

Biyani's Think Tank

Concept based notes

Consumer Behavior and Marketing Research

MBA-IV

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Biyani's
Group of Girls' Colleges

Published by :

Think Tanks

Biyani Group of Colleges

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ISBN: 978-93-82801-12-2

First Edition : 2011

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Biyani College Printing Department

Preface

I am glad to present this book, especially designed to serve the needs of the students. The book has been written keeping in mind the general weakness in understanding the fundamental concepts of the topics. The book is self-explanatory and adopts the “Teach Yourself” style. It is based on question-answer pattern. The language of book is quite easy and understandable based on scientific approach.

Any further improvement in the contents of the book by making corrections, omission and inclusion is keen to be achieved based on suggestions from the readers for which the author shall be obliged.

I acknowledge special thanks to Mr. Rajeev Biyani, *Chairman* & Dr. Sanjay Biyani, *Director (Acad.)* Biyani Group of Colleges, who are the backbones and main concept provider and also have been constant source of motivation throughout this Endeavour. They played an active role in coordinating the various stages of this Endeavour and spearheaded the publishing work.

I look forward to receiving valuable suggestions from professors of various educational institutions, other faculty members and students for improvement of the quality of the book. The reader may feel free to send in their comments and suggestions to the under mentioned address.

Author

Unit I

Consumer Behavior

Q 1) What is Consumer Behavior?

Why it is important to study consumer behavior from marketers viewpoint?

What is consumer needs? Do marketers create needs?

Ans The term "consumer" refers to an individual who buys goods and services for personal use. The consumer makes the decision on whether to purchase a product or not; thus the consumer is the target of marketing strategies. From an economic perspective, consumer needs control the demands for goods and services. These needs may include unique wants, wishes and desires, as well as emotional attachments towards products and services. But there is a difference between want and need. Need is the necessity of a consumer whereas want is the wish or aspiration of consumer which he/she wants to achieve. For example; Mr. Sharma for his day to day pursuits should have mobile. That is his need, whereas, if Mr. Sharma wishes to have an APPLE I-pad is his want.

Marketers create demand. Demand is the willingness to buy a particular product or service. It is caused by a need or motive, but it is not the motive. For example: advertising has created a demand for mouthwash/deo/ hair styling jel. One way some advertisement may show that without these things one may have bad breathe or can't be style icon or an attractive personality. And, with bad breathe or outdated personality people may not like you. This message ties mouthwash/deo/hair styling jel to the need for affiliation or belongingness. In this way these advertisements and their marketers directly do not create the need for these products but suggests that using certain product is essential.

Q 2) Why it is important to study consumer behavior from marketers viewpoint?

Ans Importance of Consumer Behavior as follows:

- Production Policies
- Decision Regarding Channels of Distribution
- Exploiting Marketing Opportunities
- Consumers preferences are changing and becoming highly diversified.
- Price Policies
- Decision Regarding Sales Promotion
- Consumers do not always act or react predictably
- Rapid introduction of new products
- Implementing the marketing concept

Q 3) What is consumer needs? Do marketers create needs?

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personality people may not like you. This message ties mouthwash/deo/hair styling gel to the need for affiliation or belongingness. In this way these advertisements and their marketers directly do not create the need for these products but suggests that using certain product is essential.

Q 4) What is Personality?

Ans Personality represents a whole person. Individuals differ from each other on the basis of personality. Personality refers to the set of traits and behaviors that characterize an individual.

According to Fred Luthans, "Personality will mean how people affect others and how they understand and view themselves, as well as their pattern of inner and outer measurable traits and the person-situation interaction."

Thus, personality refers to the sum total of internal and external traits of an individual, which are relatively stable and which make the individual different from others.

Q 5) What is Consumer Perception and Perception process?

Ans

In a simpler sense, Perception is understood as the act of seeing what is there to be seen. But what is seen is influenced by the individual, the object, and the situation.

"The study of perception is concerned with identifying the processes through which we interpret and organize sensory information to produce our conscious experience of objects and object relationship."

Perception has implications in such areas as employee selection, training, performance evaluation, testing one's loyalty to the organization, and in deciding on appropriate managerial practices based on Theory X and Theory Y assumptions (Mc Gregor's theory of motivation).

Perception Process- Perception process comprises five important stages; receiving, selecting, organizing, interpreting, and reacting to the stimuli.

Q 6) What are the major factors, which shape the personality of a consumer?

Ans Following are the major factors which shapes the personality of an individual:

Biological Factors

Family and Group Factors

Situational Factors

Environmental Factors

Psychological Factors

Other Factors

Biological Factors – In a personality, biological characteristics contributes in a great extent to determine an individual's personality. These factors mainly comprises of Heredity or Genetics, Brain, Physical Features, Physical Abilities and Gender.

Family and Group Factors- In shaping an individual's personality family and Group factors also plays vital role. These are the primary factors which shape the personality. There could be find great degree of attitude feelings values and emotions resemblance in people according to their family member and the group they consider closely and ideally. The sub factors like; home environment, family members, family situation, social groups are major to play role in shaping personality.

Environmental Factors- - In an individual's personality, Environmental factors contributes in a great extent. These factors comprise of Culture, subculture, life experiences one has collected. Every Culture has its own subcultures, each with it own views about such qualities as moral values and standards, cleanliness, style of dress, and definitions of success. The cultural sub-group exerts its influence on personality. All boys are expected to show certain personality traits (as compared with girls), but it is considered natural in any culture for boys and girls to have predictable differences in personality merely because they belong to or the other sex.

Situational/ Contingency Factors- Above all the factors we discussed so far, it's a situation which going to decide how ,why and in what manner a person is going to behave or one's personality could be . Therefore, it's the contingency which plays vital role in determining one's behavior. Like; in a normal situation every individual behave or show similar personality

but if situation is adverse individuals show different set of behaviors. And, in this we can find sometime the hidden personalities or split personalities also.

Psychological Factors- As suggested and discussed by lots of theorists time to time psychological factors like super ego , attitudes , ability to perform, self esteem, locus of control plays vital role. In shaping a personality, psychology of an individual plays very important role. Because considering all other factors it's a human psychology only which is going to perform, decides one's behavior and accordingly shapes the personality.

Other Factors- Apart from these major factors like; biological, family and group, environmental considerations, situation etc there are other factors which play vital role in shaping personality. The hidden factors sometimes could be any determines the personality. The motives of a person also plays vital role as determinant of personality.

Q 7) Discuss the dynamics of Buying Motivation.

Ans Consumers does not buy products, instead they buy motive satisfaction or problem solutions. Marketers must discover the motives that their products and brands can satisfy and develop marketing mix around these motives. The dynamics of buying motivation are as follows:

Needs are never fully satisfies: Some needs according to the Maslow's Need Hierarchy theory, like; hunger needs, companion ship and approval, power needs etc are not fully satisfied.

New needs emerge as old needs are satisfied.

Human nature persists with hierarchy of needs exists and new, higher order needs emerge as lower-order needs are fulfilled. For example; a man whose basic physiological needs (e.g. food, housing etc.) are fairly well satisfied may turn his efforts to achieving acceptance among his neighbors by joining their political clubs and supporting their candidates. Once he is confident that he has achieved acceptance, he then may seek recognition by giving lavish parties or building a huge house.

Success and failure influence goals.

Unit II

Consumer Decision Process

Qu1) Discuss the buying decision process.

Or

Qu) Discuss Pre and Post Purchase Behavior.

Ans Problem/ Need recognition:

Buying process starts with need recognition with the buyer recognizing a problem or need.

Buyer senses a difference between actual state and desired state

Need is triggered with internal and external stimuli.

Internal stimuli may include perceived states of physical or psychological discomfort such as hunger.

External stimuli may include market place information. Example- the fragrance of freshly baked cookies.

Types of problem recognition:

Routine problems: Routine problems are those in which the difference between actual and desired states is expected to occur and an immediate solution is required .e.g. convenience goods.

Emergency problems: Emergency problems are those that are unexpected in which immediate solutions are necessary.

Planning problems: planning problems occur when the problem occurrence is expected but an immediate solution is not necessary.

Evolving situation : Evolving situations occur when the problem is unexpected but no immediate solution is required

Information search:

Once the need has been felt, the customer needs information on various dimensions related to need satisfying objects.

An aroused consumer may or may not search for more information.

Having recognised the problem, consumer moves on to next stage in the decision making process.

With stored memory, a consumer undertakes an information search related to the need.

E.g. A person pay more attention to product information of a cell phone through mobile ads, friends, peers and family.

Sources of information search:

Commercial sources: Commercial sources such as advertising, sales persons, dealers, packaging, displays.

Personal sources: Personal sources such as family, friends, neighbours.

Public sources: Public sources such as mass media communication.

Experiential sources: experiential sources such as handling, examining, using the product.

Evaluation of alternatives:

There is no single evaluation process used by all buying situations. There are several evaluation process in which certain basic concepts help in explaining consumer evaluation process. During the evaluation of alternatives, the consumer compares the brands and products that are in their evoked set.

From the eye of consumer, product is bundle of attributes and the value paid by customers.

For e.g. If camera is a product, feature, quality, brand, price and other attributes.

Evaluative criteria:

Price: Price is for most consumers, and in many buying situations, the most significant influencer in alternative evaluation.

Brand reputation: The reputation of a brand is a second major influencer in alternative evaluation. The more difficult it is for consumers to judge quality, the higher the perceived risk.

Country of origin: Country of origin, the nation where a particular product or service primarily comes from, can be an important evaluative criteria. For e.g. leather goods from Spain.

Quality: quality is one of the primary values sought in product and brand choice decisions. But the question of judgement of quality takes diverse diversions.

Purchase decision:

It is the stage of buyer decision process in which consumer actually buys the product. Consumer purchase decision will be to buy the most preferred brand. Two factors comes between these are purchase intension and purchase decision. Unexpected situation again affects the purchase decision. Purchase intensions get converted into purchase actually only when situational factors act favourably. Situational factors refer to physical surroundings and social surroundings.

Pre and Post purchase behaviour:

Before purchase consumer is with aroused need.
Information gathering for that particular need.
Evaluation of different existing alternatives / options.
Final buying / dropping the idea to purchase.

Post purchase behaviour:

Marketer's job doesn't end with the purchase decision of the consumer, rather real job of the marketer start with the purchase decision of the buyer. Before purchase, consumer is with aroused need and in search or gathering of information for that particular need as well as evaluating the different alternatives.

Post purchase satisfaction:

What decides whether the buyer will highly satisfy, somewhat satisfy or dissatisfy with the product purchase. The buyer satisfaction means the closeness or meeting point between the buyer's expectations and product's perceived performance.

Buyer	buyer's expectation		perceived performance
Satisfied	buyer's expectation	=	perceived performance
Dissatisfied	buyer's expectation	>	perceived performance
Delighted/Overwhelmed	buyer's expectation	<	perceived performance

Post purchase action:

Satisfaction or dissatisfaction with the product will influence a consumer's subsequent behaviour. Satisfied consumer shows higher probability of buying a particular product again. For e.g. data on automobile brand show a high correlation between choice being satisfied with the last brand bought and intention to buy the brand again.

Satisfied/ delighted overwhelmed:

- Repurchases
- Word of mouth publicity
- Brand loyalty
- Relationship marketing

Dissatisfied:

- Viral marketing
- Switching to other brand
- Post purchase dissonance:

Post purchase dissonance occurs before the consumer makes a determination concerning whether a product or service is satisfactory, there is a feeling of uncertainty about whether the right choice is being made. Dissonance is the discomfort created when the outcome of individuals' choices is not consistent with their pre choice beliefs. The dissonance, however, occurs only after decisions are made; the act of choosing, therefore, creates dissonance.

Post purchase disposal :

When consumer used the product, then now he/she is in the stage of thinking about disposal of the product. There are various ways through which a consumer can dispose the product. For e.g. product is Get rid of it temporarily – land it, rent it. Get rid of it permanently-give it away, sell it, trade, through it away. Keep it- use it to serve original purpose, covert it to serve a new purpose, store it.

Q2) Briefly explain rationality in buying.

Ans Rational Behavior is a key assumption used in the study of economics and the choices that people make in pursuit of satisfaction. It builds on the basic premise that people, given the choice, would rather have more than less, that they would rather be better –off than worse –off. Any decision maker logically and with prudence is rational. In each case, the chosen option is the rational course of action taken by the consumer that leads to an improvement in satisfaction for the decision-maker. The choice generates more satisfaction rather than less.

The consumer is a rational person, who tries to use his or her money income to derive the greatest amount of satisfaction, or utility, from it. Consumers want to get “the most for their money “or technically, to maximize their total utility. They engage in rational behavior.

Unit III

Models of Buying

Qu 1) Discuss Nicosia Model and its implications.

Ans Francesco Nicosia was one of the consumer behavior modelers who try to explain buyer behavior by establishing a link between the organization and its consumer. He develops this model in the year 1966. In this model, human being or individual consumer is analyzed as a part of system with a “stimuli” as a input to the system and the behavior as the output. Nicosia model is belongs to system model.

Features:

This model focuses on relationship between marketer and its customers.

The marketing firm communicates to its target customers regarding its products or services/ offerings through messages in the form of promotion mix. In return the customer communicates to the firm by their behavior.

Buyers or consumers remain in a conflict situation, purchase or need recognition.

Buyers to take the decision to purchase the product when they overcome from the conflict. It means after the selection or screening calculation of alternatives.

Use of the product/ offerings provides feedback to the sales marketer for their offerings.

Implications:

It enhances knowledge about the customers which is very helpful for marketers.

It focuses on the conscious, deliberative decision making behaviour of the consumers.

This model also contributed the “funnel approach” which is motivated towards a particular brand.

Q 2)

Ans

Discuss Howard Sheth Model and its implications.

This model of consumer behavior was basically developed John Howard and Jagdish Sheth. This theorist publishing this model entitled theory of buying behavior. It shows that consumer behavior is a complex process and concepts of learning, perception and attitudes, influence consumer behavior. This model popularly known as machinery model.

Features:

- It is based on learning theory.
- Buying is a rational exercise. Therefore every customer while buying wants the value for money.
- Buyer's behavior is systematic, not random.
- Input variables at the time of evaluation are brand information and social environment.
- Internal variables effecting buying decisions are attitudes, perception and motives.
- External variables effecting buying decision are learning, status, social class, time pressure, culture, sub culture, financial status, importance of purchase etc.
- Model explains three levels of decision making:
 - Extensive problem solving
 - limited problem solving
 - Routines response behavior
- Buying decision is based on input variables, internal and external variables.
- This model assumes that much buying behavior is usually repetitive.
- Decision mediators: Brand choice decisions are based on the decision mediators.

Implications:

It identifies many of the variables which influences customers and give details about how they interact with each other which is very helpful for marketers in formulating the marketing strategy.

It helps in different types of consumer problem solving and information search.

It also helps the marketers to understand the outcomes of consumer's decisions are more than just purchase.

Qu 3)

Discuss Engel Kollatt Blackwell Model and its implications.

Ans

The EKB model is a multimedia ion model which shows both the components of decision making and the multiples relationships and interactions among the components. It identifies five distinct aspects of consumer decision making: input, information processing, a decision process, decision process variables, and the external influences.

This model talks of consumer behavior as a decision making process in the form of five step which occur over a period of time. Apart from these basic core steps, the model also includes a number of other related variables grouped into five categories:

Information input.

Information processing.

Product brand evaluation.

General motivating influences.

Internationalized environmental influence.

Qu4)

Discuss Organizational Buying Behavior.

Ans

Organizational /Business/ Industrial buying can be defined as the decision- making process by which formal organizations establish the need for purchase products and services and identify, evaluate, and choose among alternative brands and suppliers. Although no tow companies buy in the same way, the seller hopes to identify clusters of business firms that buy in similar ways to permit marketing strategy and targeting.

Developing effective marketing strategies to reach organizational buyers rests on the industrial marketers working towards understanding the nature of industrial buying. This entails knowledge of the different types of buying situations that organizations encounter, the process that organizational buyers go through in reaching purchasing decisions how those decisions are affected by different members of the firm and the criteria they apply in making purchasing decisions. In making decisions, purchasing managers must coordinate with numerous people with diverse organizational responsibilities who apply different criteria to purchasing decisions.

Unit IV

Marketing Research and Marketing Information System

Q 1) What is Marketing Research?

Ans

Marketing research is the function that links the consumer, customer, and public to the marketer through information. Information used to identify and define marketing opportunities and problems; generate, refine and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process.

The marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results and communicates the findings and their implications.

Thus Marketing research is the systematic and objective identification, collection, analysis, dissemination, and use of information for the purpose of improving decision making related to the identification and solution of problems and opportunities in marketing.

Q 2) What is Marketing Information System?

Ans

Marketing Information System is an integrated combination of information, information processing and analysis, equipment and tools (i.e. , software and hardware and information specialists who analyze and interpret the collected information and provide it to decision -makers to serve their analysis, planning and control needs.

Marketing information system is defined as a set of procedures and methods for regular and planned collection, analysis and presentation of

information in making marketing decisions. It is an interacting, continuing, future-oriented structure of persons, machines and procedures designed to generate an orderly flow of information collected from internal and external sources of information.

According to Cundiff, Still and Govoni, "Marketing information system is an organized set of procedures, information handling routines and reporting techniques designed to provide the information required for making marketing decision."

Qu 3

Discuss defining and planning research.

Ans

The initial step in the research process is the identification and definition or formulation of the problem or opportunity.

It is important to define the problem in a precise manner. A well-defined problem is 50% solution. A well defined problem gives the researcher a proper direction for carrying out investigation. It also helps in utilizing the resources provided for the research effectively. A researcher can focus his efforts on collecting relevant information, if the problem is defined properly. Some research problems such as conducting a survey on the newspaper reading habits of a given set of the population can be clearly defined. But if a company wants to define a research problem such as declining sales, it needs to explore the research problem further through exploratory research.

Qu 4

Write an essay on Research Design.

Ans

A research project conducted scientifically has a specific framework of research from the problems identification to the presentation of the research report. This framework of conducting research is known as the research design.

A research design is simply the framework of plan for a study that is used as a guide in collecting and analyzing the data. It is blueprint that is followed in completing a study.

According to Kerlinger, "Research design is the plan, structure, & strategy, & questions and to control variance."

The plan is the outline of research scheme, on which the research is to work. The structure of research is more specific and detailed outline. Strategy shown the hour the research will be carried-out, specify the methods to be used in the collection and analysis of data.

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.

Qu 5
Ans

Write a detailed note on marketing proposals and plans.

Once the research design has been formulated and budgeting and scheduling of the project accomplished, a written research proposal should be prepared. The marketing research proposal contains the essence of the project and serves as a contract between the researcher and management. The research proposal covers all phases of the marketing research process. It describes the research problem, the approach, the research designing and how the data will be collected, analyzed and reported. It gives a cost estimate and a time schedule for completing the project.

When a research needs approval and/or financial support for and intended research, he prepares all format proposals and submits it to an appropriate approving/sponsoring authority. It is a bid for undertaking research. The proposal is the form of a research design, which is the blue print for conducting and controlling research. It can also be considered a research plan or a research projects.

Market research proposal is a plan, stock of ideas and offers for conducting the marketing research. The proposal plan will deal with who is to be surveyed, how this will be done, how the analysis will be conducted, including the use of any specialized licensed research techniques and what will be delivered to the client. Making a research proposal and getting it approved and supported may appear to be an administrative activity rather than a step in the process of research, but it is not so. Therefore, it is necessary to define research proposal as an integral part of the general research flow.

Elements of Research Plan and Proposal.

- Executive Summary
- Background
- Problem Definition/ Objectives of the Research
- Approach to the Problem
- Research Design
- Fieldwork/Data Collection
- Data Analysis
- Reporting
- Cost and Time
- Appedices

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Unit -V

Data Collection: Sampling

Concept of Sampling:

The most widely used observational study is the survey. Information from surveys impacts nearly every facet of our daily lives. Government agencies use surveys to make decisions about the economy and many social programmers. Business conduct sample surveys for their internal for crucial management decisions. Quality control of manufacturing processes relies heavily on sampling techniques. The consumer expenditure surveys collect data on family expenditures for goods and services used in day-to -day living. Another area of business activity that depends on detailed sampling activities is marketing.

The idea of sampling is not new because people have been using sampling theory without knowing it. For example, a fruit merchant does not examine each and every apple or mango. He inspects only a few of them and takes decision to purchase or not to purchase. The most important aim of sampling is to obtain maximum information about the population under study with at least uses of money, labor, and time. Thus, the manner in which a sample is selected is of utmost importance to the credibility and applicability of the study's result.

Sampling Process:

1. Establishing Objectives of Survey
2. Population to be Covered
3. Establish Sampling Frame
4. Establish Sampling Unit
5. Sample Selection
6. Collection of Data
7. Analysis of Data

Sample Selection methods:

Sample Designs are basically of two types viz; non -random sampling and random sampling.

- 1) Random Sampling: It is also known as 'Probability sampling' or 'Chance sampling'. Under this sampling design, every item of the universe has an equal chance of inclusion in the sample. The results obtained from probability of random sampling can be assured in terms of probability i.e., we can measure the errors of estimation or the significance of results obtained from a random sample, and this fact brings out the superiority of random sampling design over the deliberate sampling design. The various random sampling methods are as follows:
 - i) Simple Random Sampling- This is the simplest and most popular technique of sampling. In it each unit of the population has equal chance of being included in the sample.
 - ii) Stratified Random Sampling- Stratified random is one in which random selection is done not from the heterogeneous universe as a whole but from different homogeneous part of strata of a universe.
 - iii) Systematic Sampling- In this sampling, one unit is selected at random from the universe and the other units are at a specified interval from the selected unit. This method can be used when the populations finite and the units of the universe can be arranged on the basis of any system.
 - iv) Cluster Sampling- In this method, the universe is divided into some recognizable sub-groups which are called clusters. After this a simple random sample of these clusters is drawn and then all the units belonging to the selected clusters constitute the sample.
 - v) Multi-Stage Sampling- This is a modified form of cluster sampling. While in cluster sampling all the units in selected units in a selected cluster constitute the sample, in multistage sampling the sample units are selected in two or three or four stages.
 - vi) Area Sampling- Area sampling is a form of multi-stages sampling in which maps, rather than lists or registers are used as the sampling frame. It is more frequently used in those countries which do not have a satisfactory sampling frame such as a population lists.

- 2) Non-Random Sampling: Non-random sampling is that sampling procedure which does not afford any basis for estimating the probability that each item in the population has been included in the sample. Non-Probability sampling is also known by different name such deliberate sampling, purposive sampling and judgment sampling.
- i) Judgment Sampling-A second method of non-probability sampling that is sometimes advocated is the selection of universe items by means of expert judgment. Using this approach, specialists in the subject matter of the survey chose what they believe to be the best sample for that particular study.
 - ii) Quota Sampling- One of the most commonly used non-probability sample designs is quota sampling, which enjoys its most widespread use in consumer surveys. This sampling method also uses the principle of stratification. As in stratified random sampling, the researcher begins by constructing strata.
 - iii) Convenience Sampling. In convenience sampling selection, the researcher chooses the sampling units on the basis of convenience or accessibility. It is called accidental samples because the sample-units enter by accident.
 - iv) Panel Sampling-There, the initial samples are drawn on random basis and information from these is collected on regular basis. It is a semi-permanent sample where members may be included repetitively for successive studies.

Multiple Choice Questions

1. _____ emphasize(s) that profitable marketing begins with the discovery and understanding of consumer needs and then develops a marketing mix to satisfy these needs.
A) The marketing concept
B) The strategic plan
C) The product influences
D) The price influences
Answer: A
2. _____ is one of the most basic influences on an individual's needs, wants, and behavior.
A) Brand
B) Culture
C) Product
D) Price
Answer: B
3. In terms of consumer behavior; culture, social class, and reference group influences have been related to purchase and _____.
A) Economic situations
B) Situational influences
C) Consumption decisions
D) Physiological influences
Answer: C
4. Many sub-cultural barriers are decreasing because of mass communication, mass transit, and a _____.
A) Decline in the influence of religious values
B) Decline in communal influences
C) Strong awareness of brands in the market
D) Strong awareness of pricing policies in the market
Answer: A
5. _____ develop on the basis of wealth, skills and power.

- A) Economical classes
 - B) Purchasing communities
 - C) Competitors
 - D) Social classes
- Answer: D

6. _____ (is) are transmitted through three basic organizations: the family, religious organizations, and educational institutions; and in today's society, educational institutions are playing an increasingly greater role in this regard.
- A) Consumer feedback
 - B) Marketing information systems
 - C) Market share estimates
 - D) Cultural values
- Answer: D

7. In large nations, the population is bound to lose a lot of its homogeneity, and thus _____ arise.
- A) Multilingual needs
 - B) Cultures
 - C) Subcultures
 - D) Product adaptation requirements
- Answer: C

8. _____ are based on such things as geographic areas, religions, nationalities, ethnic groups, and age.
- A) Multilingual needs
 - B) Cultures
 - C) Subcultures
 - D) Product adaptation requirements
- Answer: C

9. Marketing managers should adapt the marketing mix to _____ and constantly monitor value changes and differences in both domestic and global markets.
- A) Sales strategies
 - B) Marketing concepts
 - C) Cultural values
 - D) Brand images
- Answer: C

10. _____ has become increasingly important for developing a marketing strategy in recent years.
- A) Change in consumers' attitudes
 - B) Inflation of the dollar
 - C) The concept and the brand
 - D) Age groups, such as the teen market, baby boomers, and the mature market
- Answer: D
11. What percentage of the U.S. population is comprised of baby boomers?
- A) 70%
 - B) 50%
 - C) 33%
 - D) Less than 10 percent
- Answer: C
12. Which of the following is an example of a social influence on consumer behavior?
- A) The fashion editor of Seventeen magazines writes that any teen who wants to be well-dressed for the first day of school must wear a shirt that shows her bellybutton
 - B) The manufacturer of a line of aromatherapy candles markets them at very exclusive stores
 - C) When Arne went to the store to buy a new dress for Easter, she decided not to buy anything because of the crowded conditions of the store
 - D) Billie purchased a pair of Honey brand clogs instead of the Birkenstocks she wanted because the Birkenstocks were too expensive
- Answer: A
13. Two of the most important psychological factors that impact consumer decision-making process are product _____ and product involvement.
- A) Marketing
 - B) Strategy
 - C) Price
 - D) Knowledge
- Answer: D
14. Which of the following is the most valuable piece of information for determining the social class of your best friend's parents?
- A) The number of years schooling that they had
 - B) Their ethnic backgrounds
 - C) Their combined annual income
 - D) Their occupations
- Answer: D

15. One of the changing values for young Americans is _____.
- A) The turnovers of the companies in the last two years
 - B) The success of business spreading globally
 - C) The increasing emphasis on achievement and career success
 - D) The involvement in political activity
- Answer: C
16. Changes in consumer values have been recognized by many business firms that have expanded their emphasis on _____ products.
- A) Latest technology
 - B) Timesaving, convenience-oriented
 - C) Health related
 - D) Communication
- Answer: B
17. Many sub cultural barriers are decreasing because of mass communication, mass transit, and _____.
- A) The rising unemployment situation
 - B) An influence of political power
 - C) The use of new technology
 - D) A decline in the influence of religious values
- Answer: C
18. Different social classes tend to have different attitudinal configurations and _____ that influence the behavior of individual members.
- A) Personalities
 - B) Values
 - C) Finances
 - D) Decision makers
- Answer: B
19. _____ is the single factor that best indicates social class.
- A) Time
 - B) Money
 - C) Occupation
 - D) Fashion
- Answer: C
20. Which of the following statements about social classes in the United States is true?
- A) The middle class is the largest class
 - B) Less than five percent of the population in the U.S. belong to the upper class

- C) The working class is defined as “family folk” who depend heavily on relatives for economic and emotional support
 - D) The middle class is the group most likely to demand instant gratification
- Answer: C

21. 14% of the population that is differentiated mainly by having high incomes is classified as _____.

- A) The working class
- B) The middle class
- C) Upper Americans
- D) Lower middle class

Answer: C

22. Upper Americans prioritize spending on _____.

- A) Technology related products, and gifts
- B) Pubs and discos
- C) Gambling events
- D) Travel, club memberships, and prestigious schools for children.

Answer: D

23. The population of American consumers that want to do the right things and buy what is popular is generally referred to as the _____.

- A) Lower middle class
- B) Upper American class
- C) Working class
- D) Middle class

Answer: D

24. In terms of consumption decisions, middle class consumers prefer to _____.

- A) Buy at a market that sells at a wholesale rates
- B) Buy what is popular
- C) Buy only the brands which sell at affordable prices
- D) Analyze the market and select the best at the lowest prices

Answer: B

25. What is the middle class concerned about?

- A) European travel and club memberships for tennis, golf, and swimming
- B) Prestigious schooling facility for their children
- C) Fashion and buying what experts in the media recommend
- D) Buying only “value for money” products

Answer: C

26. Increased earnings in the middle class have led to spending on more “worthwhile experiences” for children, such as _____.
- A) The latest television sets and other entertainment products
 - B) Ski trips, college education, and shopping for better brands of clothes at more expensive store
 - C) The best branded school gear, bags and shoes
 - D) Having great parties among high society circles
- Answer: B
27. The group of Americans referred to as “family folk” is also commonly referred to by marketers as the _____.
- A) Social class
 - B) Working class
 - C) Middle class
 - D) Upper American class
- Answer: B
28. The middle class is differentiated from the working class in that the former tends to emulate _____ in their buying decisions.
- A) Hollywood stars
 - B) Neighbors
 - C) Upper Americans
 - D) Popular political leaders
- Answer: C
29. _____ comprise 16% of the population and are as diverse in values and consumption goals as are other social levels.
- A) Upper Americans
 - B) The middle class
 - C) Lower Americans
 - D) The working class
- Answer: C
30. The group classified as Lower Americans is prone to _____ when the money is available.
- A) Instant gratification
 - B) Competing with their neighbors
 - C) Saving as much money as possible
 - D) Making large investments
- Answer: A
31. For the marketing manager, social class offers some insights into consumer behavior and is potentially useful as a _____.

- A) Market research information
 - B) Market segmentation variable
 - C) Source of understanding competition's strategy
 - D) Source to predict future trends
- Answer: B

32. _____ is the definition of reference groups.
- A) Groups that an individual looks to when forming attitudes and opinions
 - B) Groups of people who have been referred to by someone they know
 - C) Groups of office colleagues
 - D) Chat groups on the internet
- Answer: A

33. _____ are factors that have been shown to affect consumer behavior.
- A) Brand name, quality, newness, and complexity
 - B) Advertising, marketing, product, and price
 - C) Outlets, strategies, concept, and brand name
 - D) Quality, advertising, product positioning, and strategy
- Answer: A

34. The reason that higher prices may not affect consumer buying is _____.
- A) Most consumers prefer brand names which have higher prices
 - B) 70% of the total population looks for quality services and is willing to pay higher prices
 - C) Consumers believe that higher prices indicate higher quality or prestige
 - D) Most consumers feel that the price is actually affordable
- Answer: C

35. _____ are the groups that individuals look to when forming attitudes and opinions.
- A) Reference groups
 - B) Teenage groups
 - C) Religious groups
 - D) Adult groups
- Answer: A

36. For which of the following products would the reference group influence be the strongest?
- A) A best-seller novel
 - B) A pickup truck
 - C) A loaf of bread
 - D) A pair of jeans

Answer: B

37. Primary reference groups include _____.
- A) College students
 - B) Office colleagues
 - C) Family and close friends
 - D) Sports groups

Answer: C

38. Secondary reference groups include _____.
- A) Family and close friends
 - B) Sports groups
 - C) Ethnic and religious groups
 - D) Fraternal organizations and professional associations

Answer: D

39. When preparing Thanksgiving dinner last year, Marissa worried that her parents would hate the fact that she served bought pumpkin pies rather than making her own. In terms of social influences on her behavior, Marissa was most concerned with _____.
- A) A primary reference group
 - B) A subculture influence
 - C) A secondary reference group
 - D) Cultural values

Answer: A

41. Sales of 40 to 75 percent off on merchandise at Kmart stores that were being closed led many consumers who had not shopped at Kmart stores in a long time return to look for bargains. _____ influences led to these bargain-hunters revisiting Kmart stores.
- A) Antecedent
 - B) Economic
 - C) Infrastructural
 - D) Marketing

Answer: D

42. Marketing strategies are often designed to influence _____ and lead to profitable exchanges.
- A) Consumer decision making
 - B) Sales strategies
 - C) Advertising strategies
 - D) Export strategies

Answer: A

43. Which of the following is an example of a marketing influence on consumer behavior?
- A) Markus purchased the first pair of jeans he saw rather than the Bugle Boys he wanted because he didn't have the time to spend looking
 - B) Hannah blamed her depression for her purchase of a half-gallon of Edy's brand double fudge brownie ice cream
 - C) Mindy purchased all of her children's back-to-school clothes at Olsen's Mill Direct because the retailer's prices are up to 80 percent off the prices she found at other stores
 - D) Robin purchased \$200 worth of flowering bulbs because her companion convinced her that they would enhance the value of her yard
- Answer: C

44. _____ refers to the information a consumer has stored in their memory about a product or service.
- A) Cognitive dissonance
 - B) Product knowledge
 - C) Product research
 - D) Marketing research
- Answer: B

45. Darla considers herself to be a gourmet, and she has dined at many of the finest restaurants in the United States. On a recent trip to New Orleans, she refused to eat at a restaurant that was purported to have some of the best Cajun food because it had oil cloth and plastic flowers on the tables. Which situational influence explains Darla's refusal to eat at this restaurant?
- A) Its marketing mix
 - B) Task features
 - C) Current conditions
 - D) Physical features
- Answer: D

46. One of the key tasks of marketers is _____ and to create consumer perceptions that the product is worth purchasing.
- A) To make products easily visible and available
 - B) To promote sales of products
 - C) To differentiate their products from those of competitors
 - D) To do marketing surveys
- Answer: C

47. Terence doesn't really like grapefruit but when all of his friends ordered grapefruit martinis, he felt that to be part of the gang he needed to buy one for himself. Which situational influence explains Terence's purchase of a grapefruit martini?
- A) Its marketing mix
 - B) Task features
 - C) Current conditions
 - D) Social features
- Answer: D
48. The price of products and services often influence whether _____, and, if so, which competitive offering is selected.
- A) Consumers will purchase them at all
 - B) Consumers see a need to buy
 - C) Consumers will decide to buy immediately
 - D) People would recommend the product
- Answer: A
49. _____ can influence the consumers' thoughts about products.
- A) Marketing and popularity
 - B) Advertising, sales promotions, salespeople, and publicity
 - C) Sales promotion, popularity, and marketing
 - D) Billboards
- Answer: B
50. It is important for marketers to devise communications that offer _____, and are placed in media that consumers in the target market are likely to use.
- A) Consistent messages about their products
 - B) Better pricing
 - C) Product information to the customers
 - D) A new marketing strategy
- Answer: A
51. Marketing communications play a critical role in informing consumers about _____ including where they can be purchased and in creating favorable images and perceptions.
- A) Buying their products
 - B) Price reductions
 - C) Products and services
 - D) The advantage over competition
- Answer:

52. When consumers are seeking low-involvement products, they are unlikely to engage in extensive search, so _____ is important.
- A) Order processing
 - B) Order booking
 - C) Ready availability
 - D) Information about warranty
- Answer: C
53. Marketers can create brand equity _____.
- A) By selling them in prestigious outlets
 - B) By overpricing the product
 - C) Preparing comparative information about competitive brands
 - D) By making the products available in all locations
- Answer: A
54. Consumer behavior differs when you are installing a fire protection system for your warehouse full of steel desks and when you are purchasing a fire protection system for your home, which is full of irreplaceable antiques. Which situational influence explains this consumer behavior?
- A) Its marketing mix
 - B) Task features
 - C) Current conditions
 - D) Physical features
- Answer: B
55. Situational influences that have considerable effect on product and brand choice are _____, social features, time, task features and current conditions.
- A) Physical features
 - B) Price
 - C) Guarantees
 - D) Packaging
- Answer: A
56. Product knowledge refers to the amount of information a consumer has stored in memory about particular product classes, product forms, _____, models, and ways to purchase them.
- A) Prices
 - B) Brands
 - C) Packaging
 - D) Warranties
- Answer: B

57. Product involvement refers to _____ or personal relevance of an item.
- A) A consumer's perception of the importance
 - B) The need of the product
 - C) The price the product
 - D) The amount of people who bought the product
- Answer: A
58. On Friday, Pierce went to an antique mall to hunt for a Victorian table. He left shortly after he arrived because he dislikes the background music the mall owner was playing. Yesterday, he went back and found the background music was much more to his liking. This trip he stayed and purchased a Victorian table he found there. Which situational influence on consumer behavior is described by Pierce's actions?
- A) Marketing mix
 - B) Task features
 - C) Current conditions
 - D) Physical features
- Answer: D
59. During her lunch hour today, Shelly has to pick up her cleaning, buy a new pair of hose, deposit some money in her bank account, pick out a birthday present for her niece, and grab a bite to eat. Which situational influence will have the greatest effect on the purchase of the birthday gift?
- A) Time
 - B) Antecedents
 - C) The marketing mix
 - D) Physical features
- Answer: A
60. If the purchase is for a high-involvement product, consumers are likely to develop a high degree of _____ so that they can be confident that the item they purchase is just right for them.
- A) Brand loyalty
 - B) Society
 - C) Product knowledge
 - D) References
- Answer: C
61. Many people waited weeks in the line for tickets to the latest Star Wars movies so they could be in the movie's first seating. Most people don't plan their movie ticket purchases more than a week in advance would prefer not to see a movie in a really crowded theater. Which situational influence explains why different people place such importance on being the first to see a movie?

- A) Its marketing mix
- B) Task features
- C) Physical features
- D) Social features

Answer: B

62. A high degree of product involvement encourages _____ by consumers, which likely increases the time it takes to go through the decision making process.

- A) Extensive decision making
- B) Seeking a good price
- C) A strong referral point
- D) Active consultation

Answer: A

63. Because Carter was tired, he decided to go in the restaurant and order a cool drink a big piece of chocolate pie. Which situational influence most likely caused Carter's behavior?

- A) Task features
- B) Social features
- C) Current conditions
- D) Physical features

Answer: C

64. With reference to product development and management; products and services offered should be _____.

- A) Safe and fit for their intended use
- B) Offered at the lowest price
- C) Delivered in the shortest possible time
- D) Serviced promptly

Answer: A

65. Since Nadia was bored with her life, she decided to buy a whole new set of living room furniture. Which situational influence on consumer behavior is described by Nadia's actions?

- A) The marketing mix
- B) Task features
- C) Current conditions
- D) Physical features

Answer: C

66. Which of the following is an example of a situational influence on consumer behavior?

- A) Adam refused to buy his daughter an ice cream cone that was selling for \$5.5
- B) Shelly purchased a German shepherd puppy because friends told her the breed makes excellent watchdogs
- C) Barb only buys novels in which the story line illustrates some Christian value
- D) After much looking, the newlywed purchased a gold necklace for his new stepdaughter

Answer: D

67. _____ constitutes moderate consumer behavior, but still involves time and effort searching for and comparing alternatives.
- A) Limited decision making
 - B) Need recognition
 - C) Routine decision making
 - D) Post purchase evaluation

Answer: A

68. Experimental sources of information for consumers refer to _____.
- A) Advertising, marketing, selling, and profit making
 - B) Handling, examining, and trying the product while shopping
 - C) Buying after a demonstration
 - D) Buying the product directly from a manufacturer

Answer: B

69. A purchase involves many decisions, which include product type, brand, model, _____ among other factors.
- A) Credit facility available
 - B) Group purchase discount schemes
 - C) Dealer selection and method of payment
 - D) Availability of money

Answer: C

70. Group, marketing and _____ determine the initial level of product knowledge as well as change in it.
- A) Consumer feedback
 - B) Situational influences
 - C) Information available
 - D) Consumers' perceptions

Answer: B

71. _____ refers to the tendency for consumers to try to reduce risk in their decision making.
- A) Risk tolerance

- B) Guarantee terms
- C) Perceived risk
- D) Dissonance

Answer: C

72. Which of the following statements about product involvement is true?
- A) Product knowledge is unrelated to product involvement
 - B) A consumer is just as likely to develop a level of product involvement with a product requiring routine decision making as with a product requiring extensive decision making
 - C) Product involvement does not affect how quickly a consumer moves through the purchase decision-making process
 - D) A consumer's level of product involvement will determine how quickly the purchase is made

Answer: D

73. _____ is the most common type of consumer decision process and the way consumers purchase most packaged goods.

- A) Limited decision making
- B) Extended decision making
- C) Routine decision making
- D) Alternative search

Answer: C

74. The occurrence of post decision anxiety is related to the concept of _____.

- A) Extensive decision making
- B) Cognitive dissonance
- C) Limited decision making
- D) Marketing strategy

Answer: B

75. After Jerri signed the loan papers for her first home, she wanted to do some remodeling before moving in. She was convinced she must first replace the carpeting because the previous owners smoked, and she does not. She did not want to buy just any carpeting because she knows carpeting varies as to style and quality. She did not want to spend \$3,000 for carpeting that has to be replaced five years from now. For Jerri, the purchase of the carpeting most likely involved _____ decision making.

- A) Selective
- B) Limited
- C) Extensive
- D) Routine

Answer: C

76. For which of the following purchases would a consumer most likely engage in extensive decision making?
- A) The purchase of a pair of panty hose at a hotel gift shop
 - B) The purchase of a \$200 wooden table at a crafts fair
 - C) The purchase of a case of cat food
 - D) The purchase of a bridal dress and veil for a wedding that will cost the father of the bride about \$18,000

Answer: D

77. For which of the following purchases would a consumer be most likely to engage in limited decision making?
- A) The purchase of candy which was selected only after the buyer had spent 15 minutes to read the fat content of each brand in the store
 - B) The purchase of an expensive gift for a brand new set of in-laws
 - C) The purchase of a 6-pack of soda and a bag of popcorn
 - D) The renewal of a subscription to *Hardware Age*, a trade journal, by a hardware store owner

Answer: A

78. Jerri had just moved her furniture into her new house when she decided her living room sofa looked shabby in its new location. She liked the sofa's color and style, and she felt she could easily replace it with a similar sofa if she visited the furniture gallery where she had purchased the original one. For Jerri, the purchase of the sofa most likely involved _____ decision making

- A) Limited
- B) Extensive
- C) Routine
- D) Intensive

Answer: B

79. For which of the following purchases would the consumer be most likely to engage in routine decision making?
- A) The purchase of a new entertainment center
 - B) The purchase of a Snickers candy bar each afternoon as a snack
 - C) The hiring of a contractor to build a deck on your new home
 - D) The purchase of a purebred Golden Retriever puppy

Answer: B

80. Robert needs to buy a ream of printer paper for his old printer and hopes that it doesn't wear out before he gets the annual reports printed. For Robert, the purchase of printer paper requires _____ decision making.

- A) Selective

- B) Limited
 - C) Extensive
 - D) Routine
- Answer: D

81. Which of the following is the best example of external stimuli in consumer behavior?

- A) Feeling cold and turning up the thermostat
- B) Having a backache and realizing you need some pain reliever
- C) Seeing a Domino's pizza box and ordering a pizza
- D) Feeling sad and wanting to have a good cry

Answer: C

82. The headline for the Rockport shoes ad reads, "I'm comfortable being the greatest that ever was or will be. Be comfortable. Uncompromised. Start with your feet." The ad shows a picture of Muhammad Ali, world famous boxer. In terms of Maslow's hierarchy, this ad was designed to appeal to the consumer's _____.

- A) Psychological needs
- B) Need for esteem
- C) Safety needs
- D) Self-actualization needs

Answer: D

83. An ad for a Fast Rationale Emergency Dialer that will dial 911 for you in the event of an emergency, states, "In a life-threatening emergency, 73 percent of people misdial 911." In terms of Maslow's hierarchy, this ad was designed to appeal to the consumer's _____.

- A) Psychological needs
- B) Need for esteem
- C) Safety needs
- D) Self-actualization needs

Answer: C

84. The ad for DeBeers diamonds reads, "A quality diamond of a carat or more is so rare that less than one percent of women will ever own one." In terms of Maslow's hierarchy, this ad was designed to appeal to the consumer's _____.

- A) Psychological needs
- B) Need for esteem
- C) Safety needs
- D) Self-actualization needs

Answer: B

85. Which of the following is an example of a marketing source of information for making a consumer purchase decision?
- A) An ad for Kraft macaroni and cheese
 - B) Test driving a new Ford Mustang car
 - C) An independent movie review
 - D) Analytical think attitudes towards Krispy Kreme based on its association
- Answer: A

86. An article in a local newspaper ranking the facilities of nursing homes in the immediate area as to cleanliness, staff-patient ratio, on-staff care providers, and other key determinants would be an example of a(n) _____ source of information.
- A) Marketing
 - B) Social
 - C) Experiential
 - D) Public
- Answer: D

87. Which of the following is an example of an experiential source of information for making a consumer purchase decision?
- A) Trying on various swimsuit styles
 - B) Setting an eye-catching sign in a store display
 - C) Reading about a product's quality in Consumer Reports
 - D) An ad in the midst of several movie trailers
- Answer: A

88. Avril is afraid she has overplanned her son's sixth birthday party. She is concerned the other parents will ridicule the fact she has hired both, a magician and a clown, rented three ponies, and had a portable water slide especially installed for the party. Which of the following statements described Avril's perceived risk?
- A) The party purchases created equally strong functional risks and psychological risks
 - B) Concern about what the other parents will think means the event has high functional risks
 - C) Concern about what the other parents will think means the event has high psychosocial risks
 - D) There are no perceived risks in this situation
- Answer: C

89. Which of the following statements about the purchase decision is true?
- A) Fear of what her mother would say if she purchased a halter-top is an example of a functional risk that Marie may not want to chance
 - B) Seeking additional information about a product almost always increases the likelihood of postpurchase dissonance
 - C) A man who sends his wife out to buy him Depends garment protectors is afraid of the psychosocial risks he might experience if someone saw him making the purchase
 - D) A man who wants to lower the psychosocial risk associated with buying a hairpiece by convincing himself that most people will not be able to tell it's a toupee has eliminated all cognitive dissonance

Answer: C

90. Which of the following is an example of a marketing characteristic that would affect a consumer's information search for a pair of nonskid boat shoes?
- A) Advertising for boat shoes
 - B) The time the consumer has for searching for the shoes
 - C) The number of people at the mall where the consumer is looking for the shoes
 - D) The number of times the consumer has purchased boat shoes in the past

Answer: A

91. Which of the following is an example of a consumer characteristic that would affect a consumer's information search for a pair of nonskid boat shoes?
- A) The actual differences between the different brands of boat shoes
 - B) The age and gender of the individual shopping for shoes
 - C) Whether the purchase will be used by the shopper or someone else
 - D) The sales personnel at the store where the consumer is looking at shoes

Answer: B

92. The intensity of post purchase dissonance will be greatest when _____.
- A) The product is a specialty product with few alternative choices
 - B) The product has low functional risk and high psychosocial risk
 - C) The product is a convenience product with numerous alternatives
 - D) There are a number of available alternatives, each with many of the desired features

Answer: D

93. After buying a new Whirlpool washer-dryer combination, Allison was pleased when she got a phone call from a Whirlpool customer service representative who wanted to know if she were happy with her purchase and the installation service. What is the best explanation for why would Whirlpool calls individual buyers?

- A) To reduce the possibility of postpurchase dissonance
- B) As a part of its ongoing consumer research

- C) To make sure it was in Allison's consideration set
- D) To reduce the functional risks consumers perceive to be associated with the purchase of expensive household products

Answer: A

94. The disconfirmation paradigm is used to study _____.
- A) Need satisfaction
 - B) Decision-making roles within the purchase process
 - C) The relationship between product knowledge and product involvement
 - D) Post purchase dissonance

Answer: D

95. The heading for the ad for Dove Nutrium body wash reads, "Inside every woman is a glow just waiting to come out." To which of the needs as defined in Maslow's hierarchy is this ad appealing?

- A) Self-actualization
- B) Self-reveling
- C) Self-respect
- D) Self-realization

Answer: A

96. What does cognitive dissonance state?

- A) The individual often has doubts and second thoughts about the choice made
- B) Individual consumers use limited decision making to reduce their anxiety levels
- C) Consumers usually buy products based on emotion
- D) Marketers can sell more products by increasing choices available to consumers

Answer: A

97. Harry wants a VCR, but he thinks the tapes are too expensive. While he was reading Newsweek, he saw an article about a new tapeless digital VCR machine. He is definitely ready to buy one now. During Harry's search for a VCR that would satisfy his needs, what kind of source finally provided him with the information he needed to make a purchase?

- A) International source
- B) National source
- C) Government source
- D) Public source

Answer: D

98. Intensity of anxiety related to dissonance will be greater when which of the following conditions exist?
- A) The decision is an important one psychologically or financially, or both Psychosocial
 - B) Groups that an individual looks to when forming attitudes and opinions have made the same purchasing decision
 - C) One person is left to make a decision on his/her own
 - D) The decision has been made deliberately and with plenty of feedback from friends and family

Answer: A

99. One implication of the _____ view for marketers is that care must be taken not to raise pre purchase expectations to such a level that the product cannot possibly meet them.
- A) Post purchase evaluation
 - B) Purchase decision
 - C) Pre purchase decision
 - D) Routine decision making

Answer: A

100. A 50-year-old grandmother who worries about what people will think about her if she purchases a Sega play station for herself is experiencing _____ anxiety.
- A) Over friendly
 - B) Psychosocial
 - C) Hyper
 - D) Over reactive

Answer: B

Case : Flying Giants (FG)

(An imaginary national airline in private sector in India)

FG was formed in the wake of open sky policy of the government of India. It started operations in 1989. By 1994, FGs 13% flights were to neighboring countries. In the next six years, FG planned for 6% increase in annual growth. The growth is expected to come from acquiring sick airlines and second from strategic alliances with international airlines.

Most airports in the FGs destinations are overcrowded. FG has two options; one to start using satellite airports, away from the main airports, lying neglected which can be rejuvenated at a cost. The other option is to build new airports designed for short take off and landing facility. This will need government approval as also large sums of money. FG could recover part of the money by loaning the airport to other airlines.

For short distances up to four hundred kilometers, the fast and modern trains are also competing with the airlines. With even faster trains the competition is going to become even more severe, as the air charges are high as compared to train fares.

To maintain its market share and increase it, FG has to innovate in both ground and air service, including the following:-

- Easy ticketing
- Airport transfer
- Special lounges for business passengers with bar and snacks facilities
- Easy check-ins
- Fast and easy luggage retrievals
- Better connections to more destinations
- In-flight entertainment
- Better liaison with tour operators and travel agencies
- Relationship marketing for the consumers

Students can find more areas of importance and arrange for marketing research. Please do the following:-

1. Define the management objectives and objectives of MR?

2. Decide the type of research you would like to conduct. How would you select the sample and its size?
3. Build a questionnaire for the research?
4. You could also define the market segment for the airlines.

Case

Bharat Cement

Bharat cement is an established cement company and had been comfortably selling cement in a predominantly sellers market. Due to several recent changes in the industry most of the smaller players in the industry have been acquired by the bigger players. At the end of this process of consolidation only five to six cement companies are expected to compete at the national level. Bharat cements shall be one of them.

Bharat cements is anticipating cement to turn from commodity to a branded product and the main thrust of competition in future shall be along the brand. Therefore. It wants to formulate suitable branding strategy for itself. It believes that the target audiences for its branding efforts shall include house owners, builders, building contractors, masons, retailers. Architects, construction engineers and large building or project managers.

Bharat cements already have three brands which are enjoying mild reputation in regional markets. Bharat Ratana is a south based brand and enjoys a superior brand image there. Bharat jyoti is seen as a medium class cement in western markets. Bharat akhand is present in north and western markets but is seen as a commodity. Bharat cements intend to cover eastern markets as well, besides consolidating in the rest of the markets. It is willing to even change its brand positions entirely, if required so.

Questions

1. Suggest a research plan for bharat cements.
2. What shall be the key objectives of this study?
3. Suggest suitable sampling plans and research instruments for each component of this study.

Case study 3

The marketer has to learn about the needs and changing of the consumer behavior and practice the marketing concept. Levi Strauss and co. was selling jeans to a mass market and did not bother about segmenting the market till their sales went down. The study into consumer behavior showed their greatest market of the baby boomers had outgrown and their needs had changed. They therefore came out with khaki or Dockers to different segments and comfortable action stocks for the consumers in the 50 age group. Thus by separating the market and targeting various groups and fulfilling their needs, they not only made up for the lost sales but far exceeded the previous sales. They also targeted the women consumers for jeans and both men and women started wearing jeans in greater numbers. The offering given by the company must be enlarged to suit various segments.

For example Maruti Udyog Ltd has come out with many models. Maruti 800, Maruti Van, Zen, Alto, Veagon R, Versa Gypsy, Esteem, Boleno and other models.

For successful marketing one should:

1. Find consumer needs of various segments.
2. Position products(new and existing) to these segments
3. Develop strategies for these segments. Practice greater selectivity in advertising and personal selling and creating more selective media and distribution outlets.

Case study 4

Sudheer is the marketing manager of a company 'Roshan Fabric Division', a part of Rosh group of companies. The company earned good name by selling readymade garments for children's and adults, sudheer received instructions from his managing director to identify target market and work marketing for selling garments in the rural market having the population of minimum five thousand above.

A pre market survey indicated certain realities

1. More than 70% rural households possess wrist watches.
2. One in 50 households has a color TV.
3. 7% of households own electric iron.
4. 70% of radios, bicycles and cigarettes are rural markets.
5. Rural consumers are more particular about quality and value.
6. Rural consumers are more brand loyal than urban consumers.
7. Reference group and opinion leaders influence a great impact on rural consumers.

Since the survey indicated tremendous rural market potential for readymade garment, company decided to enter rural market with a new brand of readymade garments tailored to the needs of rural market. The company has also worked out suitable advertising, distribution arrangements to suit the rural markets. However, sudheer thought that social sanctions also play an important role in rural consumer behavior. He was keen to identify the reference group and opinion leaders whose opinion carries a weight among rural public. He want to identify such groups and use them to create favorable word of mouth publicity of readymade garments.

Questions

1. Identify the reference groups and leaders who can influence buyer behavior of made garments in rural areas.
2. What could be the social sanctions for readymade garment in rural areas.
3. Discuss the strategy to be follow promote readymade garments in rural areas.

National hospital

Ram Murthy, superintendent of national hospital, became quite concerned after having read a consumer survey that indicated that public opinion towards hospitals- and the medical profession in general- was quite low. According to the survey, the public viewed the cost of health to be as serious a problem as the high cost of food, clothing, fuel, and other necessities. While three out of four survey respondents worried a great deal about product prices in general, almost 70% were equally concerned with the cost of medical care.

People were also concerned with the quality of health services they were receiving. One out of every four respondents thought that hospitals and the medical profession were doing a poor job in serving consumers, while only one out of five respondents thought they were doing a good job. The only other major industries rated significantly worse than hospitals and the medical profession were the oil industry and automobile manufacturers, which were judged to be doing a poor job by one out of every three respondents. Furthermore, when respondents with a favorable attitude toward consumer activism were asked to select industries that should receive the attention of the consumer movement in the near future, more than 40% of these respondents selected hospitals and the medical profession. This was second only to the food manufacturing industry, where the figure was 45%.

Murthy knew there was little he could do about the public's concern about the high cost of health care, costs were rising for all hospitals, and the most he could do would be to manage National hospitals, as efficiently as possible. However, he felt he could address the concerns patients had about the service they received. National hospital had always been regarded as the best of the city's three hospitals, and Murthy wanted to maintain the reputation.

Murthy described the findings of the survey to his staff at its next meeting. He asked staff members to comment on particular areas of patient care that might be causes of patient dissatisfaction.

Ms Seth, who was responsible for admitting new patients, thought that waiting might be a real problem. In admitting and releasing patients, for instance, the delay could be considerable. Paper work was heavy and getting heavier. There could also be delays, she knew, in other areas of the hospital; it was not uncommon to wait for physical therapy or for X-rays to be taken. Sometimes, in

emergency situations, this was unavoidable. There were times, however, when patients were simply escorted to the special service area before personnel were available to take care of them.

The nursing supervisor, Mr. Sachdev, thought that patients would form their opinions of the hospital largely on the basis of whether their treatment was courteous and efficient. He felt that special care should be taken to see that patients were courteously escorted to their rooms, that their visitors were pleasantly received, and that their treatment and care were considerate throughout. Further, if calls for assistance were answered promptly, if food was served on time, if patients were bathed regularly, and if rooms were kept neat and clean, patients would most probably be pleased with the service.

Dr. Oberoi, the hospital's chief of staff, thought that the attitude of that staff could be an important factor. A positive attitude on the part of doctors, nurses, and volunteers was a critical element of quality patient care. He said that the patient's care and treatment should be explained to him or her as fully as possible, and he urged staff and other personnel to do so.

The supervisor of volunteer workers suggested that perhaps the volunteers were in a better position to hear certain complaints than any other of the hospital staff. Some of those complaints were minor, but they might be annoying to the patient. Such complaints might have to do with noise in the hallways, or not being able to get magazines and newspapers or books from the lending library. Another question that often came to the attention of the volunteers concerned the availability of a chaplain or religious services.

After having thought about what was said at the meeting, Murthy decided that it would be useful to conduct some research to find out which hospital characteristics and services were perceived as really important and how National Hospital was rated on each of those characteristics. He thought that such information could reveal the hospital's reputation or image, and perhaps even tell him how the hospital was perceived in comparison with the city's other hospitals. It was unclear to Murthy though, whether the research should involve only recent patients of National Hospital or recent patients of all the city's hospitals. There also appeared to be some merit in interviewing the general public, for most of the hospital's future patients would be drawn from that group.

Questions

1. How can national Hospital use marketing research to advantage?
2. What action should Mr. Murthy take as a result of the research?
3. What group or groups should be studied?

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Key Terms

Key Terms:

- Consumer : A consumer is a person or group of people who are the final users of products and or services generated within a social system.
- Customer : A customer (sometimes known as a client, buyer, or purchaser) is the recipient of a good, service, product, or idea, obtained from a seller, vendor, or supplier for a monetary or other valuable consideration.
- Consumer Behavior : Consumer Behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society.
- Consumer Needs : From an economic perspective, consumer needs control the demands for goods and services.
- Consumer Motivation: Consumer Motivation is an inner drive that reflects goal-directed arousal.
- Self Concept : The term self-concept is a general term used to refer to how someone thinks about or perceives themselves
- Marketer : One that sells goods or services in or to a market, especially one that markets a specified commodity.
- Psychographics : It is commonly known as study of 'lifestyle' of consumers.

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