

[This question paper contains 4 printed pages.]

4237

Your Roll No.

MBA (FT)

A

Paper F – 3201 – CONSUMER BEHAVIOR

Time : 3 Hours

Maximum Marks : 70

(Write your Roll No. on the top immediately on receipt of this question paper.)

Attempt any FIVE questions. All questions carry equal marks.

Q.1. The following is a news item that appeared in one of the important economic newspapers. This is one of the many incidents which have been reported in newspapers even since Nano was launched. As a manager with Tata Motors do you think this is an issue related to consumer behavior? How would you handle the situation using consumer behavior insights? Identify the consumer behavior issue that assumes significance in this case.

: A Tata Nano burst into flames in south Delhi but no one was injured in the blaze, a fire official said on Friday. The accident took place around noon near Uphaar cinema hall in Green Park, the official said.

"There were sparks from the rear of the car as soon as the ignition was switched on. Within a few minutes, the fire engulfed it," the official said.

"A fire tender was rushed to the site and the fire was doused within a few minutes," he added.

Tata Motors' low-cost car has earlier too been in the news for similar accidental fires on separate occasions. At least six Nano cars have been gutted so in various parts of the country, according to reports.

Back then, Tata had assured the customers that Nano was a "safe car" after an internal team, including a forensic expert, investigated the fire incidents.

Q.2. Parle is all set to take on ITC and Pepsi Co in snacks market with their ready to eat over the counter snacks names 'FullToss'. Read the following and act as a consultant to the company and share your understanding about the consumer buying behavior regarding a product like FullToss. What should be the strategy to effectively market the same?

Vijay Chauhan-controlled Parle Products is all set to lock horns with market leaders Pepsi and ITC for a slice of the branded snack foods market. The company which markets the largest selling biscuit brand Parle-G and Monaco biscuits amongst others, has launched a portfolio of products aimed to take on Lays chips and Kurkure namkeens marketed by Frito-Lay India and Bingo from ITC. Quick on the heels of the launch of Kurkure look-alike FullToss, the company has launched Parle wafers in flavours that resemble those of its chief competitor Lay's. "Parle wafers have been launched in direct competition with PepsiCo's Frito-Lay and ITC's Bingo. Popular flavours work with consumers and contribute to 80-90 per cent of sales. Better branding, distribution strength, marketing initiatives, better packaging and quality are our

P.T.O.

differentiating factors," B Krishna Rao, group product manager of Parle Products said.

In order to attract customers the company is offering promotional packs with 20 per cent extra grammage. "Our target customers are people in the age group of 15-25 years. We are aiming at 25 per cent market share over the next six months," said Rao. This is the second attempt by Parle at making a mark in the branded snack foods market, which involves heavy advertising spend to attract consumers to what is essentially an impulse purchase. The company plans to advertise on TV and print and could spend Rs 8-10 crore to support the brand launches.

With a market share of 60 per cent, Lay's claims it leads the pack in the Rs 3,000-crore branded snacks market in India. "We would like to highlight the fact that our growth patterns have been consistent year-on-year. We are positive that this year will further strengthen that trend," Vidur Vyas, vice-president, marketing at PepsiCo India said when asked for comments on the Parle strategy. "Our food business in volume terms was highest ever in May 2010. We have seen tremendous growth from Lay's, Kurkure. Newer products such as Aliva too have met with good response. Today, there are a host of snack options available, due to which the pie is widening," added Vyas.

Q.3. Apple's strategy in general revolves around creating new products. In terms of consumer perception this relates to category creation. Explain this phenomenon with regard to concepts like stimulus generalization and discrimination. What are the challenges involved in category creation and how should the marketer handle these?

Q.4. The following poem is titled 'Diamonds are girl's best friend'. Explain how marketers have employed the power of consumer motivation to create phenomenal pull for the product. Can we say if this can be done for a piece of carbon it can be done for anything?

*The French were bred to die for love
They delight in fighting duels
But I prefer a man who lives
And gives expensive jewels
A kiss on the hand may be quite continental
But diamonds are a girl's best friend
A kiss may be grand but it won't pay the rental
On your humble flat, or help you at the automat
Men grow cold as girls grow old
And we all lose our charms in the end
But square cut or pear shaped
These rocks don't lose their shape
Diamonds are a girl's best friend*

Tiffany's, Cartier

*Talk to me, Harry, Winston, tell me all about it
There may come a time when a lass needs a lawyer
But diamonds are a girl's best friend*

*There may come a time when a hard boiled employer
Thinks your awful nice
But get that ice or else no dice
He's your guy when stocks are high
But beware when the start to descend
It's then that those louses go back to their spouses
Diamonds are a girl's best friend
I've heard of affairs that are strictly platonic
But diamonds are a girl's best friend
And I think affairs that you must keep liaisonic
Are better bets if little pets get big baggettes
Time rolls on and youth is gone
And you can't straighten up when you bend
But stiff back or stiff knees
You stand straight at Tiffany's*

*Diamonds
Diamonds
I don't mean rhinestones
But Diamonds
Are A Girl's Best Friend*

Q. 5. There has been a controversy regarding the brand Tide's claim that it contains natural ingredients. Read the following and explain how marketers use claims which often are not true but consumers are drawn to believe these to be true. Use the concepts like involvement, information processing and generalization etc.

Call it a low tide; just days after its main rival Hindustan Unilever unleashed an open 'Rin is better than Tide' campaign, Procter & Gamble (P&G) has had to admit that its low-priced detergent brand Tide Naturals contains no "natural" ingredients. In a simultaneous development, P&G is learnt to have filed a case in the Calcutta High Court against HUL's ad campaign. In an affidavit submitted to the Madras High Court recently, P&G said that its entry-level detergent brand contains only natural fragrances (lemon and chandan) and no natural ingredients as suggested by its name. "One of the features of 'Tide Naturals' is the addition of synthetic compounds to bring out the fresh smell of lime and sandal," said P&G in the affidavit submitted in response to a suit filed by HUL on February 25.

"There is no suggestion that natural ingredients of lime and sandal have been used to benefit the skin and provide best whiteness. The generic word 'naturals' does not communicate the presence of natural ingredients." The Madras High Court on March 1 issued an order to P&G to modify its advertising for Tide Naturals to clarify prominently to consumers that the detergent does not contain lemon and chandan. "The Court had asked us to make minor modifications to the Tide Naturals TV commercial for which the modification has been actioned," said a P&G spokeswoman. She, however, clarified that the advertisement is not off air. Under pressure to stem declining market shares, P&G's biggest rival Hindustan Unilever, on February 25 unleashed a high-decibel campaign across almost all mainstream television channels for its Rin brand, directly taking potshots at Tide.

The Rin advertisement is clearly the most disparaging in the history of HUL, which is desperate to check a decline in its market share to rivals and smaller regional players that prompted its parent Unilever's CEO Paul Polman to say the Indian arm was underperforming. The campaign has raised issues about whether such blatant comparison in advertising should be permissible. The Advertising Standards Council of India (ASCI), the industry watchdog that regulates all advertising in the country, will look into the matter on March 24. The matter is also being heard in court as P&G has filed a lawsuit against HUL's disparaging advertisement. In December last year, P&G made an aggressive entry in the mass-end priced detergent segment with Tide Naturals. HUL has brands like Rin and Wheel in this segment.

Referring to P&G, an HUL spokesman said: "The advertising of one of our competitors has sought to give the impression that theirs is a natural detergent when, in fact, by their own admission in court, it is a synthetic detergent. This has misled consumers at large." The P&G spokesperson denied this charge. "Tide Naturals has the goodness and freshness like that of lemon and sandalwood. This claim does not in anyway lead consumers to believe that any natural ingredients are present in the detergent," she said.

Q.6. Can consumer personality and self-concept be leveraged into improving the marketing effectiveness of products? What are the products which are best suited for such leveraging? Give a real life example in which this has been done explaining the process of doing so.

Q.7. Write short notes on any two of the following:

- Strategies to crack brand loyalty
- Cultural influences
- Family buying behavior
- Central route to persuasion