



**CHRISTIAN SERVICE UNIVERSITY COLLEGE  
KUMASI -GHANA**

**SCHOOL OF BUSINESS**

**DEPARTMENT OF MARKETING, LOGISTICS AND CORPORATE STRATEGY  
END OF SECOND SEMESTER EXAMINATIONS, 2019/2020 ACADEMIC YEAR**

**BACHELOR OF BUSINESS ADMINISTRATION IN MARKETING**

**LEVEL 300**

**CSBM 386: CONSUMER BEHAVIOUR**

**June 2020**

**[100 marks]**

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**INSTRUCTIONS TO CANDIDATES:**

- **There are four (4) questions**
- **Answer question one (1) and any other question.**
- **Your answer for EACH QUESTION should be FOUR (4) pages minimum.**

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**Note: Marks will be awarded for:**

- Introduction
- Content
- Conclusion
- Evidence of Further Reading
- Originality and Independence (Cheating would be penalized and integrity rewarded)
- Correct grammar, clarity of expression and logical presentation of facts.
- Good References

***Examiner: J.J Kraa***

**SECTION A (60 MARKS)**

**COMPULSORY**

**Attempt all questions in section A (1a & 1b)**

**QUESTION 1a (44 MARKS)**

- i. Nowadays it is common to hear people use the terms customer and consumer interchangeably. Thus, they see no distinction between consumer behaviour and customer behaviour. However, a clear distinction of the terms is vitally important for successful marketing strategy. Distinguish between consumer behaviour and customer behavior indicating the marketing implication for businesses **(5 marks)**
- ii. It is very important to understand the needs and wants of customer by conducting market research in order to create a satisfied customer. In the context of customer satisfaction, discuss the statement *“consumer research is more scientific than guerilla marketing strategy”* **(5 marks)**.
- iii. For businesses to be able to serve the needs of their customers better, they need to be democratic. With examples and scenarios, discuss business democracy and explain any **three (3)** reasons why companies must follow the democratic principles **(5 marks)**
- iv. Discuss any **five (5)** main circumstances under which customers become competitors of business organizations and *indicate the marketing implications* for businesses **(5 marks)**
- v. Learning is very important for marketers because consumer learning influences customers’ future purchase behaviour. One of the learning mechanism is classical condition. Describe classical conditioning and discuss any **four (4)** application of classical conditioning in the marketing of a product **(6 marks)**
- vi. Country-of-origin effects refer to the bias in customer perception of products (goods and services) due to countries in which these products are made. Little wonder, a lot of people particularly Ghanaians are skeptical about “KantankaOnantefour”-a brand of car produced in Ghana. As a marketing consultant, discuss any **four (4)** main marketing strategies Apostle Kwadwo Safo Kantanka-the producer, can embark upon to overcome this negative Country-of-origin effect; indicating the likely challenge(s) of each **(8 marks)**
- vii. Marketers are in the business of identifying the needs of customers and fashioning products that will satisfy those needs. Abraham Maslow has helped in describing the needs of customers. Discuss Maslow hierarchy of needs, paying particular attention to its marketing implications with credible and practical examples. **(10 marks)**

**QUESTION 1b (16 MARKS)**

There are *two* case studies. Read the cases and answer the questions that follows

**CASE 1****ISLAMIC BANK: RESPECTING THE PROPHET'S WORD**

Bank Islam, a bank in Malaysia, operates by the principles of Islam. Its customers deposit money with the bank, but do not receive any interest on it. The reason is that; Islam prohibits any interest as usury. So instead of being paid interest on their money, customers receive a share of the bank's profit. The bank was founded in Egypt about three decades ago simply to give religious Muslims a way to keep their money safe. Today, Islamic banks are common in the Middle East and they are spreading in the Philippines, Europe and the United States (US). In these countries, many countries, many customers like the availability of a bank that follows Islamic principles. Islamic bank pools deposit and in turn invest them in construction, commodities and other businesses that do not pay any interest on these investments. Instead, these commercial borrowers pay the bank share of their own profit. In turn, the bank shares the profit with their individual depositors. The combined assets of all the Islamic now totals about \$70 billion. The leader of the pack in Malaysia is Bank Islam, with a total deposit of 3 billion ringgits, or \$1.2 billion

Islamic banks have devised new ways of lending and investing money. A customer who wants a car loan for example, agrees to make a series of payments totaling more than the sticker price of a car, which remains the bank property until all the payments have been made. In business market, importers and exporters employ a technique they call *Murabaha*. A bank buys goods and sells them to a customer who then pays the bank at a future date a total sum more than what the customer would have had to pay if the goods were bought with cash. This technique was approved by New York Fed. In Malaysia where the banks are expanding financial services most aggressively, Arab-Malaysian Bank has issued the first Islamic credit card-an interest free Visa Card. The bank charges no interest, but customers pay an annual fee that is a percentage of their purchases. The credit limit is equal to the amount in their deposit accounts in the bank.

The Malaysian government is pushing for a country's financial services to go global and attract foreign capital. A member of Malaysian Islamic Investment funds hold shares worth \$780 million, most of them in foreign companies. However, these companies are carefully screened to ensure that stocks are not linked to liquor, gambling, or other activities regarded as sinful by Islamic teachings. Conservative Muslims criticize the government for allowing banks to conduct both Islamic-oriented and interest paying services under the same roof. According to these critics, some Islamic stockbrokers are handling companies that make some of their profits from interest received. Some argue that, it is impossible for Islamic financial institutions to become a major player in the global financial industry because the interest-paying services are an inevitable part of modern day financial business. *"That concern is true"*, says Nik Ramlah, an official of the Malaysian Securities Commissions, *"but it just underlines the need to introduce the necessary Islamic Financial Products to meet the needs of modern day investors"*.

**Questions**

- i. What role does religion play in customer behavior? Illustrate with the behavior of customers who follow the Islamic religion. (2 marks)
- ii. What is a market value? Which of the market values do Islamic banks offer to Muslim customers, specific to each of the **buyer, user and payer**? (4 marks)
- iii. Under what circumstances would Islamic bank products, such as the practice of Murabaha, be of value to non-Muslim customers? (2 marks)

**CASE 2**

**CHANGING CONSUMER PERCEPTION-SKODA**

Skoda had a monopoly in car manufacturing in Czechoslovakia until the 1989 “Velvet Revolution”. During this time, it had developed a fearful reputation as possible the worst built, worst designed car in the world. Jokes about its notoriety were ruthless, unremitting and widespread. The only place it sold in any number was in the country of manufacturer. After the fall of communism, the Czech government started looking for a commercial partner in the West to revitalize its Skoda factories. Most respected commentators felt strongly that there would never be a business prepared to take on the acquisition because of the huge task of transforming the name from risible rejection to amiable acceptance

In 1991, however, Volkswagen took a 30% stake in Skoda and started work in training and educating the workforce to Western quality standards in the hope of completely turning the business around, making the name Skoda synonymous with quality and reliability. It invested over \$2 billion in plant, research, development and new models. It also undertook an advertising campaign, of momentous proportions, that excited the admiration of all in the promotion business.

10 years later, in 2001, VW took total control of the business and such was its success. Skoda had become one of the fastest-growing car brand in the UK motor industry, increasing sales in the first 2 years by over 60%. Although sales in 2004 have fallen, slightly, in line with other car manufacturers, the story is one of the remarkable success, not least in being able to understand and alter and turn around such deeply ingrained consumer ridicule and opposition.

**Questions**

- i. Briefly explain how an understanding of consumer behaviour impact on the success of Skoda (**2 marks**)
- ii. What were the major problems that VW had to solve to overcome consumer antipathy to Skoda? (**3 marks**)
- iii. Which of the market values do Skoda and VW give to customers, specific to each of the three customer roles? (**3 marks**)

**SECTION B (40 MARKS)**  
**THERE ARE THREE (3) QUESTIONS.**

**ATTEMPT ONLY ONE (1)**

**QUESTION TWO**

- a. Consumer purchase decisions are determined by the degree of risk that consumers perceive and their tolerance for risk. How consumers handle risk will differ by their own individual strategy. State and discuss any **five (5)** types of risks and how consumers handle them, indicating their marketing implication **(15 marks)**
  
- b. Discuss the following personality traits indicating any two (2) marketing implication of each
  - i. Consumer Innovativeness **(3 marks)**
  - ii. Dogmatism **(3 marks)**
  - iii. Social Character **(3 marks)**
  - iv. Stimulation Level **(3 marks)**
  - v. Variety-Novelty Seeking **(3 marks)**
  
- c. Peter Drucker has intimated that the main purpose of business organizations should be the creation and retention of customers. Encapsulated in this statement is the need for business organizations to satisfy the needs and wants of their customers. Distinguish between needs and wants and discuss the determinants of customers' needs and show why it is important for marketers to have knowledge of each of them **(10 marks)**

**QUESTION THREE**

- a. Motivation is a highly dynamic phenomenon that is constantly changing in reaction to life experiences. Needs and goals are constantly changing and growing in response to an individuals' physical condition, environment, interaction with others and experiences. Discuss **any five (5)** reasons why need-driven human activity never ceases. **(15 marks)**
  
- b. In today's competitive business environment, it is essential that business organisations embark on continuous research so as to remain innovative, which is a prerequisite for competitive advantage. However, it is not every innovation that readily lends itself to customer acceptance. Discuss any **five (5)** ways by which your company can get its innovation easily adopted by customers for sustainable competitive advantage. **(15 marks)**
  
- c. Briefly discuss consumer buying decision process indicating the roles of organization at each stage of the buying process. **(10 marks).**

**QUESTION FOUR**

- a. With illustration, explain the concept frustration. Discuss any **four (4)** defence mechanisms that individuals mentally may adopt to redefine frustrating situations so as to protect their egos from feelings of failure when they do not attain their goals. **(15 marks)**
- b. You are the marketing manager of Martin Forjour Incorporated which operates in a country where majority of consumers are less ethnocentric. This is affecting the operations of the business. Write a report to the managing director discussing at any **five (5)** strategies available to the organisation to circumvent the challenges presented by ethnocentrism **(15 marks)**
- c. Marketers have realised that what consumers buy, when and how they consume products, are likely to be influenced by certain personality factors. For this reason, advertising messages have frequently emphasised specific personality traits. What is personality? Explain Freudian theory of personality and indicate the need for marketers to understand these traits **(10 marks)**

*All the Best*

***Examiner: J J Kraa***