

MANAGEMENT PROGRAMME

00443

Term-End Examination

June, 2010

MS-61 : CONSUMER BEHAVIOUR

Time : 3 hours

Maximum Marks : 100

(Weightage 70%)

Note :

- (i) This paper consists of *two* sections A and B.
- (ii) Attempt *any three* questions from *Section-A* and *Section-B* is compulsory.
- (iii) All questions carry *equal* marks.

SECTION - A

1. What are the major influences on organisational buying ? You have been asked to manage the replacement supplies of printers and photocopies in your organisation. How would you define this organisational buying situation and the characteristics associated with it ?
2. What function do attitudes fulfil in consumer behaviour ? Briefly explain any one of the multiattribute models of attitudes and explain how would you use the understanding of this model in your marketing decisions.

3. Explain the factors that help a marketer to predict what kind of influence reference groups are likely to have over a product or brand choice. Why does reference group influence seem to vary across product classes or across individuals ?

4. What are the factors that result in a high degree of prepurchase search for information by consumers ? What are the implications of information search behaviour for marketers ?

5. Write short notes on *any three* of the following :
 - (a) Hypothetical constructs in Howard Sheth model
 - (b) Theories of Personality
 - (c) Consumer Motivation
 - (d) AIO inventories and their use
 - (e) Cognitive theory of learning

SECTION - B

Read the case given below and answer the questions given at the end of the case :

A PRODUCT FAILURE AT SATURN

Saturn has always attempted to create committed customers. Saturn a division of General Motors, advertises around the theme :

A different kind of company

A different kind of car.

Though Saturn cars costs only 10 to 14 thousand USD (Rs. 5 lakhs to Rs. 7 lakhs), the firm attempts to provide its customers the same level of service and consideration typically associated with expensive luxury cars. Its stated objective is to be "the friendliest, best-liked car company in the world". The company states : "We're going to do more than what the customer expects, and in the long run, it will enhance our image".

Saturn's attempt to build an image of a high-quality car built by skilled, caring workers and sold in helpful, non pressure dealerships, had received two small tests in its first two years. In one, it had to recall and replace 1,836 cars that had received improper coolant. In another, it had to repair 1,480 cars with faulty seat-back recliners. In the second case, the firm made a TV commercial showing a Saturn representative flying to location to fix the car of a resident who had purchased it in the first year of its launch.

However, in 1998 Saturn began receiving reports of a wire short-circuiting and causing a fire. Thirty-four fires (no injuries) were reported. Saturn faced a dilemma. A recall would involve 350,000 cars and a direct expense of as much as \$ 55 million dollars. Any negative publicity associated with the recall could seriously depress sales. Saturn had yet to break even and General Motors was under serious financial pressure.

Saturn managers decided to deal with the problem in a manner consistent with its company objective described early. It quickly notified all purchasers of the affected cars and asked them to contact their dealers to have the defective wire replaced at no charge. The dealerships extended their operating hours, hired extra personnel, arranged door-to-door pickup and delivery, provided free car washes, and often provided barbecues or other festivities. All the repaired cars had a courtesy card placed inside that said :

We'd like to thank you for allowing us to make this correction today. We know an event like this will test our relationship, so we want to repeat to you our basic promise - that everyone at Saturn is fully committed to making you as happy a Saturn owner as we can.

According to Steve Shannon, Saturn's Director of consumer marketing, the decision to handle the recall in this manner was simple :

The measure of whether we are a different kind of company is how we handle the bad times as well as the good. We're trying to minimize the inconvenience and show that we stand behind the cars, so that our owners don't lose faith in us or the cars.

How have consumers responded to the recall ? Ms. K. learned of the recall from friends who had heard of it on news reports before she received her letter from Saturn. She took her car to the dealer who served her coffee and doughnuts during the 24-minute repair. Her response.

I expected this would be my first bad experience with Saturn. But it was so positive, I trust them even more than when I purchased the car :

Questions :

- (a) Describe the evaluative process followed by the consumers and outcome that Ms.K went through.
 - (b) Evaluate the manner by which Saturn handled the recall. What options did it have ?
 - (c) How will publicity about the recall affect Saturn's image among non-owners ?
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