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**Presidency University**

**Bengaluru**

**School of Management**

**Make-up End-Term Examination - July 2024**

**Date**: 05-07-2024

**Time**: 9:30 AM-2:30 PM

**Max Marks**: 100

**Weightage**: 50%

**Semester**: III

**Course Code**: MBA2022

**Course Name**: Consumer Behavior and Practices

**Department:** SOM

**Instructions:**

1. *Read the all questions carefully and answer accordingly.*
2. *Do not write any information on the question paper other than roll number.*
3. *Question paper consists of 3 parts.*

**PART A**

**Answer any 10 Questions. Each question carries 3 marks. (10Qx 3M= 30)**

1. Outline the global trends that influence consumer behavior (CO: 01 Knowledge)

2. List and briefly explain the characteristics of any two types of traditional consumers (CO: 02 Knowledge)

3. List the types of digital consumers and state the characteristics of any 2 types (CO:03 Knowledge)

4. Define the term "subculture" in the context of consumer behavior. (CO:04 Knowledge)

5. Indicate the roles played by opinion leaders. (CO:05 Knowledge)

6. Enumerate the contemporary models of CB and discuss any one type. (CO:01 Knowledge)

7. Describe two ways in which personality can influence a consumer's purchasing decisions. Question

(CO: 02 Knowledge)

8. Briefly describe the Schiffman -Kanuk model of consumer behavior. (CO:02 Knowledge)

9. Differentiate between emotional buyers and rational buyers. (CO:03 nowledge)

10. Briefly describe any consumer learning theory. (CO:04 Knowledge)

11. Explain the concept of Culture Indicate the components of culture.

(CO:05 Knowledge)

12. List all the socio-cultural factors that influence consumer behavior. (CO:03 Knowledge)

**PART B**

**Answer any 4 Questions. Each question carries 10 marks. (4Qx 10M= 40)**

13. Identify examples of successful marketing strategies in India that have emerged from a thorough understanding of consumer behavior gained through ethnographic research methods. (CO:01 Application)

14. Distinguish between the three levels of consumer decision making process using different product examples. Question. (CO:02 Application)

15. Discuss with suitable examples how the four different functions of attitude given below help marketers to understand their consumers better with the product examples given alongside. (CO:03 Application)  
a. Utilitarian Function - Washing machine  
b. Ego-defensive Function – iPhone

16. Distinguish between positive and negative motivation, and review how do rational and emotional motives influence consumer behavior? (CO: 04 Application)

17. Describe the marketing applications of classical conditioning theory of consumer learning. Question

(CO: 05 Application)

18. Describe how social comparison and social influence differ from each other in throwing insights on consumer decision making. Use the purchase of house or flat as an example to emphasize your points. (CO: 01Application)

**PART C**

**Answer the following Questions. (2Qx 15M= 30)**

19. In the U.S. cereals are taken at breakfast time. Cereal manufacturing is an industry of great  
magnitude. Cereals are manufactured in various shapes, flavours and colours and the advertisement is directed at children. The leading manufacturers are Kellogg’s, General Mills, General Foods, Quaker Oats, and Champion. Kellogg’s share was constantly being eaten away by other manufacturers who were introducing new cereals. Kellogg’s therefore thought of introducing a new cereal, which they had not done for a long time. The cereals were not only consumed by children, but a substantial portion formed the adult market as well.  
  
Kellogg’s developed a new plan to come out with a cereal which would be tasty, nutritious,  
free of sugar and made of grain. The cereal consisting of the above attributes was named “Nutrigrain”.

These were available in four types. Nutrigrain Corn, Wheat, Barley and Rye.  
These were introduced together, and no test marketing was done to avoid competition.  
These Products were advertised heavily and targeted at adults. To promote the product  
further, discount coupons were freely distributed, which gave a cut of about 30 per cent in the  
retail price of the product. Coupons were also inserted in the Nutrigrain boxes’ so that customer would return to take advantage of these coupons, and make repeat purchases. A lot of information and advantages of consuming Nutrigrain was boldly printed on the packages for  
the information of the consumers. Proper display in the shelves of stores was also taken care of.  
Their efforts brought results, and the stores were loaded with orders and most adults  
started eating these cereals, because of promotion, curiosity, etc. After one year, the sales  
declined because there were very few repeat purchases. This started the extensive thinking as  
to where they had gone wrong. Consequently, they withdraw two of their brands—Barley and  
Rye. These were replaced by raisin and wheat varieties.They also found out later, that there was a shortage of time for the adults, which prevented them from having cereals. If they could get out of bed 10 minutes early and devote these ten minutes to breakfast , they would probably enjoy the cereals. They also found out that though people were clamouring for sugarless cereals, yet they loved to satisfy their palates with sugar coated cereals.  
  
Questions  (CO04: ANALYSIS)  
  
1. Examine the habits of the above consumers and their preferences and show where Kellog's failed   
2. Examine whether Kellogg’s should have done test marketing and gradual product introduction?  
3. Suggest methods of increasing the market share of the adult market?

20. FISHER-PRICE manages to constantly reinvent the toy business by utilizing market research to its fullest extent. At its conception in 1932, FISHER-PRICE was able to capitalize on the simplicity of producing wooden toys. In 1947, with the introduction of the "modern FISHER-PRICE brick", the company was able to scale the toy to a much larger audience. Throughout the 20th century, FISHER-PRICE created toys surrounding pop culture, which cemented their reach to children of the times. At the end of the 20th century, FISHER-PRICE had hit a roadblock and was in dire need of change. Through the effective use of market research, FISHER-PRICE was able to take a company on the verge of bankruptcy to the largest toy manufacturer in the world. FISHER-PRICE recognized that the problem with their current model was the lack of understanding of customer’s wants and needs. After collecting extensive data, FISHER-PRICE made the million dollar decision to market toys based on role play for the girls, and toys with a narrative and backstory for boys. This change, supplemented with theme parks, and video games, allowed FISHER-PRICE to get out of the hole. In the future, FISHER-PRICE will continue to reinvent business through the use of their "Future Lab", and targeted market research. Marketing research played a pivotal role in the revitalization of FISHER-PRICE. After determining why they were failing in 2004, FISHER-PRICE was able to correctly forecast their marketing demands. The change to Jorgen Knudstorp to CEO initiated a larger emphasis on consumer and market research. Knudstorp realized that under the current market conditions, they needed to be more direct in their marketing. The release of the Ninjago and Legends of Chima sets were a market-test, organized to test the extensive research that had been conducted since he took over. The overwhelming success of the new business model proved that the missing piece was market research. As aforementioned, FISHER-PRICE will continue to survey the market and their consumers to keep up with current marketing trends.  
FISHER-PRICE separates itself from its competitors by creating competitive advantage. FISHER-PRICE is able to be more successful than the competition because of brand equity and effective merchandising. Having been in the market since 1932, the name FISHER-PRICE carries significant weight and has a positive connotation. They are known across the industry for reliable products, and endless innovation. The way of which FISHER-PRICE promotes their brand is direct, and targeted to consumers based on market research. FISHER-PRICE produces commercials that are direct, showing the product they are selling, and puts emphasis on knowing their target customer base. The competitive advantage created by FISHER-PRICE, however, is not sustainable. Instead, it is a leverageable advantage over the competition. It is not that competitors are unable to replicate what FISHER-PRICE is doing, FISHER-PRICE continuously builds off of their products to create new innovations and ideas to stay one step ahead. Companies such as Mattel and Hasbro make construction-like toys that are comparable to FISHER-PRICE, however, FISHER-PRICE is able to have a higher success rate based on their knowledge of the market and repeated adaptations to their strategy based on current trends. With any large corporation comes potential ethical implications. Perhaps the most prevalent that comes to mind when discussing toys is product safety. FISHER-PRICE lays out the process that they follow to ensure safe products on their website. They first assess the safety of the materials they use, then they test their product through various safety assessments, next they make the product while testing for quality and safety, and finally they receive feedback from their consumers to verify that their experience with the product was in fact safe.The process that FISHER-PRICE utilizes seems to be effective as they have "had zero recalls since 2009". (FISHER-PRICE, 2022). FISHER-PRICE is also taking a variety of actions towards lessening their impact on the environment. For example, they have been reducing CO2 in all operations by prioritizing energy efficient options in factories, utilizing renewable energy such as solar panels, setting high environmental standards, and investing into more low-carbon projects. FISHER-PRICE's CDP climate score has risen from a C to an A in 2022 as a result of these efforts. Overall, the ethical practices across the board allow for FISHER-PRICE to keep positive initiatives associated with their name, limiting bad press and further pushing their marketing strategy.  
  
One problem that FISHER-PRICE is facing is a word catering towards technology, and away from traditional toys. According to a study conducted by the PEW Research Center, "more than one-third of parents with a child under 12 say their child began interacting with a smartphone before the age of 5" (Nadeem, 2020). The instant gratification associated with technology poses a significant problem to FISHER-PRICE. In society as a whole, one is less likely to wait for the satisfaction of putting blocks together and instead chooses to use a phone, or gaming console, to receive instant gratification. This poses a problem to FISHER-PRICE, as shown by their Revenue in 2021 compared to that of Tencent (the leading gaming company). FISHER-PRICE had nearly $8 billion in revenue (Tighe, 2023) , significantly smaller than the $32.2 billion of Tencent (Clement, 2022).  
  
Questions (CO: 05 ANALYSIS)  
  
1. Apply appropriate consumer decision making models or theories to highlight the causes for the problems that Fisher-Price is currently faced it  
2. Recommend marketing strategies for the Fisher-Price brand to overcome competition and changing consumer habits