



MACHAKOS UNIVERSITY

University Examinations for 2021/2022 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

THIRD YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF COMMERCE

BBA 304: CONSUMER BEHAVIOUR

DATE: 8/12/2021

TIME: 8:30 – 10:30 AM

INSTRUCTIONS: Answer Question ONE and any other TWO Questions.

Read the following case carefully and answer Question One that follows.

A Consumer's Buying Decision Process

Lalith is a Stores manager and head of the distribution Centre in an Indian company that's located in one of the developing cities. His family includes his parents who have retired from their respective banking professions, his wife who is working as a librarian in a college, his twin sons who are now eligible for primary school admissions and an unemployed younger sister whose marriage is fixed. Lalith belongs to a middle class segment but more or less, the income level and family saving is good.

Lalith's parents are conservative in nature. They prefer to spend on the basic necessities and those essential things that make up a living. However, Lalith likes to have a comfortable lifestyle and spends most of his earnings on furnishings and interior decor. Recently, Lalith had bought two air-conditioners but his parents didn't let him install it in their room. So, he had to put the second one in the children's room. Lalith often ignores his parent's advices and does

what he feels like doing. He is also planning to purchase a car within a year. His wife doesn't mind Lalith's spending habits but she is very particular to ensure that her salary is spent only on the household expenses and the rest goes to the Fixed Deposit of her Bank.

Now, since Lalith's sister is getting married soon, his parents have insisted on Lalith to spend less and save more so that the marriage ceremony takes place in a splendid way. Lalith's marriage was a small event because most of the relatives and friends had already informed that they could not attend the occasion for personal reasons. And so, Lalith's parents wanted to invite all the relatives and friends for their daughter's wedding and make the occasion a grand success. Due to this reason, there are small fights happening in the house and Lalith feels that his income is not enough to meet the requirements. He is getting irritated over

small things and he has lost concentration on his work.

Then, one particular working day when Lalith was carrying out his usual routine work at the warehouse he gets a sudden call from the Vice-President (VP) of the company asking him to meet within the next half an hour. He is surprised and at the same time nervous about the meeting wondering what was the meeting about. He delegates some work to his assistant and then hurries to the adjacent building block. The top authorities of the company had their offices in this block. No sooner he enters the building he is called inside the VP's chamber and after some time when Lalith comes out of the room he realizes that he has received a cash reward for a record work he had accomplished a long time back. The top management even presented him a Certificate of Excellence and a personal letter asking him to lead by example. When he comes back to his office he also realizes that a copy of his certificate was put across the company's internal e-mails and notice boards. He is very happy with the recognition he deserved especially with the Cash amount he received and commits himself to solving more complicated tasks at the workplace.

Realizing the need for a car before his sister's marriage, he even decides to

purchase a car without wasting much time. He takes a friend along when selecting the type of car, the brand, the features and other attributes. Lalith is not particular about the brand but he prefers to have a big, spacious car which also is convenient for long distance traveling. He has an unclear budget above which he is not willing to pay for the car. His friend tells him that while deciding the features, color and other aspects, he may have to spend additional amount as well. At the end, he and his friend list down the three suitable brands that meets Lalith's considerations. After thinking for about a week, regarding the three car choices, Lalith finally selects one among them. In the next two days, he completes all the formalities and payments with respect to the purchase. He also tells the showroom executives to deliver the car to his home. He already has a driving license but then he decides to keep a driver till he gets the confidence to drive a big car. His parents are also happy seeing that Lalith, his wife and kids are excited about owning a car. Lalith manages to convince his conservative parents that savings are important but spending on finer things in life is not bad as well especially when you are in a position to do so. His sister's marriage takes place with grandeur and Lalith gets the opportunity to display his big car in front of the guests.

QUESTION ONE (COMPULSORY) (30 MARKS)

After recognizing Lalith's family background, status and situation,

- (a) Describe **any five factors** that you think influence Lalith's buying behavior in general. (10 marks)
- (b) Describe the needs of Lalith as a consumer in view of Maslow's need hierarchy theory. (10 marks)
- (c) Identify and analyze Lalith's decision-making stages when he purchased the car. (10 marks)

QUESTION TWO (20 MARKS)

- (a) Describe the perceptual process in consumer behavior. (10 marks)
- (b) Adaptation is one of the factors that affect exposure. Discuss the factors that lead to adaptation. (10 marks)

QUESTION THREE (20 MARKS)

- (a) Describe **any five** positioning strategies that a marketing manager in a FMCGs company can use. (10 marks)
- (b) Evaluate the buying roles that are played in a household in the process of buying a family house. (10 marks)

QUESTION FOUR (20 MARKS)

- (a) The CEO of XYZ Company approaches you seeking to know why he should segment his company's market. Give him your advice with five good reasons. (10 marks)
- (b) The rate of acceptance of a new product is highly affected by the product's characteristics. Examine these characteristics. (10 marks)

QUESTION FIVE (20 MARKS)

- (a) Analyze any five personality traits that are related to consumer innovativeness. (10 marks)
- (b) Attitudes are used by marketers because of their invaluable functions. Evaluate these functions (10 marks)