

UNIVERSITY OF SWAZILAND
DEPARTMENT OF BUSINESS ADMINISTRATION
MAIN EXAMINATION MAY 2011

TITLE OF COURSE: CONSUMER BEHAVIOUR (BA 521)
DEGREE AND YEAR: BACHELOR OF COMMERCE YEAR 5
IDE BACHELOR OF COMMERCE YEAR 6
TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS:

1. TOTAL NUMBER OF QUESTIONS ON THE PAPER IS 5
2. ANSWER QUESTION 1 IN SECTION A AND ANY THREE (3) 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 THREE (3) QUESTIONS FROM SECTION B.

SECTION A: (COMPULSORY)

QUESTION 1: SELLING CELL PHONES TO CHILDREN : THE FINAL FRONTIER

What do Nokia, Samsung, Sony Erickson, and Motorola have in common? They will all soon be joined by Disney Land to market cell phones to children worldwide. Over 80 percent of all adults have cell phone these days. Roughly half of all teenagers aged 12 to 17 are also using the technological talk boxes. The growth market for the cell phone industry in the near future is children aged 8 to 12, or even younger. Many in the industry see grade school children as the final frontier if companies are to continue to grow. Already, children as young as five years old are being given cell phones by their parents.

The cutting edge products in this category hit the market in early 2005. Firefly Mobile has a phone that comes in eight colours including Blue, Green, Yellow and Pink. Tic Talk is loaded up with games like the educational toymaker. Both of these phones are designed for smaller hands. Parents can control incoming calls, outgoing calls, and call minutes.

Do children need a cell phone? There are many child advocates and various politicians, who say that they do not. Claims are being made that cell phone makers are declaring "opening season". on children with their marketing tactics and that this practice is harmful. Many are even petitioning the US Congress to investigate this hot marketing trend that seems too be using kids to get to parents' money. But cell phone companies defend their actions. Many have released statements saying that their products (even the kid friendly ones) are not marketed to children, but rather to the parents.

Disney Land management said the Disney Mobile is being developed as a service to address the needs of family audience. They also said that its products and services will be available for all members of the family including adults. Suzanne McLean, a spokes woman for Canadian wireless provider Rogers Wireless, said the company has found that both parents and their children demand a service such as the five-key parent-programmable Firefly.

Of course, children want the phones because they are “cool”, because their friends have them, and because they want to be more grown-up. But these reasons alone are usually not good enough for parents to give in and buy one of the gadgets for their kids. However, marketers have positioned cell phones for kids as a safety need.

When parents are convinced that the increased ability to stay connected with their children enhances safety, the purchase decision is simple. “Suddenly, you are not an indulgent parent. You are a caring parent,” says Margaret Campbell, an associate professor of marketing at the University of Colorado. If companies can get younger children in the habit of using phones, the kids will probably be consumers for life. Whether or not this is a good thing is still open to debate.

Questions:

- 1. When it comes to cell phones for kids, who are the customers? Discuss the dynamics of this scenario. (10)**
- 2. How do current trends in the family life cycle affect the marketing of cell phones to children? (15)**

TOTAL: 25 MARKS

QUESTION 2

- a. The best known psychographic method of segmentation is the Value and Lifestyle (VALS) programme. Define psychographic segmentation. Discuss the 8 new categories of segmentation using psychographics. (15)**
- b. Personality is defined as those inner psychological characteristics of people that determine and reflect how a person responds to his or her environmental influences. Briefly outline 10 ways in which the personality concept can be applied in the study of consumer behaviour. (10)**

TOTAL: 25 MARKS

QUESTION 3

- a. Identify and discuss the five stages of perception. Illustrate your understanding by giving an example in each case. (10)**
- b. Discuss five marketing variables that assist the marketer in developing persuasive communication, giving a practical example in each case. (10)**
- c. In deciding to purchase products, consumers consider perceived risks. Identify five risks that a consumer would be likely to consider. (5)**

TOTAL: 25 MARKS

QUESTION 4

- a. Communication is one of the issues to consider in diffusion of innovations. Briefly discuss how communication is crucial in diffusion of innovation. In your answer, discuss four other issues that a marketer needs to consider in diffusion of innovations. (10)**
- b. Briefly discuss five characteristics that make opinion leaders valuable sources of information about products and services. (10)**
- c. Briefly outline the importance of information processing in the study of consumer behaviour. (5)**

TOTAL: 25 MARKS

QUESTION 5

- a. Motivation is the process that moves a person to behave in a certain way. Discuss the concepts that help to understand motivation. (15)**
- b. For which of the following products would you expect group influence to be a factor in buying decisions:**
 - 1. Soft drinks**
 - 2. Motor oil**
 - 3. Designer jeans**
 - 4. Eye liner**
 - 5. House paint**
 - 6. Breakfast cereals**
 - 7. Wine**
 - 8. Carpets**
 - 9. Hoover**
 - 10. Camera**

Briefly state your reasons in each case. (10)

TOTAL: 25 MARKS