

# CENTRAL UNIVERSITY COLLEGE



END OF SECOND SEMESTER EXAMINATION, 2014 / 2015

CENTRAL BUSINESS SCHOOL

DEPARTMENT OF MARKETING

COURSE CODE: SBMKT307

CONSUMER BEHAVIOUR

LEVEL 300

MIOTSO & MATAHEKO; MORNING, AFTERNOON & WEEKEND

TIME DURATION: THREE (3) HOURS

EXAMINERS: JOSHUA DOE & SOLOMON KUTU-ADU

## INSTRUCTIONS

Answer All Questions in Section A and any THREE Questions in Section B

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*Section A. Answer all questions in this section*

In an article about the implications of mobile technology on mobile commerce (m-commerce), Balasubramanian, Peterson and Jarvenpaa (2002) described that m-commerce is a form of communication which involves "either one-way or interactive, between two or more humans, between a human (or humans) and one or more inanimate objects or between two or more inanimate objects (e.g., between devices)". These authors explained that buying products and services from a brick and mortar retail shop may discourage a customer who does not know the location of the shop and/or who cannot move around easily due to the geographical distance, time constraints, and other barriers. However, it is more flexible and convenient for a customer to get information about a product or a service, and to make a purchase of such product or service via his/her mobile, provided that the seller does provide such mobile applications phone.

Although some marketing activities are not available via mobile technologies, space and time are considered constraints to consumers living in a world without mobile technologies. Apart from reducing the gap caused by time, distance, convenience, costless transportation and interactive channel of communication, customized information is another special feature which makes mobile marketing (m-marketing) emerge as an important and innovative marketing tool (Friedrich et al. 2009). According to a survey conducted Airwide Solutions many advertisers are ready to invest in m-marketing. This survey has been conducted among 50 international brands, and the findings revealed that the number of brands looking to spend a greater proportion of their marketing budget on mobile campaigns in the future has been increased. About 71% of respondents would spend up to 10% of their budget on m-marketing (Thurner, 2008; Altuna and Konuk, 2009).

Research has shown that m-marketing can be integrated with traditional marketing instruments to promote products and services of brands, and thus such combination of marketing tools will be able to improve the effectiveness and efficiency of the total marketing plan. Mobile devices have been considered one of the optimal options for communicating marketing information for the following reason. Apart from being cost effective and providing easy access to the target segmentation of consumers most of customers carry their mobile phones nearly 24 hours per day (Thurner, 2008; Altuna and Konuk, 2009).

According to Ayanwale, Alimi and Ayanbimipe (2005), and Chowdhury et al. (2006), mobile advertising has been recognised as one of the most common tools of mobile marketing. Traditional advertising is usually produced for the mass, i.e. it is non-personal and applicable only via mass media, such as on the newspapers, radio, television, etc. On the

contrary, mobile advertising is more interactive and convey a more personal touched message when informing and persuading potential customers to buy a product or a service. Some of the most popular mobile advertising applications include advertisements in mobile radio, advertisements on mobile Internet sites, short messages on mobile phones, text messaging alerts and multimedia messaging (Hanley and Becker, 2008). As competition in the market has become more intensive given new tools of marketing, getting a bigger market share and retain existing customers as well as attracting new customers have always been a vital issue to the survival of brands. Buyer bargaining power has become stronger over the time as options and substitutes of similar products/services in the market have been significantly increased. Companies have been searching for new techniques and tools to create their core competencies in order to differentiate themselves from competitors. Channels of communication with customers have also increased in number. Thus, choosing the right time and the right tool to send the right message to customers certainly helps brands to gain competitive advantage.

- a. Explain the single special feature that makes M-marketing emerge as an important and innovative marketing tool. (10 marks)
- b. As an innovation, explain the technology related factors that could account for the market adoption of m-marketing (10 marks)
- c. Which of these characteristics discussed in (b) are described in line 5 of paragraph 3? (10 marks)
- d. According to Ayanwale, Alimi and Ayanbimipe (2005), and Chowdhury et al. (2006), mobile advertising is more interactive and convey a more personal touched message when informing and persuading potential customers to buy a product or a service. Explain any two implications of this on an organizations' marketing effort? (10 marks)

Section B: Answer any three questions from this section.

1. Discuss the concept of perceived risk and how a marketer can lower this anxiety in first time customers. (20 marks)
2. a. What factors account for extensive consumer decision making process? (10 marks)  
b. Explain the concept of brand personality, and explain any two brand personalities you are familiar with. (10 marks)
3. a. Discuss the objective criteria of classifying people into social class groups (10 marks)  
b. Discuss the three components of human personality according to Sigmund Freud's Theory of personality development. (10 marks)
4. Discuss the concept of reference group as a social influence on consumer decision making. (20 marks)
5. a. Consumer decision making has been theorised from various viewpoints. Briefly discuss the passive view of consumer decision making. (10 marks)  
b. In a family decision making, children typically do not perform the roles of buyer nor decider. They however often exert various types of influence on what they want to be purchased. Discuss any five influence tactics children use in getting their parents to act in their favour (10 marks)

Physical risk  
Functional risk  
Financial risk  
Social risk  
Time risk

Education  
Occupation  
Social status

7. Productivity is calculated by:
- Dividing inputs by outputs
  - Multiplied inputs by outputs
  - Adding inputs to outputs
  - Dividing outputs by inputs
  - Using benchmarking to yield results
8. Which of the following forecasting techniques generates trend forecasts?
- Delphi method
  - Sales force composites
  - Moving averages
  - Single exponential smoothing
  - None of the above
9. The temperature on Tuesday was 80 degrees, on Wednesday it was 82 degrees, on Thursday it was 78 degrees. A naive forecast for the temperature on Friday would be:
- 78
  - 80
  - 82
  - 84
  - Can't tell from the data given
10. Which of the following could be a dimension of quality?
- Performance.
  - Conformance.
  - Reliability.
  - Durability.
  - All may be dimensions of quality.
11. Which of the following most accurately describes remanufacturing?
- Processing a component twice to assure conformance to specification
  - Redesigning the layout of the factory.
  - Replacing worn out components in products and reselling the products.
  - Redesigning the product.
  - Retraining the workers.
12. Which of the following is most typical of modular design?
- A single module includes all product functionality.
  - Standard modules can be combined in a variety of ways.
  - Inventories of completed products will be significantly higher.
  - Defective modules are usually repaired rather than replaced.
  - All of the above are true.
13. As part of a strategy for improving competitiveness, a manager may have to initially sacrifice:
- research and development
  - short-term performance
  - employee pay raises
  - product or service quality
  - management incentive payments (bonuses)

14. Efficiency, in capacity terms, is the ratio of:
- actual output to design capacity.
  - units produced to labor hours used.
  - effective capacity to actual output.
  - design capacity to effective capacity.
  - design capacity to actual capacity.
15. Seasonal variations are often easier to deal with in capacity planning than random variation, because seasonal factors tend to be:
- predictable.
  - smaller.
  - larger.
  - controllable.
  - inversely related to random variations
16. Given the following information, the utilization is:
- (Effective capacity = 20 units per day
  - Design capacity = 60 units per day
  - Actual output = 15 units per day)
- 25%
  - 33.3%
  - 50%
  - 75%
  - none of these
17. Capacity management might include:
- Price reduction
  - Promotions
  - Inventory level adjustments
  - Increased lead time and back ordering
  - All are capacity management options
18. In a job shop, volume is low, and product variety tends to be:
- high
  - moderate
  - low
  - very low
19. The system that has the highest equipment flexibility is:
- a job shop
  - a batch system
  - repetitive production
  - continuous processing
20. An operations strategy for process selection should recognize that:
- process selection is easily changed
  - engineering is solely responsible for choosing what process is best
  - there is little need to manage technology
  - flexibility may not be the best choice
  - managers need not have technical skills