



DOON UNIVERSITY, DEHRADUN

End Semester Examination, 2015

School of Management

(MBA-2years III Semester)

Course: MMS 525 Consumer Behavior

Time Allowed: 3 Hours

Maximum Marks: 50

(Note: Attempt all sections.)

Section A

(10)

Case: A PRODUCT FAILURE AT SATURN

Saturn is attempting to create committed customers. Saturn, a division of General Motors, advertises around the theme :

A different kind of company.

A different kind of car.

Thought Saturn cars cost only \$10,000 to \$16,000, the firm attempts to provide its customers the same level of service and consideration typically associated with expensive luxury cars. Its stated objective is to be "the friendliest, best-liked car company in the world " The company states : "We're going to do more than what the customer expects, and in the long run, I think it will enhance our image." Saturn's attempt to build an image of a high-quality car built by skilled, caring workers and sold in helpful, non pressure dealerships, had received two small tests in its first two years. In one, it had to recall and replace 1,836 cars that had received improper coolant. In another, it had to repair 1,480 cars with faulty seat-back recliners. In the second case, the firm made a TV commercial showing a Saturn representative flying to location to fix the car of a resident who had purchased it in the first year of its launch. However, in 1993 Saturn began receiving reports of a wire short-circuiting and causing a fire. Thirty-four fires (no injuries) were reported. Saturn faced a dilemma. A recall would involve 350,000 cars and a direct expense of as much as \$ 35 million. Any negative publicity associated with the recall could seriously depress sales. Saturn had yet to break even and General Motors was under serious financial pressure. Saturn managers decided to deal with the problem in a manner consistent with its company objective described early. It quickly notified all purchasers of the affected cars and asked them to contact their dealers to have the defective wire replaced at no charge. The dealerships extended their operating hours, hired extra personnel, arranged door-to door pickup and delivery, provided free car washes, and often provided barbecues or other festivities. All the repaired cars had a courtesy card placed inside that said : "We'd like to thank you for allowing us to make this connection today. We know an event like this will test our relationship, so we want to repeat to you our basic promise - that everyone at Saturn is fully committed to making you as happy a Saturn owner as we can."

According to Steve Shannon, Saturn's director of consumer marketing, the decision to handle the recall in this manner was simple : "The measure of whether we are a different kind of company is how we handle the bad times as well as the good. We're trying to minimize the inconvenience and show that we stand behind the cars, so that our owners don't lose faith in us or the cars." How have consumers responded to the recall ? Mrs. K, a customer, learned of the recall from friends who had heard of it on news reports

before she received her letter from Saturn. She took her car to the dealer who served her coffee and doughnuts during the 24-minute repair. Her response : "I expected this would be my first bad experience with Saturn. But it was so positive, I trust them even more than when I purchased the car."

Questions :

- (a) Describe the evaluative process followed by the consumers and do report the outcome that Mrs.K , went through. How will publicity about the recall affect Saturn's image among non-owners ?
- (b) Evaluate the manner in which Saturn handled the recall. What options did it have?

Section B

(2*5)

Write short notes on the following:

1. Culture
2. Post purchase dissonance
3. Reference group
4. Social Class
5. Consumer Value

Section C

(7.5*4)

Attempt any four questions:

- Q1. You are the brand manager of a new line of light weight autofocus, economically priced digital cameras. Describe how an understanding of consumer behavior will help you in your segmentation strategy and promotion strategy. What are the consumer behavior variables that are crucial to your understanding of this market?
- Q2. Elaborate Howard- Sheth Model of Consumer Decision Making?
- Q3. Explain the role for the various stages of Family Life Cycle in consumer buying decision process?
- Q4. Explain the importance of cross cultural analysis for multinational firms marketing mix decision?
- Q5. Elaborate the dimensions of Consumer Behavior Study?