

The
Management
University
of Africa



Sponsored by the Kenya Institute of Management

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

MKT 503 : CONSUMER BEHAVIOUR

DATE: 28TH JULY 2026

DURATION: 3 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** 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

Read the Case Study below carefully and answer the questions that follow:

A CASE OF TIZMA

In October 2010, Magero launched its small car 'Tizma,' which soon became very popular amongst the customers. Though Tizma did not fare as well as its rival Trosan (from Kariokor motors) initially, over the next few months, its demand increased significantly. While 3,265 units were sold during April-December 2011, demand increased by to 5,398 cars during April-December 2012. Analysts claimed that Magero seemed to be neglecting Gielo after the launch of Tizma. In May 2010, Magero stopped production of the GLE and GLX versions of Gielo and replaced them with the Gielo Executive and the Xia. While the former was positioned as the basic Gielo version with the best features of both GLE and GLX, the Xia was promoted as being an upgraded version of the Gielo. The move failed badly because the dealers as well as the customers failed to see any worthwhile additions to the earlier Gielo model. Referring to Xia as a slightly modified Gielo, a Magero dealer commented, "We have the Kshs 0.4 million Gielo and the Kshs 0.6 million Gielo (i.e. the Xia)."

This was not surprising, for while Xia's engine and interiors had been substantially changed, Xia's exterior was very similar to Gielo. Magero said that it was not able to create a perceptual difference between the two cars amongst the consumers. Xia failed to catch the customer's fancy and sales never really picked up. Magero attributed the low sales to the fact that the market for mid-size cars had become rather crowded. During the pre-launch and launch period of Xia, Magero completely stopped advertising for Gielo. This created the impression that the Gielo was going to be completely phased out.

This prevented the company from positioning both cars independent of each other. From 2553 cars sold during April-December 2010, Cielo sales declined by to 1385 cars during April-December 2011. Magero's plans to launch a Compressed Natural Gas (CNG) version of the Gielo were yet to materialize even in mid2001. Tizma had a 40% market share in the

Kenyan market and had received a good response in most of the 14 counties it was sold in. However, its performance in Kitui was nowhere near its national success and Magero continued to run into losses. In 2000, the company had a loss of Kshs 1.16 Million on gross sales of Kshs 12.78 Million. The loss increased to Kshs 3.4 Million on gross sales of Kshs 11.84 billion in 2001.

Magero 's rivals were quick to comment that the Tizma was also bearing the brunt of the company's poor marketing skills, adding that the poor legacy of the Gielo experience would be hard to shake off. Magero though, was still hopeful of succeeding in the national car market. The company expected the market to reach the one million mark by 2008-2010. Kim said, "Who would want to lose an opportunity to be part of that?" He added that Magero would break even in 2012. To meet this target, Magero was working towards enhancing its dealership and sales and servicing network as part of the restructuring programme. The company also undertook a massive cost cutting exercise, which involved cutting down on staff strength.

In order to reduce the wage bill, Magero reduced the working hours and also reduced the number of workers from 1000 in 2008 to 951 in 2011. The company's prospects however showed no signs of improving as for the first quarter of 2012, Magero posted a net loss of Kshs 1.21 Million - almost double the Kshs 607 million figure in the corresponding period in 2013. At this juncture, the company even had to postpone its plans to launch three new top-end cars, Lans, Bira and Agnus. In August 2014, Magero revealed plans to change the positioning of Gielo once more. The company's new managing director Wafula claimed that the Gielo in its current form could not be continued. Until Magero managed to boost the car's sales, one would have to agree with the industry experts - who claimed that the company would never be able to make a success of Gielo.

Required:

- a) Examine the rationale for consumer behavior for a marketing firm like Tizma

**(6
marks)**

- b)** Evaluate four bases of market segmentation that could assist the company

**(8
marks)**

- c)** Argue any four phases of adoption of a new product that vehicle Tizma customers can go through during adoption

(8 Marks)

- d)** Discuss the four basic elements that constitute learning **(8
marks)**

QUESTION TWO

- (a)**Examine the concept of involvement Theory and its relevance in Consumer behavior

(7 marks)

- (b)**Discuss the concept of Tri-component Attitude Model **(8
marks)**

QUESTION THREE

- a)** Compare and Contrast classical Stimulus generalization with Stimulus discrimination

(8 marks)

- b)** Evaluate the concept of Perceptual Mapping and its application

(7 marks)

QUESTION FOUR

- (a)**Evaluate the concept of Multi-attribute attitude models **(9
Marks)**

- (b)**Assess family three roles consumer can exhibit during consumption

**(6
Marks)**