somewhat reactive organisation and his people were not learning enough. "Innovation is important but without the right culture, it cannot be sustained."

Ranganathan got back to work in December 2010 with definite ideas about how he wanted CavinKare to change... His first task was to get the employees to become more achievement oriented. He introduced a new working system for better and faster product development, shifted CavinKare's marketing office from Chennai to Mumbai and began looking around for acquisitions and tie-ups to bring premium products under his company's umbrella. The workforce was divided into creators (research and development, or R&D, marketing and sales), enhancers (production, purchase, logistics and supply chain) and protectors (accounts, finance and management information system). "Creators are the key group. Their performance is critical. The bulk of the resources are targeted at them," says Ranganathan.

Brainstorming meetings on Monday were also started. "These meetings speeded up the process of product development as decisions were taken on the spot," says T.D. Mohan, Joint Managing Director. Ranganathan also got

the team to start anticipating the competition's moves and prepare to counter them early. This helped when, earlier this year; rival Pantene slashed its shampoo sachet price from Rs 1.50 to Rs 1 to match CavinKare's Chik. "We had the response - a better formulation of shampoo - ready and launched it in less than a month. It was an improved product at the same price," says T. Mukhopadhyay, Executive Vice President, and R&D.

Profitable growth was chosen as the theme for the company's annual conference in April 2011. The 'creators' were asked to come up with innovations that targeted the high end of the market. "We want 60 per cent of our revenues to come from the premium segment," says Ranganathan. CavinKare has also embraced the 'Blue Ocean Strategy' to identify uncontested market spaces and create products to fill them. For instance, it launched Indica 10, a hair dye which can be washed off within 10 minutes of applying it. Rival hair dye brands require at least 30 to 45 minutes to take effect. The company has set itself a revenue target of Rs 5,200 crore by 2017/18.

Ranganathan's reforms have already started yielding results. The product development time has shrunk to 11 months from 12 months earlier. CavinKare is also making a conscious effort to expand its pan-Indian presence. Pursuing Ranganathan's new thrust towards tie-ups, as well as towards improving premium market presence, the company has entered into a strategic alliance with Coty Inc. - the world's largest fragrance company.

Questions:

- 1) Can the introduction of sachets by Cavin Kare be classified as a disruptive innovation in the shampoo market? Why or Why not?
- 2) Discuss the areas where Mr.Ranganathan focussed to develop an innovative culture at Cavin Kare.
- 3) What challenges do you anticipate for Cavin Kare in the coming years?

CASE STUDY - 2

Honey, they've shrunk the kids chocolate bar

You may not have noticed it, but you may be getting less bang for your buck. The price of your favorite brand of noodles or biscuits may have remained constant despite inflation, but what about the quantity? When Abhishek Mathur, a student, was told by his friends that the ubiquitous Rs:10 Maggi pack now had 20% less quantity, he was less than amused, although he had not noticed the change.

Chances are most people are buying soaps, bread and biscuits thinking companies have not passed on to the consumer the higher prices in packaged goods, but to protect margins amid rising costs, food and fast moving consumer goods companies are cutting down on quantity-grammage in trade parlance.

Cutting corners

Product	Price (Rs)	Weight(grams)	
		Then	Now
Lays Chips	20	68	61
Good Day Biscuits	10	100	84.5
Dairy milk chocolate	20	50	38
Britannia Bread	12	400	375
Maggi	10	100	80
Haldiram Snacks	10	52	48
Lux soap	10	75	65

Experts say reducing quantity while maintaining a constant price helps companies protect their volumes. "The FMCG category is highly price sensitive. Prices of items can be increased only to some extent. Reducing grammages (quantity) will help these companies retain their customers as well as their market shares," said Pratiche Kapoor, associate director for retail at consulting firm Technopak. For retailers across cities, the move has hardly spelt a difference over the past 6 months since the trend started. Most retailers continue to witness significant growth, despite price rises and quantity cuts. Food and personal care items are rarely potential areas of compromise for consumers, they reason.

"It's the consumers in the middle of the pyramid that are not much affected by these cuts in grammages. If the company succeeds in communicating better value proposition to this section, the strategy is sustainable for them. Impulse items, especially, can protect their volumes by going for grammage reductions," said Raj Hosahalli, executive director, Nielsen India. So, the next time you go shopping, make sure you don't end up buying smaller quantities while staying within budget.

Questions:

1. Why has this strategy of grammage reduction by marketers gone unnoticed by the consumers? Base the answer on your understanding of the consumer behaviour variable of perception.
2. Will such a strategy be useful in another category of products? Give reasons for your answer.
3. How will this knowledge of quantity reduction affect the future behaviour of the consumers of these products.