

**UNIVERSITY OF SWAZILAND**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**SUPPLEMENTARY EXAMINATION JULY 2007**

**TITLE OF COURSE:** CONSUMER BEHAVIOUR (BA 521)  
**DEGREE AND YEAR:** BACHELOR OF COMMERCE YEAR 5/  
IDE BACHELOR OF COMMERCE YEAR 6  
**TIME ALLOWED:** TWO (2) HOURS

**INSTRUCTIONS:**

1. TOTAL NUMER OF QUESTIONS ON THE PAPER IS 5
2. ANSWER QUESTION 1 IN SECTION A AND ANY TWO (2) QUESTIONS FROM SECTION B
3. MARKS AWARDED ARE INDICATED AT THE END OF EACH QUESTION
4. MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH LANGUAGE AND FOR ORDERLY PRESENTATION OF YOUR WORK

**SPECIAL REQUIREMENTS:** NONE

**THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.**

## INSTRUCTIONS

ANSWER SECTION A AND ANY TWO (2) QUESTIONS FROM SECTION B.

### SECTION A:(COMPULSORY)

#### QUESTION 1: NEDCOR

Nedcor's People Bank targets mainly the low end of the banking market, with 72 branch outlets in urban areas. It has about 1 million customers. Its target market consists of individuals employed in the formal sector who earn between R1, 500 and R3, 000 a month. The bank was launched in 1996 by Nedcor when the Perm (now Permanent Bank) was restructured. The Perm's low activity/ low balance clients were migrated to People's bank, which offers basic facilities to customers looking for uncomplicated banking. It has been targeting the bottom end of the market.

The bank's range of products and services includes home finance, card based transmission accounts for electronic salary payments, V-chip credit card, which prevents users from exceeding their credit limit, and administering employer's saving schemes for employees, accounts for 32-day notice deposits, fixed deposits and bonus fixed deposits.

Nedcor now wants to get into the micro-lending an under banked market. Nedcor, like all the major retail banks, has been exploring this market for some time. According to a study conducted by consultants McKinsey for Standard Bank, about 35 million South Africans have no formal access to banking.

The micro lending sector has been unregulated until recently, when the Department of Trade and Industry announced the formation of the Micro Finance regulatory Council and amendments to the Usury Act. These changes include three key provisions: capping interest rates at 10 times prime lending rate; increasing the loan ceiling to R10, 000 from R6, 000; and creating a system to compel micro lenders to be members of a regulatory authority to qualify for the exemption.

#### Questions:

1. What segmentation variables are used to identify the target market for People's Bank (10)
2. Against the background of your knowledge of benefit segmentation, identify the benefit needs customers of micro lending firms seek to satisfy. Justify your answer. (15)

TOTAL: 25 MARKS

**SECTION B**

**ANSWER ANY TWO (2) QUESTIONS FROM THIS SECTION**

**QUESTION 2**

- a. **Discuss the five factors that influence whether membership groups will have a significant influence on a person's buying behaviour. (15)**
- b. **Opinion leaders are widely used by certain consumers. How do opinion leaders benefit from being consulted? (10)**

**TOTAL: 25 MARKS**

**QUESTION 3**

- a. **Discuss the three factors to consider in designing a persuasive communication strategy. (15)**
- b. **Discuss five characteristics of culture. (10)**

**TOTAL: 25 MARKS**

**QUESTION 4**

- a. **Discuss five major characteristics that influence diffusion of innovation. Construct an example that illustrates each of the characteristics. (15)**
- b. **Discuss the five consumer characteristics that determine perception. (10)**

**TOTAL: 25 MARKS**

**QUESTION 5**

- a. **Discuss three neo Freudian theories of personality stating how they differ from Freudian theory. (15)**
- b. **Discuss five types of perceived risks to which a consumer may respond in a purchase decision. (10)**

**TOTAL: 25 MARKS**