

**Jagan Institute of Management Studies**  
**End-Term Examination, April, 2017**  
**Trimester III – PGDM (RM) 2016-18**

***Consumer Behaviour***  
***ET\_RM\_CB\_1804***

Time: 3 Hrs.

M. Marks: 70

**INSTRUCTIONS: Attempt any FIVE questions including Q7 which is compulsory.**

- Q 1** Fast food chain McDonald's is changing its menu and store design to bring in a younger, mobile and more health-conscious clientele to its restaurants. It has launched a new restaurant at Nariman Point in Mumbai which serves the new healthy menu comprising soups and salads along with burgers and fries. The restaurant allows a customer to customize their orders to get a greater degree, with sauces, vegetables and condiments. The company has been on a mission to make its menu healthier and shed its unhealthy tag for years as the most of the nation's it serves especially US faces an obesity epidemic and consumers have become more health-conscious worldwide. Do you think this move can change consumer's perception about McDonald which is considered a brand selling junk food which is quite unhealthy and high in calories? Being a brand manager in such a situation, how will you work towards developing a positive attitude towards the brand? Explain with the help of the Tri Component Model of attitude. **14**
- Q 2** Elaborate the Consumer decision making process. What are the variables that feed into the black box? How will the decision making process be different for buying a packet of chips and a Purchase of mobile phone? **14**
- Q 3** A consumer does not buy the same products or services at various stages of his lifecycle. His lifestyle, beliefs, environment, activities, interests and consumer habits evolve throughout his life. Discuss the family life cycle and its influence on activities, interests, opinions, lifestyles and buying behaviour depending on different stages of family lifecycle. **14**
- Q 4 a)** High end Watch brands like Rado, Rolex, Bvlgri and Tag Heuer are trying to woo the consumers and induce them to alter their self-image. Brands' associations with well-known celebrities are exposing the audience to the charm and lure of purchasing luxury timepieces. Explain

the relevance of identifying the consumers' actual self-image and ideal self-image for devising promotion campaigns for such products.

- b) Discuss the process of learning and memory. Discuss any one theory in learning along with its application in the discipline of consumer behaviour.

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- Q 5** You are the manager of a highly sought brand of apparel that offers a complete range of highly priced but good quality trendy wears for both boys and girls. What aspects of consumer behaviour would be most relevant for you to study and why in deciding on the following aspects:

- i) Segmentation strategy.
- ii) New product introduction.
- iii) Promotion strategy

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- Q 6** Method of motivation has to fit with the expectations of customers and the value that they derive from the purchase. Explain the approaches that marketers should follow to motivate consumers that can influence their purchase. Which level of need can be used to motivate purchase of following products/ services:

- i) Multivitamin tablets.
- ii) Motor bikes.
- iii) Pension plans.

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- Q 7** [Read the case and answer the questions given at the end.](#)

Kellogg Company has distribution in over 150 countries and yet is still “unknown to half the world’s population” according to Arnold Langbo, Kellogg’s CEO. Mr. Langbo plans to change that.

Kellogg is building a company-owned cereal plant in Latvia and currently has sales in Poland, Hungary, and Slovakia. It has also started construction on a plant in India and has plans to enter China soon. These efforts will greatly expand non-U.S sales, which in 1991 were 53% of total volume and 41% of total revenue. However, international expansion and the development of the global brands will not be easy.

To become more international, the firm recently reorganised into four divisions: North America, Latin America, Europe and Australia.

According to Langbo:

The way we used to be organised, we were a U.S. based multinational- a company with a big domestic business and, by the way, some international business that was the way we were thinking; that is the way the organisation was structured.

Today, if you talk to customers in the U.K., Canada or Australia, they think of Kellogg as being based in the U.K or Canada or Australia. We are global in organisational structure and business but

also multi domestic.

We now have a number of truly global brands (Frosted flakes and corn Flakes, with Fruit Loops and Rice Krispies closing on, and Frosted Mini-Wheats and Honey nut loops moving rapidly). There used to be slight variations in our food around the world, but now you will recognize the product wherever you go.

Advertising for Frosted Flakes is now global and that for other brands may follow. Expanding into many markets will involve more than trying to gain share from other cereal markets. It will require altering long-held traditions.

In Eastern Europe it is going to be pretty slow because we are going to literally create the habit- much as we did in Germany 25 years ago or France 20 years ago. Cereal is a whole new breakfast concept for these people. However, they do eat breakfast in those countries and they eat fairly substantial breakfasts.

In Asia, consumers are used to eating something warm, soft, and savoury for breakfast- and we are going to sell them something that is cold, crisp and sweet or bran tasting. That is quite a difference.

The challenge is made greater by the presence of aggressive competition in many developed or developing markets. Competition is strong even in some countries where consumption is low. For example, in Japan, with consumption at four bowls per year per person compared to 10 pounds in the United States, there are more than 100 products fighting for shelf space.

### Questions:

- a) In the Indian context, how are consumer attitudes towards breakfast, likely to affect the consumer acceptance of Kellogg as a breakfast option? In your view, who among the following, are likely to be the most attractive consumer segment for the company:
- i) School-going children.
  - ii) Busy professionals.
  - iii) Old customers in the empty next stage of the family life cycle.
- Justify your answer.
- b) What, in your view, are the cultural and other group influences that result in food preferences? List the influences.
- c) What advice would you have for Kellogg to enable them to popularise their products in India?

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