

The
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POSTGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF MASTER OF BUSINESS ADMINISTRATION

MKT 503 : CONSUMER BEHAVIOUR

DATE: 30TH JULY 2024

DURATION: 2 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **Four (4)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Reading the following case study and answer the following questions

DAEWOO PROMOTION CAMPAIGN

The company devised a promotional campaign, called the 'Diwali Bonanza scheme' for corporates, offering one Cielo free on purchase of every ten cars. This was followed up with a lottery scheme for individuals, wherein the winner was awarded a car. It was revealed later that the promotional scheme was pushed by Daewoo's marketing head from Korea inspite of the Indian managers vehemently opposing it.

A former Daewoo executive said, "There was actually no need of the promotion. People began to look at the car with suspicion." The Cielo had till then been promoted as a feature-rich, luxury family car. The free Cielo scheme did immense damage to the car's brand equity, particularly in north India, which accounted for around 80% of Cielo sales.

The bonanza scheme somehow projected a picture that Daewoo had substantial non-moving Cielo stocks, thereby turning off the 'status-conscious' buyers. Before this scheme, Cielo was selling about 2,500 cars a month, which fell to 100 by the time the scheme ended in early 1996. In its desperation to maintain volumes, Daewoo then began offering hitherto unheard of incentives to dealers and financiers, who in turn passed them on to customers through lower interest rates.

Daewoo and its financiers were even questioned by the Monopolies and Restrictive Trade Practices authorities to explain how its finance rate could be as low as 14.33%, while the prevailing car finance rate was 23%. The company explained it by claiming that it was offering discounts of up to 10% of the car value (Rs 0.6 million) to financiers, provided they reduced the cost to the customer by keeping the interest rate low. Daewoo later claimed that these inquiries were instigated by its competitors to tarnish its image. After the finance schemes, Cielo announced a test drive scheme to lure the buyers in April 1997.

The scheme entitled all car owners to participate in a draw where 200 Cielos were given to the winners for 18 months. On completion of this period, the

winners had the option of either buying the car by paying 70% of its original on-road price or returning it to Daewoo. The company claimed to have successfully tried out this scheme in the UK and Korea earlier. The scheme was intended to enhance Cielo's credibility in the marketplace. However, the low finance rates and the test drive schemes faced the same criticism the free Cielo scheme did.

Daewoo's positioning efforts for the Cielo were termed 'unmemorable and poor' by analysts - largely due to the frequent changes in the positioning. Initially the car was positioned on the 'technology with aesthetics' plank, which was later moved on to a 'premium family car' positioning. Analysts remarked that the family-car positioning did not match with the premium image Cielo was trying to project in the beginning. This premium communication began to clash with subsequent value-for-money initiatives that followed. Such moves only ended up confusing the customer

S G Awasthi, managing director, Daewoo, defended the company's stand saying that there were no benchmarks in India when Cielo was launched and that market segmentation had not even begun to emerge. He said, "It was difficult to position the car clearly or to communicate it. So we did not position it against any product, but with the idea that Cielo will find its own niche." A Daewoo source commented, "Tell me one ad campaign that improved the car's sales by even 0.1%? Cielo began on a luxury plank and ended on a 'Val-You' note." Media reports remarked that Daewoo's not being able to properly position the car proved to be the biggest reason behind Cielo's failure. An analyst commented, "They must have tried almost every positioning."

Required:

- a) Examine the difference between Market segmentation and Product positioning (6 marks)
- b) Evaluate any four factors that can influence Daewoo consumer behaviour (8 marks)
- c) Explain how Daewoo could benefit from Perceptual mapping (4 marks)

- d) Analyze six ways in which the company could have used perception in its marketing strategies (12 marks)

QUESTION TWO

- a) Differentiate Freud's Theory from Jung's Theory of motivation (8 marks)
- b) Examine the relevance of Tricomponent Attitude Model in consumer behaviour (7 marks)

QUESTION THREE

- a) Evaluate four roles of research in consumer behaviour (8 marks)
- b) As a student of consumer behaviour, an organisation has approached you to do a research for them, explain any three research designs that you can adopt (7 marks)

QUESTION FOUR

- a) Discuss any five sources of consumer problem recognition (5 marks)
- b) Compare and contrast Classical Conditioning with Instrumental Conditioning (10 marks)